

**MONDAY, 12<sup>TH</sup> JULY, 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 A.M. ON FRIDAY, 16TH JULY, 2021** FOR THE  
TRANSACTION OF THE BUSINESS OUTLINED ON THE  
ATTACHED AGENDA.

*Wendy Walters*

**CHIEF EXECUTIVE**

<b>Democratic Officer:</b>	<b>Rhian Lloyd</b>
<b>Telephone (Direct Line):</b>	<b>01267 224088</b>
<b>E-Mail:</b>	<b><a href="mailto:rmlloyd@carmarthenshire.gov.uk">rmlloyd@carmarthenshire.gov.uk</a></b>

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.	
2.	DECLARATIONS OF PERSONAL INTERESTS.	
3.	APPOINTMENT OF CHAIR FOR THE 2021/22 MUNICIPAL YEAR	
4.	APPOINTMENT OF VICE-CHAIR FOR THE 2021/22 MUNICIPAL YEAR	
5.	INTERNAL AUDIT PLAN UPDATE 2020/21 AND 2021/22	5 - 28
6.	ANNUAL INTERNAL AUDIT REPORT 2020/21	29 - 48
7.	FORWARD WORK PROGRAMME	49 - 56
8.	PROGRESS REPORTS	
	8.1 SCHOOLS' DEFICITS AND SURPLUSES	57 - 68
9.	ANNUAL ANTI-FRAUD AND ANTI-CORRUPTION REPORT 2020/21	69 - 90
10.	COMPLAINTS POLICY	91 - 106
11.	TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY AUDIT WALES:-	
	11.1 AUDIT WALES WORK PROGRAMME UPDATE	107 - 118
12.	CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2020/21	119 - 252
13.	BURRY PORT HARBOUR FINANCIAL STATEMENT 2020-21	253 - 264
14.	CODE OF CORPORATE GOVERNANCE	265 - 286
15.	MINUTES OF RELEVANT GROUPS TO THE GOVERNANCE & AUDIT COMMITTEE:-	287 - 290
	15.1 RISK MANAGEMENT STEERING GROUP - 29TH APRIL 2021	291 - 294
	15.2 GRANTS PANEL - 26TH FEBRUARY 2021	295 - 302
	15.3 CORPORATE GOVERNANCE GROUP - 16TH FEBRUARY AND 30TH MARCH 2021	303 - 308
16.	TO SIGN AS A CORRECT RECORD THE MINUTES OF THE AUDIT COMMITTEE HELD ON THE 26TH MARCH 2021.	309 - 314

This page is intentionally left blank



## Governance & Audit Committee 16 July 2021

<b>Subject and Purpose:</b> <b>Internal Audit Plan Update 2020/21 and 2021/22</b>		
<b>Recommendations / key decisions required:</b> To receive the report.		
<b>Reasons:</b> Regular progress report to be presented to each Audit Committee meeting.		
<b>Relevant scrutiny committee to be consulted:</b> N/A		
<b>Exec. Board Decision Required:</b> N/A <b>Council Decision Required:</b> N/A		
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
<b>Directorate:</b> Corporate Services  <b>Name of Head of Service:</b> Helen Pugh  <b>Report Author:</b> Helen Pugh	<b>Designation:</b>  Head of Revenues and Financial Compliance	<b>Tel No.:</b> 01267 246223  <b>E Mail Address:</b> HLPugh@carmarthenshire.gov.uk

# EXECUTIVE SUMMARY

## Governance & Audit Committee 16 July 2021

### Internal Audit Plan Update 2020/21 and 2021/22

#### 1. BRIEF SUMMARY OF PURPOSE OF REPORT.

To provide Members with progress of the Internal Audit Plan. The following Reports are attached:

#### **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**

A Summary of Final Reports for the Key Systems completed during the last Quarter is attached.

1.	Payroll
2.	Main Accounting
3.	Treasury Management

#### **REPORT C: Priority 1 Recommendations Relating to Reviews of Other Systems and Establishment Audits**

This Section includes Reviews completed where Systems have one or more Fundamental Control Weaknesses or involve Reviews which the Chair of the Governance & Audit Committee and the Head of Revenues & Financial Compliance have agreed should be brought to the Committee:

1.	Arboriculture Framework
----	-------------------------

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
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### 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 2020/21	AC 29-07-20	<a href="#">Agenda for Governance &amp; Audit Committee on Wednesday, 29th July, 2020, 2.00 pm</a>
Internal Audit Plan 2021/22	AC 26-03-21	<a href="#">Agenda for Governance &amp; Audit Committee on Friday, 26th March, 2021, 2.00 pm</a>

This page is intentionally left blank

INTERNAL AUDIT PLAN 2020/21										
2020/21	% Plan Completion to Date	94.0%								
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
	<b>Fundamentals</b>									
1120002	Council Tax	15	*	*	*	*	*			
1120003	Creditors	40	*	*	*	*	*			
1120004	Income	20	*	*	*	*				
1120005	Main Accounting	20	*	*	*	*	*	*		Acceptable
1120006	National Fraud Initiative (NFI) - Mortality Screening	10	Participation in full NFI Exercise in 2021/22					/		
5120007	Payroll	40	*	*	*	*	*	*		Acceptable
1120008	Treasury Management - Loans & Investments (CCC and DPF)	15	*	*	*	*	*	*		Acceptable
	<b>Total Audit Days for Fundamentals</b>	<b>160</b>								
	<b>Corporate Governance Assurance</b>									
2120001	Annual Governance Statement/Corp Gov Arrangements	20	*	*	*	*	*			
2120002	Performance Management	20	Deferred due to Redeployment of staff					/		
2120003	Risk Management Arrangements	15	*	*	*	*	*			
2120004	Wellbeing of Future Generations Act	20	*	*	*	*				
2120005	Whistleblowing	15	*	*	*	*	*	*		Acceptable
	<b>Total Audit Days for Corporate Governance Assurance</b>	<b>90</b>								
	<b>COVID-19</b>									
3120001	COVID-19 Decision-Making Process	20	*	*	*	*				
3120002	COVID-19 Expenditure	20	*	*	*	*				
5420002	COVID-19 Systems and Processes (advice and support)	50	N/A	N/A	*	*	/	*		Consultation
3120003	COVID-19 Systems and Processes (Evaluation and recs)	40	*	*	*	*	*	*		Consultation
5420001	COVID-19: Free School Meals Payment Process	20	N/A	N/A	*	*	/	*		Consultation
3120004	COVID-19 Self Isolation Payment Process	10	*	N/A	*	*	/	/		Consultation
	<b>Total Audit Days for COVID-19</b>	<b>160</b>								
	<b>Corporate Review Work</b>									
4120005	Local Authority Trading Companies	20	*	/	*					
4120006	Procurement	30	*	*	*	*	*			
4120007	Safeguarding (Children)	10	*	*	*	*	*			
4120007	Safeguarding (Adults)	10	*	*	*	*	*	*		High
4120008	Staffing Matters (e.g. DBS   Overtime   Flexi   Leave)	20	*	*	*	*	*			
	<b>Total Audit Days for Corporate Review Work</b>	<b>90</b>								
	<b>Counter Fraud</b>									
1120007	National Fraud Initiative (NNDR) - review of COVID-19 Grants	20	*	N/A	*	*	*	*		Consultation
1120009	Proactive Fraud Testing	20	*	N/A	*	*	/	/		Fraud Assurance
1120010	Fraud Prevention, Detection and Investigation	30	N/A	N/A	*	*	/	/		Fraud Assurance
	<b>Total Audit Days for Counter Fraud Work</b>	<b>70</b>								

	<b>Grants &amp; Certification</b>								
5120005	Burry Port Harbour	10	*	N/A	*	*	/	*	Accounts Return
5220001	Children & Communities Grant	25	*	*	*	*	*	*	Grant Certification
4120003	Education Improvement Grant - EOY	10	*	*	*	*	*	*	Grant Certificate
5220003	Education Improvement Grant - Q3	15	*	*	*	*	*	*	Acceptable
5220004	Education Improvement Grant - Q4	5	*	*	*	*	/	*	Certificate
6120005	Enable Grant	10	*	*	*	*	*	*	Grant Certificate
6120004	HSG - Homelessness	12	*	*	*	*	*	*	Grant Certificate
6120004	HSG - Rent Smart Wales	10	*	*	*	*	*	*	Grant Certificate
6120004	HSG - Supporting People	13	*	*	*	*	*	*	Grant Certificate
5220005	Local Authority Education Grant	20	*	*	*	*	*	*	Grant Certificate
5220006	Other Grants (where assurance is required for sign-off)	20	*	*	*	*	/	*	Grant Certificate
5220007	Post 16 Grant	10	*	N/A	*	*	*	*	Grant Certificate
4120004	Pupil Deprivation Grant - EOY	10	*	*	*	*	*	*	Grant Certificate
5220008	Pupil Deprivation Grant - Q3	15	*	*	*	*	*	*	Acceptable
5220009	Pupil Deprivation Grant - Q4	5	*	*	*	*	/	*	Certificate
5120002	Trust Funds - Arbour Stephens	5	*	*	*	*	*	*	Certificate
5120004	Trust Funds - Dyfed Welsh Church Fund	5	*	*	*	*	*	*	Certificate
5120003	Trust Funds - Minnie Morgan	5	*	*	*	*	*	*	Certificate
5120001	Trust Funds - Oriol Myrddin	5	*	*	*	*	*	*	Acceptable
5220002	Wales Pension Partnership	5	*	N/A	*	*	*	*	Accounts Return
5220010	Regional Development Co-ordinator Grant	5	*	*	*	*	*	*	Grant Certificate
	<b>Total Audit Days for Grants &amp; Certification</b>	<b>220</b>							
	<b>Chief Executive's Department (not incl IT)</b>								
8120001	Property Management (Follow Up)	10	*	*	*	*			
1120001	Departmental Expenditure (CEX)	10	*	*	*	*	*	*	Acceptable
8120002	Pentre Awel	10	*	*	*				
8120003	Net Zero Carbon	10	*	*	*	*	*	*	High
8120004	Regeneration Strand	10	*	*	*	*	/	*	Consultation
	<b>Total Audit Days for Chief Executive's Department (not incl IT)</b>	<b>50</b>							
	<b>Chief Executive's Department: IT</b>								
4120001	Covid-19 CAATS Analysis (FSM)	10	*	*	*	*	*	*	Consultation
8220001	Office 365, including TEAMS and Sharepoint	15	*	*	*	*	*	*	Consultation
8220002	Bring Your Own Device	5	*	*	*	*	*	*	Acceptable
8220003	Cyber Security	10	*	*	*	*	*	*	Acceptable
	<b>Total Audit Days for Chief Executive's Department: IT</b>	<b>40</b>							
	<b>Communities</b>								
6120001	Departmental Expenditure: Leisure	15	*	*	*	*	*	*	Acceptable
6120002	Departmental Expenditure: Housing	10	*	*	*	*	*	*	Acceptable
6120003	Departmental Expenditure: Social Care	10	*	*	*	*	*	*	Acceptable
8320001	Sport Wales/Active Communities	10	*	*	*	*	*	*	Acceptable
8320002	Ski Centre Follow Up	5	*	*	*	*	*	*	High
8320003	Financial Assessments & Collections	10	*	*	*	*	*	*	High

	<b>Total Audit Days for Communities</b>	<b>60</b>							
	<b>Corporate Services</b>								
5120006	Departmental Expenditure (Corp Serv)	10	*	*	*	*	*	*	Acceptable
8420001	Financial Management Other	10	*	*	*	*	*	*	Consultation
	<b>Total Audit Days for Corporate Services</b>	<b>20</b>							
	<b>Education &amp; Children</b>								
4120002	Departmental Expenditure (Education)	10	*	*	*	*	*	*	Acceptable
8520001	Fostering	10	*	*	*	*	*	*	Acceptable
8520002	School Meals/ParentPay	10	*	*	*	*	*	*	Consultation
8520003	School Questionnaires	20	*	*	*	*	/	*	Questionnaire Assessment
8520003	School Visits/Reviews	20	*	*	*	*	*	*	Consultation
8520004	Specialist Provision Units	10	*	*	*	*	*	*	Low
	<b>Total Audit Days for Education &amp; Children</b>	<b>80</b>							
	<b>Environment</b>								
8620001	Ash Dieback	10	*	*	*	*	*	*	Acceptable
7120001	Departmental Expenditure (Environment)	20	*	*	*	*	*	*	Acceptable
8620002	Flood Defence & Coastal Protection	10	*	*	*	*	*	*	Acceptable
8620003	Property Maintenance	10	*	*	*	*	*	*	High
8620004	Waste Management & Recycling Obligations	10	*	*	*				
	<b>Total Audit Days for Environment</b>	<b>60</b>							
			<b>% Complete to Date</b>			<b>94.0%</b>			

This page is intentionally left blank



INTERNAL AUDIT PLAN 2021/22										
2021/22	% Plan Completion to Date	14.1%								
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	*	*	*					
	<b>Total Audit Days for Fundamentals</b>	<b>130</b>								
Corporate Governance Assurance										
2121001	Annual Governance Statement/Corporate Governance Arrangements	20								
2121002	Performance Management	20								
2121003	Welsh Language Standards	20								
	<b>Total Audit Days for Corporate Governance Assurance</b>	<b>60</b>								
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	*	/	*					
	<b>Total Audit Days for COVID-19</b>	<b>80</b>								
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								
	<b>Total Audit Days for Corporate Review Work</b>	<b>110</b>								
Counter Fraud										
5121001	Fraud Prevention, Detection and Investigation	40	*	/	*					
5121002	National Fraud Initiative	30	*	/	*	*	/			
5121003	Proactive Fraud Testing	20	*	/	*					
	<b>Total Audit Days for Counter Fraud Work</b>	<b>90</b>								
Grants & Certification										
6121001	Burry Port Harbour	10	*	/	*	*				
6121002	Children & Communities Grant	25	*	/	*	*				

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	*	/						
6121008	HSG - Rent Smart Wales	10	*	/						
6121009	HSG - Supporting People	13	*	/	*					
6121010	Local Authority Education Grant	20								
6121011	Other Grants (where assurance is required for sign-off)	20	*	/						
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	*	*						
6121018	Trust Funds - Dyfed Welsh Church Fund	5	*	*						
6121019	Trust Funds - Minnie Morgan	5	*	*						
6121020	Trust Funds - Oriol Myrddin	5	*	*	*					
6121021	Regional Development Co-ordinator Grant	5	*	/	*	*				
	<b>Total Audit Days for Grants &amp; Certification</b>	<b>220</b>								
<b>Chief Executive's Department (not incl IT)</b>										
7121001	Civil Registrations Service	10								
7121002	People Management & Performance	20								
7121003	Regeneration & Economic Development	20								
7121004	Surplus Properties	15								
	<b>Total Audit Days for Chief Executive's Department (not incl IT)</b>	<b>65</b>								
<b>Chief Executive's Department: IT</b>										
7221001	Cloud Solutions	15								
7221002	Cyber Security	15								
7221003	Disaster Recovery and Business Continuity	15								
	<b>Total Audit Days for Chief Executive's Department: IT</b>	<b>45</b>								
<b>Communities</b>										
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								
	<b>Total Audit Days for Communities</b>	<b>90</b>								
<b>Corporate Services</b>										
7421001	Financial Management Other	15								
7421002	Insurance	15								

	<b>Total Audit Days for Corporate Services</b>	<b>30</b>								
<b>Education &amp; Children</b>										
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								
	<b>Total Audit Days for Education &amp; Children</b>	<b>90</b>								
<b>Environment</b>										
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								
	<b>Total Audit Days for Environment</b>	<b>90</b>								
			<b>% Complete to Date</b>			<b>14.1%</b>				

This page is intentionally left blank

DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Chief Executive's and Corporate Services</b>	<b>Payroll</b>	<b>5120007</b>
<p><b>BACKGROUND</b></p> <p>The Authority pays over 8,500 employees amounting to approximately £196m. Payroll is a centralised function and the Authority has an integrated Payroll and HR system operated through "Resource Link".</p> <p><b>SCOPE</b></p> <p>The review covered the internal controls in place for the payment of salaries and wages to ensure that:</p> <ul style="list-style-type: none"> <li>• Recommendations from the previous audit report have been implemented;</li> <li>• There are adequate documented procedures in place which are adhered to;</li> <li>• Exception reports are generated and reviewed with queries dealt with appropriately;</li> <li>• Access to standing data processing and programmes is restricted to appropriate personnel and amendments are properly authorised;</li> <li>• Timesheets, overtime claims, advance payments, SSP, starters &amp; leavers, variations to pay etc. have been properly authorised and data entered correctly;</li> <li>• There is evidence of review of the Payroll Suspense account, and timely clearance of entries;</li> <li>• Changes to employee data is appropriately authorised;</li> <li>• Advance pays have been appropriately authorised;</li> <li>• Appropriate BACS controls exist;</li> <li>• Appropriate reconciliations are undertaken after payment runs;</li> <li>• The payroll system is regularly reconciled to the main accounting system;</li> <li>• Payroll Control review all expected reports, with anomalies reviewed;</li> <li>• Individual departments verify the accuracy of employee standing data;</li> <li>• System Controls are adequate and appropriate;</li> <li>• Security of Controls is adequate and appropriate;</li> <li>• The risk of fraud is considered, with adequate controls in place to mitigate this.</li> </ul> <p><b>SUMMARY OF RESULTS</b></p> <p>It is pleasing to report that the majority of key controls are in place and are operating effectively.</p> <p>Some issues were, however, identified as a result of audit testing and are summarised below:</p> <ul style="list-style-type: none"> <li>➤ An annual employee verification exercise is intended to be carried out, with Heads of Service / Head Teachers required to confirm the accuracy of a schedule of employees recorded on the payroll system for their areas of responsibility. This exercise for 2020/21</li> </ul>		

commenced in October 2020 but had not been completed at the conclusion of the audit review in March 2021.

- Sample testing on overtime payments identified some issues in relation to the appropriate authorisation of the overtime, with Director approval not always having been sought, as appropriate. Three instances of incorrectly calculated payments were also identified; assurances have been received from Management that these overpayments have now been recovered.
- Three processed termination forms (from a sample of 30) were not appropriately authorised. The delay in receipt of one termination form resulted in an overpayment of 2 months' pay; this overpayment has now been recovered.
- The process for dealing with requests to change employee standing data on Resource Link, which was introduced in July 2019, was not always being fully adhered to, with appropriate records not always maintained to ensure a full audit trail.
- There are a higher than recommended number of users with access to SUPERVISOR profile, which is a high privileged user account.
- A periodic review of user access is usually undertaken every 6 months; however, it was last undertaken during February/March 2020. It is acknowledged, however, that the review was delayed due to the additional work required during the Covid-19 pandemic.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	<b>0</b>	<b>Acceptable</b>
Priority 2 – Strengthen Existing Controls	<b>6</b>	
Priority 3 – Minor Issues	<b>0</b>	

DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Corporate Services</b>	<b>Main Accounting</b>	<b>1120005</b>
<p><b>BACKGROUND</b></p> <p>One of the main objectives of the Main Accounting function is the maximisation of the Authority's financial resources, and the establishment and monitoring of sound and efficient financial control within the Authority.</p> <p>The systems within the function are fundamental to the Authority and, as such, are subject to regular review. The systems include budget setting, budget control and monitoring, and delivering efficiencies.</p> <p><b>SCOPE</b></p> <p>The review covered the controls and procedures in operation to assess the extent to which:</p> <ul style="list-style-type: none"> <li>➤ Recommendations in previous Internal Audit reports have been actioned;</li> <li>➤ Adequate documented policies / procedures exist;</li> <li>➤ Budgets are approved, recorded, and controlled appropriately;</li> <li>➤ Efficiencies have been properly approved, recorded, and monitored;</li> <li>➤ Virements and journals are appropriate and authorised as expected;</li> <li>➤ System balances are brought forward correctly;</li> <li>➤ Financial Management System access levels are appropriate;</li> <li>➤ The coding structure is applied in accordance with recognised procedures.</li> </ul> <p><b>SUMMARY OF RESULTS</b></p> <p>The current arrangements for main accounting are found to be operating to an acceptable standard. It is pleasing to report that the key controls across a wide range of processes, calculations and reconciliations within the Main Accounting System including journal entries, the setting up of new financial codes and the amendment of existing financial codes are being complied with. In addition, it was found that balances had been brought forward and the current year's budget had been uploaded accurately on the Agresso system. Some issues were, however, identified as a result of audit testing and are summarised below:</p> <ul style="list-style-type: none"> <li>➤ The Budget Manual was last reviewed and updated in 2016. Internal Audit was advised that the Manual is currently under review and that approval had been intended during 2020, however the Covid-19 pandemic has delayed the process. It is the intention that the update and submission to the Governance &amp; Audit Committee will be achieved this year.</li> <li>➤ Testing on a sample of 10 virements identified that evidence to support the approval of 3 virements was not available.</li> <li>➤ A review of the monitoring and reporting of budget efficiencies identified that the end of year status in respect of 2019/2020 target efficiencies had not be reported, as a result it was not possible to ascertain whether all target efficiencies had been achieved.</li> </ul>		

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	<b>0</b>	<b>Acceptable</b>
Priority 2 – Strengthen Existing Controls	<b>1</b>	
Priority 3 – Minor Issues	<b>2</b>	



DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Corporate Services</b>	<b>Treasury Management</b>	<b>1120008</b>
<p><b>BACKGROUND</b></p> <p>The Treasury &amp; Pension Investments section monitors the daily cashflow and banking transactions of the Authority to identify funds that are surplus to immediate requirements. The surpluses are lent to various organisations known as Counter Parties. The Treasury Management section within the Corporate Services Department carries out the functions of managing these short and long-term loans and transactions on a daily basis.</p> <p>As at 31st March 2020, the Authority's investments stood at approximately £74m, with a turnover for the financial year of approximately £1,420m.</p> <p><b>SCOPE</b></p> <p>The review covered the controls and procedures in operation to assess the extent to which:</p> <ul style="list-style-type: none"> <li>➤ Adequate procedures exist for the Administration of Treasury Management;</li> <li>➤ Loans and borrowing comply with the Treasury Management Policy;</li> <li>➤ Adequate authorisation controls and contingency arrangements exist;</li> <li>➤ Interest calculations are accurate and appropriately recorded;</li> <li>➤ Adequate fidelity cover is provided for officers involved in loans management and accounting;</li> <li>➤ Appropriate treasury management information is made available to relevant officers/management.</li> </ul> <p><b>SUMMARY OF RESULTS</b></p> <p>The current Internal Audit review identified that the key controls expected in respect of the management and administration of the Treasury Management function, including short and long-term investment and loan transactions, are in place and are operating to an acceptable standard. Some issues were, however, identified as a result of audit testing and are summarised below:</p> <ul style="list-style-type: none"> <li>➤ The Treasury Management Manual is usually updated on an annual basis; however, the last update was in March 2019. It is acknowledged the delay in review of the Manual was partly attributable to the Covid-19 pandemic.</li> <li>➤ IT issues, whilst staff have been working from home, have prevented the recording of investment deal telephone conversations; telephone recordings of investment deals were, therefore, not always available to review.</li> <li>➤ Reconciliations for October 2019 – March 2020 had been completed but had not been signed by the reviewer. The Treasury Management Officer explained that an IT issue had been experienced with the electronic signature solution being used, thus whilst they had been reviewed, the reconciliations are showing as not having been signed by the reviewer. In normal working conditions, the reconciliations would be manually signed and scanned into the folder, but Covid-19 working restrictions have prevented this due to home working rules in place.</li> </ul>		

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	<b>0</b>	<b>Acceptable</b>
Priority 2 – Strengthen Existing Controls	<b>2</b>	
Priority 3 – Minor Issues	<b>1</b>	

DEPARTMENT	AUDIT REVIEW	AUDIT REF
<b>Environment</b>	<b>Arboriculture Framework</b>	<b>8119004</b>
<p><b>BACKGROUND</b></p> <p>The Arboriculture Works and Arboriculture Consultancy Framework 2018-2020 commenced in December 2018. The framework consists of 3 Lots; Lot 1 relating to aerial and non-aerial works, Lot 2 relating solely to non-aerial work and Lot 3 to the provision of consultancy and advice on arboriculture matters.</p> <p>The terms of the framework allow for the majority of work packages to be awarded by means of a direct award to the highest ranked supplier within each relevant Lot; for larger, planned and more complicated projects, however, a mini competition exercise can be undertaken, by inviting all relevant suppliers on the framework.</p> <p><b>SCOPE</b></p> <p>The objective of the review was to ensure that systems and procedures in place for the Arboriculture Framework are robust and comply with the Authority's Contract Procedure Rules.</p> <p>The scope of the Audit was to ensure that the Framework is operating as intended, paying particular attention to the following areas:</p> <ul style="list-style-type: none"> <li>• Framework tender process;</li> <li>• Subcontracting procedures;</li> <li>• Monitoring of the contract;</li> <li>• Ordering and commissioning of work;</li> <li>• Monitoring and payment of work.</li> </ul> <p><b>SUMMARY OF RESULTS</b></p> <p>During the course of the review significant procedural weaknesses were identified in relation to the operation of the Arboriculture Framework.</p> <p>A sample of 15 invoices was selected for testing, with the following results noted:</p> <ul style="list-style-type: none"> <li>- In 14 out of 15 cases, the price charged for work exceeded the estimated price quoted.</li> <li>- Orders were not always raised prior to the invoice being received and paid. When orders were raised, there was limited detail recorded, giving insufficient information to identify the exact work commissioned. Sample testing also identified that verbal orders are being raised on occasion.</li> <li>- There was no evidence of monitoring of the quality of work provided being undertaken.</li> <li>- Checks for goods receipting were simply initialled and not verified; there were no, or insufficient records maintained to check against. Invoices were not checked prior to being signed as approval for payment.</li> </ul>		

Three fundamental weaknesses were identified during the current review; these are detailed in the attached action plan, along with the actions agreed to be implemented by management.

The remainder of the issues identified were three '*Priority 2*' issues and one '*Priority 3*' issue; summarised details are as follows:

- One instance was identified where a credit was due to the Authority, relating to an overpayment of £11,850. There was no evidence of monitoring having been undertaken to ensure this amount had been received and processed; the amount was only recovered following Internal Audit's query of whether it had been received.
- The Health & Safety team stressed a number of concerns relating to the 100% sub-contracting of the contract as they could not ensure the safety aspect of the contract was fully satisfied. Despite this, the decision was made by the evaluation panel to award the supplier who would be 100% sub-contracting with a place on the framework as the highest ranked supplier.
- Procedures for contract monitoring were undefined and not formalised. Responsibilities for contract monitoring the framework to ensure that all aspects of the tender process are implemented had not been formally assigned.
- Procedures for other Departments commissioning Arboriculture work by the Grounds Maintenance section were not defined; this had, on occasion, resulted in ad hoc work being requested urgently and orders not being raised until after the invoice received.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1 - Fundamental Weaknesses	3	Low
Priority 2 – Strengthen Existing Controls	3	
Priority 3 – Minor Issues	1	

Internal Audit review of the Arboriculture Framework 2019/20

Action Plan relating to 3\* Issues identified

Ref	Summary of Issue Identified	Recommendation	Planned Action	Responsible officer  Target Date for completion of actions
1	<p>Testing identified the following issues in relation to the ordering process:</p> <ul style="list-style-type: none"> <li>- Orders were not always raised prior to the invoice being received. When orders were raised, there was limited detail recorded, giving insufficient information to identify the exact work commissioned.</li> <li>- Verbal requests were, on occasion, accepted to raise orders on the TOTAL job management system (when requests should be raised through hand-held devices or via e-mail in event of the devices not working).</li> </ul>	<p>Orders should be raised for all work commissioned prior to work commencement, detailing in full the agreed work to be undertaken.</p> <p>Verbal requests for raising orders on TOTAL should not be accepted.</p>	<p>Supervisors now raise job requests on their tablet device; there is no option to raise a PO via a telephone or verbal request. If a PO is needed, a notification is sent from the tablet device to the BSU HUB detailing that a PO is needed together with the information needed to raise a PO. The PO is then raised by the BSU Hub as required. A particular issue of concern under previous arrangements was that client officers from other Departments would contact the Grounds Supervisors directly, so all calls would be channelled through two individuals. This, in turn, placed pressures on the Supervisors to turn jobs around very quickly and hence the practice of verbal orders requests.</p> <p>We have, therefore, set up an enquiry process so that supervisors are not emailed directly, but instead the BSU Hub receives the request and raises an enquiry on Total and sends to the supervisor's device to enable the supervisor to assess the job request. Supervisors then enter the work required, likely costs for the work and whether the work can be done in-house</p>	<p>Grounds &amp; Cleansing Manager</p> <p>Already implemented (September 2020)</p>

Ref	Summary of Issue Identified	Recommendation	Planned Action	Responsible officer Target Date for completion of actions
			or alternatively request that a purchase order be raised if the work is to be issued to an external contractor.	
2	<p>Procedures for the receipting of goods (i.e., that the work was undertaken) are weak. Checks were simply initialled and not verified as there are no, or insufficient, corroborating records maintained.</p> <p>There was no evidence that staff monitor the quality of work being undertaken. Supporting documentation relating to the work undertaken by sub-contractors has not been requested, nor provided to support invoice details.</p>	<p>Procedures should be implemented to ensure that all work commissioned is undertaken to the agreed standard, within the timeframe set. Checks should be introduced to verify that work has been carried out.</p> <p>Supporting documentation relating to the work undertaken by sub-contractors should be requested and used to verify invoice details prior to payment.</p>	<p>Timesheets are received from external contractors for each job completed and in the event of the work being in excess of a single day's duration, further photographic evidence to verify completed work is submitted alongside the invoice. If the required information is not received, a further request is made to the contractor to submit the relevant information before the invoice can be paid.</p> <p>In relation to materials/goods ordered directly by the contractor – delivery notes are requested to support and verify the submitted invoices.</p> <p>These are subsequently saved in the folder along with the invoice for the supervisors to check against prior to signing and authorising payment.</p>	<p>Grounds &amp; Cleansing Manager</p> <p>Already implemented (September 2020)</p>
3	<p>Invoices are not checked prior to being signed as approval for payment; they are simply signed as a matter of course.</p> <p>Internal Audit testing identified the following issues:</p>	<p>Before invoices are signed as approved for payment, the authorised signatory must be satisfied that all the appropriate checks have been</p>	<p>Invoices and relevant documents (timesheets/photos/delivery notes) are now saved in the appropriate folder for the relevant Supervisor who is</p>	<p>Grounds &amp; Cleansing Manager</p>

Ref	Summary of Issue Identified	Recommendation	Planned Action	Responsible officer Target Date for completion of actions
	<ul style="list-style-type: none"> <li>- For 14 of a sample of 15 invoices tested, the price charged exceeded the estimated price. The total price exceeded for the 14 invoices was £23,025.</li> <li>- The higher day rate of £395 per day was the rate paid in all invoices tested, regardless of whether the work undertaken was aerial (higher price) or groundwork (lower rate).</li> <li>- Removal of green waste which was added to two invoices was incorrectly paid as the terms of the framework state that removal of green waste should be included in the cost of the work.</li> <li>- Plant and machinery, which was added to three invoices, was incorrectly paid as the terms of the framework specification state that equipment, plant and machinery should be included in the cost of the work.</li> </ul>	undertaken to ensure that the invoice is due and appropriate for payment.	managing that job; the information contained within the folder is checked prior to signing off the work. Once agreed, the invoice is then transferred to the manager folder for final approval.	Already implemented (September 2020)

This page is intentionally left blank



## Governance & Audit Committee 16 July 2021

<b>Subject and Purpose:</b> <b>Internal Audit Annual Report 2020/21</b>		
<b>Recommendations / key decisions required:</b> To receive the report.		
<b>Reasons:</b> Annual report required to meet the requirements of Internal Audit Standards.		
<b>Relevant scrutiny committee to be consulted:</b> N/A		
<b>Exec. Board Decision Required:</b> N/A <b>Council Decision Required:</b> N/A		
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
<b>Directorate:</b> Corporate Services  <b>Name of Head of Service:</b> Helen Pugh  <b>Report Author:</b> Helen Pugh	<b>Designation:</b> Head of Revenues and Financial Compliance	<b>Tel No.:</b> 01267 246223  <b>E Mail Address:</b> HLPugh@carmarthenshire.gov.uk

## EXECUTIVE SUMMARY

### Governance & Audit Committee 16 July 2021

#### Internal Audit Annual Report 2020/21

This report provides an opinion of 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, agreed by the Governance & Audit Committee.

The following Report is attached:  
Internal Audit Annual Report 2020/21

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
<b>NONE</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

### 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:

These are detailed below:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Plan 2020/21	AC 29-07-20	<a href="#">Agenda for Governance &amp; Audit Committee on Wednesday, 29th July, 2020, 2.00 pm</a>

This page is intentionally left blank

# Cyngor Sir Gâr

# Carmarthenshire County Council

Carmarthenshire County Council

---

## Internal Audit Annual Report 2020-21

July 2021

<b>Contents</b>	<b>Page</b>
1. Introduction	2
2. Overall Opinion	2
3. Internal Audit	3
4. Staffing	3
5. Annual Audit Plan 2020-21	4
6. Annual Governance Statement	11
7. Quality Assurance	12
8. Fraud	12
9. Service Risk Areas	13

## 1. Introduction

Carmarthenshire County Council is subject to The Accounts and Audit (Wales) Regulations 2014 and therefore has a duty to make provision for Internal Audit in accordance with the Local Government Act 1972.

The Regulations state that the Responsible Finance Officer of the organisation shall maintain an adequate and effective internal audit of the accounts of that organisation. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.

In line with the Public Sector Internal Audit Standards, the Head of Internal Audit should present a formal annual report to the Council which gives an opinion on the overall adequacy and effectiveness of the Council's internal control environment.

This report provides an opinion by the Head of Internal Audit of 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, agreed by the Governance & Audit Committee.

The annual opinion by the Head of Internal Audit contributes to the completion of the Annual Governance Statement (AGS), which forms part of the Annual Statement of Accounts.

## 2. Overall Opinion

No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

In arriving at the overall opinion, the Head of Internal Audit has taken the following into account:

- The results of all work undertaken as part of the 2020/21 Internal Audit Programme;
- The results of follow-up action of Internal Audit Reviews from current and previous years;
- Assurance gleaned from attendance at and participation in various working groups within the Council, including Covid-19 specific working groups;
- The acceptance of actions by Management (especially those deemed significant).

It is my opinion that the Authority has an **ACCEPTABLE** 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. I am satisfied that sufficient work, on which assurance can be placed, has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Authority's internal control environment.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

### **3. Internal Audit**

The Head of Revenues and Financial Compliance is responsible for ensuring the effective delivery of the Internal Audit function in accordance with the principles agreed with the Authority's Chief Financial Officer (Section 151 Officer) and in accordance with the Internal Audit Charter 2019-2021.

Where Internal Audit reviews are undertaken on functions headed by the Head of Revenues and Financial Compliance, resulting in a potential conflict of interest arising from reporting lines, an approved escalation protocol is followed to ensure conformance with the code of ethics, as required by the Public Sector Internal Audit Standards.

The Authority maintains an effective Internal Audit function. The Strategic and Annual Audit Plans are approved by Governance & Audit Committee annually and regular reports are made to the Committee throughout the year on progress and any significant weaknesses identified.

### **4. Staffing**

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.

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 the Governance & Audit Committee.



There were 8.8 FTE staff on the establishment during 2020/21, with one Agency staff member utilised during the year, increasing this figure to 9.4 FTE. This FTE figure includes the 1.0 FTE role undertaken by the Principal Auditor, whose role is to manage the function and thus not included in the Audit plan days.

Overall sickness accounted for a loss of 29 productive days, equating to approximately 1.8% of available productive days, compared to 2.3% the previous year, and 1.9% for 2018/19. During the year vacant posts accounted for the loss of 252 days.

## **5. Annual Audit Plan 2020/21**

The 2020/21 Annual Plan was agreed at the Governance & Audit Committee on 29<sup>th</sup> July 2020. The originally proposed plan, included in the Audit Committee papers for 20<sup>th</sup> March 2020, was revised as a result of COVID-19 and its impact on functions, services and the Authority as a whole. In devising the revised plan, the Authority's Corporate Risk Register and Departmental Risk Registers were considered in order to ensure appropriate coverage and consideration of the Authority's highest risks. The approach was modified in some assignments with larger thematic reviews being undertaken, such as the Expenditure review. The agreed Audit Plan was based on 1100 audit days, reduced from 1240 days the previous year, largely attributable to the redeployment of Internal Audit staff during the pandemic and participation in Covid-19 working groups.

Alongside audit assignments undertaken as part of the plan, the Internal Audit team has undertaken work on other areas during the year; these include:

- Providing advice and guidance to departments and teams within the Council;
- Attendance at and participation in various working groups within the Council;
- Acting as a 'critical friend' to Council teams in the implementation of new processes and process changes;
- Providing certification certificates where required for Grants and Trust Funds;
- Providing audit services to external Clients, amounting to 107 audit days;
- Undertaking ad-hoc investigatory work;
- Providing critical advice and guidance on necessary system and process changes as a result of the emergency situation;
- Undertaking analytical work, using Internal Audit Software, to identify potential duplicate Covid-19 related grant claims, thus preventing erroneous payments being made.

83% of those reviews originally programmed were completed by 31<sup>st</sup> March 2021, thereby falling slightly short of the 90% target.

Recommendations arising from Internal Audit work are graded according to the risk levels of the weaknesses identified, with recommended actions as follows:

**Priority 1 - Fundamental Weaknesses**

Control issues to be addressed as a high priority. These relate to issues that are fundamental and material to the system of internal control at a service level.

**Priority 2 - Strengthen Existing Controls**

Action required to avoid exposure to significant risks. These relate to issues that procedures do exist but require strengthening.

**Priority 3 - Minor Issues**

Action required which should result in enhanced control or better value for money. These are issues arising that would, if corrected, improve the internal control environment in general but are not vital to the overall system of internal control.

At the completion of each audit review an overall opinion as to the level of assurance that can be provided is given. Following each audit, report recipients are asked to complete an action plan showing whether they agree with the recommendations made and how they plan to implement them.

During the period April 2020 to March 2021 a total of 102 recommendations have been made, these include recommendations made in Draft Reports at the time of this Report. All recommendations are discussed and agreed with the relevant service departments.

The Reports outcomes are summarised in Table 1 below.

**Table 1: Analysis of Recommendations**

<b>Ratings</b>	<b>Number of Recommendations</b>
<b>Priority 1 ***</b> Fundamental Control Issues to be addressed as a High Priority	1
<b>Priority 2 **</b> Control Issues required to strengthen existing procedures	85
<b>Priority 3 *</b> Minor issues	16

The Governance & Audit Committee is kept informed of the progress of Internal Audit reviews and significant issues brought to their attention as necessary.

Table 2 below summarises the Priority 1 Fundamental Issues previously brought to the Governance & Audit Committee's attention, where update information has been formally requested by the Committee.

**Table 2: Priority 1 - Fundamental Issues previously reported to Audit Committee**

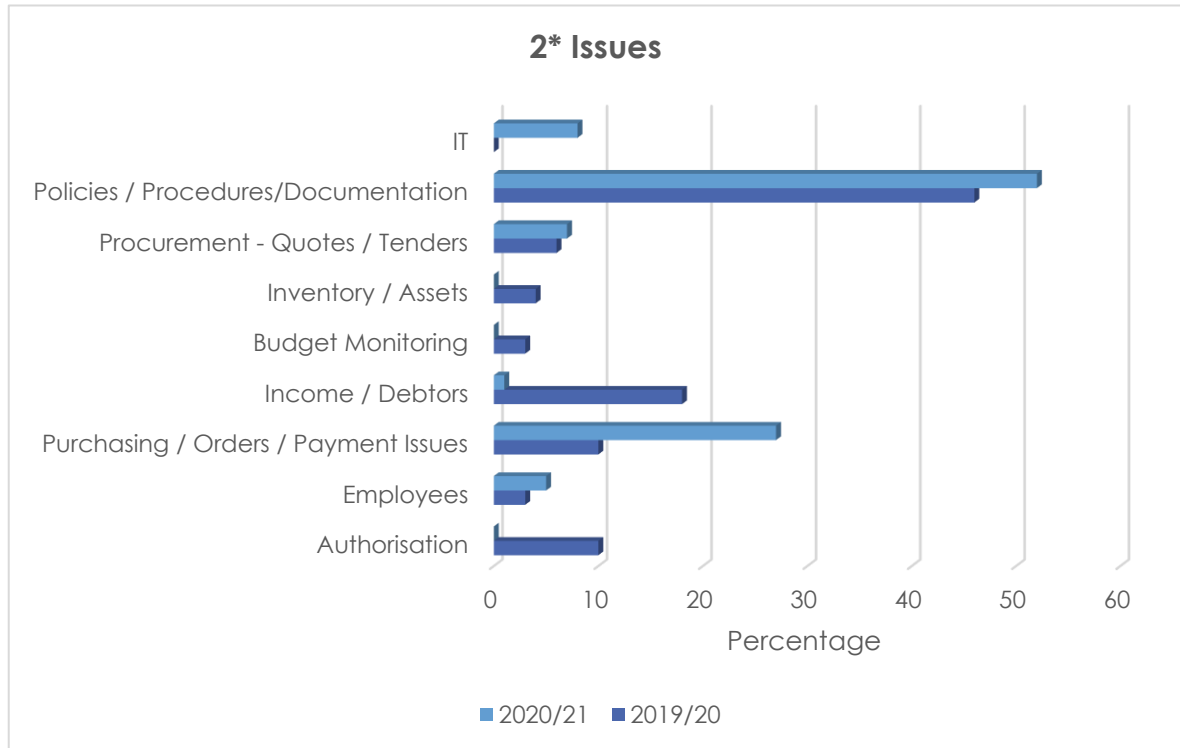
Review	Follow-up of previous 3* Issues requested by Audit Committee	Update
Museums	<p>Internal Audit identified concerns in the way that assets were being managed and administered. The main areas of concern were:</p> <ul style="list-style-type: none"> <li>• a lack of a comprehensive up to date inventory of assets;</li> <li>• delay in the full implementation of the computerised system CALM;</li> <li>• a lack of adequate documentation available to support loan items;</li> <li>• a lack of adequate insurance arrangements.</li> </ul> <p>A follow-up review was undertaken and whilst it was identified that many of the issues remained outstanding it was noted that a significant amount of work had been undertaken to put actions in place.</p>	<p>An Action Plan was presented to Audit Committee in March 2017 along with the Audit Report. The Action Plan provided a timetable of actions to be taken over the next year to address the issues identified. The Audit Committee requested an update in the September 2017 meeting and then on a 6-monthly basis.</p> <p>At the January 2020 Meeting, Members requested updates be provided to the Audit Committee on an annual basis.</p> <p><b>Current position:</b> At the December 2020 meeting, it was agreed that the Committee was satisfied with the progress made to address the issues identified and that further updates were not required.</p>
Llanelli Leisure Centre	<p>During the 2016/17 review, Internal Audit identified fundamental weaknesses in the management and administration of staffing, including incorrect payments being made.</p>	<p>First reported to Audit Committee December 2017. The Audit Committee requested 6 monthly updates on the progress of actions to address the identified issues. At the December 2018 Audit Committee meeting, it was</p>

		<p>requested that an update be provided upon conclusion of the next Internal Audit review (2018/19)</p> <p>The Audit Committee, at the July 2019 meeting, requested an update be brought following the conclusion of the next Internal Audit review.</p> <p><b>Current position:</b> At the October 2020 meeting, it was agreed that the Committee was satisfied with the progress made to address the issues identified and that further updates were not required.</p>
Property Management	<p>Two fundamental weaknesses were identified in the 2017/18 review of Property Management. In summary, significant concerns were identified in relation to the management and administration of the Authority's leased properties, and the lack of adequate monitoring of properties, particularly in relation to the financial element.</p>	<p>First reported to Audit Committee July 2018. At this meeting, it was requested that, upon conclusion of the next Audit Report (2018/19), an update be presented to the Committee.</p> <p>At the January 2020 meeting, the Audit Committee, requested that an update be brought in 6 months' time.</p> <p><b>Current position:</b> At the September 2020 meeting, the Committee requested that Internal bring an update to the Governance &amp; Audit Committee following the next Internal Audit Review.</p>

Business Support – Pool Cars	The recharge rate for the use of pool cars fluctuates each month, with the pence per mile calculation being dependent on the number of miles driven in the pool cars for that month, together with any ancillary costs incurred, such as ad hoc repairs or breakdown assistance, for example. All users are charged the same monthly pence per mile rate, regardless of whether the electric or fuel cars have been used.	<p>Reported to Audit Committee June 2019</p> <p>At the June 2019 meeting, the Audit Committee requested that an update be brought to the Committee following conclusion of the TIC review on Pool Cars which was underway.</p> <p><b>Current position:</b> Due to the Covid-19 pandemic, the TIC review on Pool Cars was put on hold. Work has recently recommenced on the review; an update will be brought to the Committee following its conclusion.</p>
Schools' Deficits & Surpluses	<p>Internal Audit identified concerns in relation to the lack of developed policy and procedure documents for the monitoring, review and controlling of school budgets; with no standardised approach and little consistency in the decision-making process for the approval of deficit licences and spending plans.</p> <p>Unapproved deficits were found to have been running for some years in a number of schools in the sample reviewed.</p>	<p>Reported to Audit Committee January 2020.</p> <p>At the January 2020 meeting, the Audit Committee, requested that an update be brought in 6 months' time.</p> <p><b>Current position:</b> Due to the Covid-19 pandemic, the progress update to the Committee was delayed, but is to be presented to the Governance &amp; Audit Committee at the July 2021 meeting.</p>

## 2\* Issues

The graph below shows the categorisation of the 2\* issues raised in 2020/21 and compared to 2019/20.



As can be seen the majority of issues relate to Policies, Procedures and Documentation. The concerns raised were mainly in relation to:

- Non-compliance with current policies and procedures;
- Policies not being applied consistently; and
- Documentation not being available to evidence decisions made.

There has been a significant increase in 2020/21 in the number of issues raised in relation to Purchasing, Orders and Payment issues. This increase is largely attributable to the Expenditure reviews which were undertaken across the breadth of the Authority during the year; a thematic review of this size and nature had not been undertaken previously. The results of the thematic Expenditure reviews were presented to the Authority's TIC Expenditure workstream, with the working group taking forward areas of concern to be addressed.

During the course of audit reviews, the Internal Audit team considers not only the issues identified, but also the root cause of the issues, enabling better understanding of why the matters arise and, therefore, a better understanding of how they should be dealt with in order to prevent them occurring in the future.

Further to the analysis above, each report notes what assurance we conclude for each review. The definitions are as follows:

**Table 3: Description for Assurance Levels**

<b>Assurance Level</b>	<b>Description for Assurance Level</b>
High	Good controls consistently applied Low risk of not meeting objectives Low risk of fraud, negligence, loss, damage to reputation
Acceptable	Moderate Controls, some areas of non-compliance with agreed controls Medium / low risk of not meeting objectives Medium / low risk of fraud, negligence, loss, damage to reputation
Low	Inadequate controls High Risk of not meeting objectives High risk of fraud, negligence, loss, damage to reputation

Considering Final and Draft Reports issued to date, the assurance levels gained are summarised in Table 4.

**Table 4: Assurance**

<b>Level of Assurance</b>	<b>Number of 2020/21 Reports</b>	<b>Number of 2019/20 Reports</b>
<b>High</b>	5	11
<b>Acceptable</b>	29	38
<b>Low</b>	1	11

Further to the Assurance reports issued, Internal Audit has also completed the following assignments during the year:

Audit Assignment	Number
Grant Certificate Issued	12
WAO Return Completed	2
Trust Fund Certificate Issued	4
Consultancy Work Completed	11
School Self-Assessment Questionnaires Analysed	54

The Final Internal Audit Reports once agreed with Heads of Service / Managers / Head Teachers are given to the appropriate Directors, Executive Board Members, Chair and Vice Chair of the Governance & Audit Committee and Chair of School Governing Bodies for them to fully understand the key findings of each review and to be made aware of all recommendations. Furthermore, all Internal Audit reports containing identified fundamental weaknesses are also provided to the Authority's Chief Executive, as well as to the Governance & Audit Committee.

The way in which Internal Audit is sharing reports has been reviewed during the year, with Final Reports now provided electronically to appropriate Members on a monthly basis, thus ensuring the reports are received in a timely, controlled, and efficient manner. Whilst the aspiration had been to implement the use of Microsoft software to share reports, exploration of this avenue with IT has identified a number of complications. With the new monthly process in place and working well, Internal Audit proposes to continue sharing reports in this manner.

All recommendations, agreed actions and responsible officers are recorded on the Carmarthenshire's PIMS electronic database system. This provides a place where all responsible officers and their Senior Managers can access and review their recommendations, as well as providing Internal Audit with a tool to monitor and review actions.

## **6. Annual Governance Statement (AGS)**

The Governance Statement for the year ended 31<sup>st</sup> March 2021 forms part of the Statement of Accounts. The Annual Governance Statement explains how the Authority has complied with the various elements of the Governance Framework.



The Annual Governance Statement 2020/21 has been signed by both the Leader and Chief Executive and is presented within the Statement of Accounts for 2020/21.

A Corporate Governance Group comprising two Executive Board Members and key officers has been established to inform and monitor progress on issues affecting Governance. The Chair of the Governance & Audit Committee also attends as an observer.

The Group has met throughout the year and the Minutes have been referred to Governance & Audit Committee.

## **7. Quality Assurance**

The Public Sector Internal Audit Standard (PSIAS) became effective from 1<sup>st</sup> April 2013 and introduced a requirement for an external quality 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 external quality assessment, which was completed in March 2018, concluded that the Internal Audit Service is generally conforming. A total of six recommendations were made as part of the external assessment; actions to address five of these recommendations have been completed, with the final recommendation related to the consideration of using an alternative assessment template when the next external assessment is undertaken; this recommendation will be addressed at the time of that assessment, which is required to be undertaken by March 2022.

Internal Audit continues to undertake quality assurance reviews as required by the Public Sector Internal Audit Standards (PSIAS) 2013 and has in place a Quality Assurance and Improvement Programme (QAIP). A QAIP is an ongoing programme intended to increase the quality and value of Internal Audit services. Elements detailed within the QAIP include our approach to reviews, the supervision of assignments, peer reviews and the policies and procedures followed to ensure an efficient and effective internal audit service.

Internal Auditors complete an "*Ethical Standards Declaration*" for each review they undertake. This declares that there are no issues that may affect their independence, objectivity and delivery of the review and that they have not conflicted with the principles detailed within the corporate "*Employee Declaration*" document.

## **8. Fraud**

Internal Audit's direct responsibility for providing an ongoing fraud detection and prevention service is restricted to non-benefit fraud. There is a Specialist Unit within the Revenues team of the Revenues and Financial Compliance Division, which deals with all Benefit Fraud.

The Anti-Fraud and Anti-Corruption Strategy was approved by the Governance & Audit Committee on 16<sup>th</sup> October 2020. Promotion of the Strategy across the Authority has commenced since its approval in October and will continue indefinitely.

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.

The Authority participates in the National Fraud Initiative (NFI) exercise, where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally every 2 years to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations is being undertaken in 2021/22.

Internal Audit undertakes a pro-active analysis of financial transactions linked to Payroll and Creditors to identify any potential anomalies for further investigation. The results of the analysis are reviewed and used to identify possible system weaknesses.

From this Financial year, an annual Anti-Fraud and Anti-Corruption Report will be produced, providing a summary of the activities of the Council's Anti-Fraud functions. The 2020/21 report will be presented to the Corporate Management Team and to the Governance & Audit Committee.

## **9. Service Risk Areas**

The following Service Risk Areas are considered areas for attention during 2021/22:

### **9.1 Procurement**

Carmarthenshire County Council spends more than £238 million annually with external organisations and has a duty to make sure that this spending represents value for money for the residents of the County through efficient and effective procurement policies and practices.

Internal Audit has a positive working relationship with the Corporate Procurement Unit and will continue to provide advice on risk, controls and systems in order to ensure efficient and effective procurement policies and practices are maintained.

### **9.2 Local Authority Trading Companies**

Most Councils no longer rely solely on in-house operations to deliver either public services or their own internal functions. Services that are not delivered 'in-house' involve some form of alternative delivery models, such as Local Authority Trading Companies (commonly referred to as LATCs).

Carmarthenshire County Council wholly owns three companies:

- *Cartrefi Croeso* - Established by Carmarthenshire County Council to develop new homes for sale and to rent.

- *CWM Environmental* - A limited company dealing with waste, materials recycling, and recovery industry.
- *Llesiant Delta Wellbeing* – Set up in June 2018 and involved the transfer of the Council's Careline service, which had been in operation for over 30 years, into the Company. The Company is a centre of excellence for Technology Enabled Care.

Appropriate governance structures are vitally important to ensure sound and robust supervision of the companies, thereby protecting the Council's financial and reputational investment. Internal Audit has a role to play in ensuring the Council's financial and reputational investment in the companies is safeguarded.

### **9.3 School Budgets**

Since 2018/19, the year-end position for Schools has resulted in considerable overspend, which saw a significant change from the historical situation of holding healthy school reserves within the balance sheet.

Unchecked, school budgets have the potential to put at risk the financial stability of the Council. Appropriate budget control and monitoring is imperative to ensure Schools deliver their services within their allocated budget.

An Internal Audit review undertaken in 2019 identified a number of weaknesses in the process of monitoring School budgets. At the January 2020 Audit Committee meeting, the Head of Education & Inclusion Services and the Group Accountant for Education addressed the concerns raised and discussed the measures being put in place to rectify the weaknesses. The Officers are due to provide an update on the position at the July 2021 Governance & Audit Committee meeting.

### **9.4 COVID-19**

Following the outbreak of COVID-19, the Authority, its environment and its way of working is evolving rapidly, in an unprecedented way. COVID-19 has numerous implications for the Authority, including financial implications and an increased risk of fraud, as well as health, social, economic and operational impacts.

Internal Audit is well placed to play a key role in the response to the crisis, with good organisational knowledge and relevant set of skills, enabling the service to provide critical evaluation of changing controls, advice to Management on the changing control landscape and later review of practices to enable lessons to be learned, where improvements could be made.

### **9.5 Brexit**

On 23 June 2016, the UK held a referendum on its membership of the EU. 51.89% of voters voted to leave the EU. The UK left the EU on 31 January 2020.

Up to and including 31 December 2020 a transition period was in place. During that time, the UK continued to comply with all EU laws and rules. Negotiations were also held on the new relationship between the UK and the EU during this time.

On 24 December 2020 negotiators for the EU and the UK reached a deal on the two parties' new relationship. The EU and the UK set out the terms of this deal in three agreements.

On 1 January 2021 the rules set out in these agreements came into force.

The Council must have robust systems in place to respond to the UK's withdrawal from the EU (Brexit) so that any negative impact can be mitigated.

**Helen L Pugh**  
**Head of Revenues and Financial Compliance**

*9<sup>th</sup> July 2021*

## Governance & Audit Committee 16 July 2021

<b>Subject and Purpose:</b> <b>Governance &amp; Audit Committee Forward Work Programme</b>		
<b>Recommendations / key decisions required:</b> To receive the report.		
<b>Reasons:</b> Annual Forward Work Programme to inform Members of the expected Agenda Items for the 2021/22 Governance & Audit Committee Cycle.		
<b>Relevant scrutiny committee to be consulted:</b> N/A		
<b>Exec. Board Decision Required:</b> N/A <b>Council Decision Required:</b> N/A		
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
<b>Directorate:</b> Corporate Services  <b>Name of Head of Service:</b> Helen Pugh  <b>Report Author:</b> Helen Pugh	<b>Designation:</b> Head of Revenues and Financial Compliance	<b>Tel No.:</b> 01267 246223  <b>E Mail Address:</b> HLPugh@carmarthenshire.gov.uk

## EXECUTIVE SUMMARY

### Governance & Audit Committee 16 July 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
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## 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

This page is intentionally left blank



Subject area and brief description of nature of report	Lead Department	Responsible Officer	Jul-21	Sep-21	Dec-21	Mar-22
<b>Appointment of Audit Committee:</b> · Chair · Vice Chair	Corporate Services	Audit Committee	✓			
<b>Annual Audit Report</b>	Corporate Services	Head of Revenues and Financial Compliance	✓			
<b>Forward Work Programme</b>	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓
<b>Internal Audit Plan Update</b>	Corporate Services	Head of Revenues and Financial Compliance	✓	✓	✓	✓
<b>Internal Audit indicative three year plan</b>	Corporate Services	Head of Revenues and Financial Compliance				✓
<b>Assurance Reviews:</b> · Fundamental financial systems · 3* reports	Corporate Services	Head of Revenues and Financial Compliance	As Required			
<b>Progress Report - Delivery of External Audit Recommendations</b>	ICT & Policy	Performance Planning Section			✓	
<b>Progress Report - Delivery of Internal Audit Recommendations</b>	Corporate Services	Head of Revenues and Financial Compliance				✓
<b>Internal Audit Progress Updates requested by Audit Committee:</b>	Corporate Services	Head of Revenues and Financial Compliance	As Required			
<b>Progress reports as requested by Audit Committee</b>						
· 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	✓			
<b>Approval of Audit Charter</b>	Corporate Services	Head of Revenues and Financial Compliance	As Required			
<b>Approval of Strategies / Rules &amp; Regulations</b>	Corporate Services	Head of Revenues and Financial Compliance	As Required			
<b>Annual Anti-Fraud and Corruption Report</b>	Corporate Services	Head of Revenues and Financial Compliance	✓			
<b>Receive the Corporate Risk Register</b>	Corporate Services	Head of Revenues and Financial Compliance		✓		✓
<b>Opportunity for Members to discuss Risks</b>	Corporate Services	Risk owners		✓		✓
<b>Receive the Annual Complaints Report</b>	ICT & Policy	Corporate Policy & Partnership Manager	✓			
<b>Statement of Accounts including Annual Governance Statement for Carmarthenshire County Council</b> · To be received · To be approved	Corporate Services	Head of Financial Services	✓	✓		
<b>Statement of Accounts including Annual Governance Statement for Dyfed Pension Fund</b> · To be received · To be approved	Corporate Services	Head of Financial Services		✓ ✓		
<b>Burry Port Harbour Accounting Statement</b> · To be received · To be approved	Corporate Services	Head of Financial Services	✓	✓		
<b>Audit enquiries to those charged with governance and management for:</b> · Carmarthenshire County Council · Dyfed Pension Fund	Corporate Services	Head of Financial Services		✓		
<b>Single Tender Action</b>	Corporate Services	Director of Corporate Services	As Required			
<b>Minutes for noting:</b> · Grants Panel · Corporate Governance Group · Risk Management Steering Group	Corporate Services	Head of Revenues and Financial Compliance Head of Financial Services	✓	✓	✓	✓
<b>Audit Wales:</b> · Audit Plan Update	Corporate Services	Audit Wales	✓	✓	✓	
· 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				✓		
· Annual Audit Letter o Carmarthenshire County Council						✓
· Audit Plans, including information on fees o Carmarthenshire County Council o Dyfed Pension Fund						✓

This page is intentionally left blank

Governance & Audit Committee Training / Informal Sessions

Subject area and brief description of session	Lead Department	Responsible Officer(s)												
			Mar-19	Jul-19	Sep-19	Jan-20	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jul-21	Sep-21	Dec-21
Meeting with Auditors	Corporate Services	Director Corporate Services Head of Revenues and Financial Compliance			✓		✓		✓				✓	
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												✓

This page is intentionally left blank

## Governance & Audit Committee 16 July 2021

<b>Subject and Purpose:</b> <b>Schools' Deficits and Surpluses – Progress Update</b>		
<b>Recommendations / key decisions required:</b> To receive the report.		
<b>Reasons:</b> A progress update was requested at the Audit Committee meeting on 24 <sup>th</sup> January 2020.		
<b>Relevant scrutiny committee to be consulted:</b> N/A		
<b>Exec. Board Decision Required:</b> N/A <b>Council Decision Required:</b> N/A		
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr Glynnog Davies		
<b>Directorate:</b> Education & Children's Services  <b>Name of Head of Service:</b> Aneirin Thomas  <b>Report Authors:</b> Aneirin Thomas  Randal Hemingway  Susannah Nolan	<b>Designations:</b> Head of Education & Inclusion Services  Head of Financial Services  Group Accountant	<b>Tel No.:</b> 01267 246645  <b>E Mail Address:</b> <a href="mailto:ARThomas@carmarthenshire.gov.uk">ARThomas@carmarthenshire.gov.uk</a> <a href="mailto:RHemingway@carmarthenshire.gov.uk">RHemingway@carmarthenshire.gov.uk</a> <a href="mailto:SNolan@carmarthenshire.gov.uk">SNolan@carmarthenshire.gov.uk</a>

# EXECUTIVE SUMMARY

## Governance & Audit Committee 16 July 2021

### Schools' Deficits and Surpluses – Progress Update

#### 1. BRIEF SUMMARY OF PURPOSE OF REPORT.

The Authority distributes funding to maintained Schools according to a formula which corresponds with regulations prescribed by the Welsh Government. The budget is then delegated to the Governing Body of the School concerned; the budget must be controlled in line with the Scheme for the Financing of Schools which sets out the broad responsibilities of the School and the Authority.

All Schools within the Authority are responsible for managing their annual budget and controlling expenditure.

There are currently 98 Primary Schools, 12 Secondary Schools, and 2 Special Schools within the Authority area.

This report provides 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.

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:** Aneirin Thomas - Head of Education & Inclusion Services

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

### Finance

Actions contained within the report include those related to financial processes and procedures.

## CONSULTATIONS

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

**Signed:** Aneirin Thomas - Head of Education & Inclusion 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:

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Internal Audit Report	4118016	Internal Audit Unit

This page is intentionally left blank



# School Budgets 16.7.21

## Addysg a Phlant

2021

[carmarthenshire.gov.wales](http://carmarthenshire.gov.wales)

This report provides 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.

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.

<b>Progress against audit report</b>	
The Scheme for the Financing of Schools should be updated and circulated to all Schools as a matter of importance.	Completed
A standard approach for the approval of deficit licences and spending plans within the function should be adopted, to ensure consistency and clarity.  Policies and procedures should be developed, documenting the process for monitoring, reviewing, and controlling of School budgets.	Completed
Current working practices should be reviewed, with the roles and responsibilities of sections and officers clearly defined in order to ensure clarity and consistency in the process of financing Schools	Draft included and to be taken to Budget Forum
It is imperative that key controls are implemented to prevent Schools running continuously with an ever-increasing unapproved deficient budget.  Consideration should be given to the training of key representatives in preparing the budget to ensure deficit licences are realistic and approved promptly.	Completed
Processes should be developed for the reviewing, evaluating, approving, and rejecting of spending plans. With consideration being given to issuing a direction to spend or claw back any excess surplus held.	Completed

## Deficit Position

	March 2019	March 2020	March 2021
<b>TOTAL (DEFICIT)/ SURPLUS £000s</b>	<b>(393)</b>	<b>(2,001)</b>	<b>7,266</b>
<b># OF PRIMARIES IN DEFICIT</b>	<b>39</b>	<b>44</b>	<b>23</b>
<b># OF SECONDARIES IN DEFICIT</b>	<b>7</b>	<b>6</b>	<b>4</b>

### Financial Position 2018-2019

- Overall schools' **Surplus** / Deficit at the end of 31.3.19 = **-£3,224,669** / £3,618,005 (£393,336 Total)
- Total **Surplus** / Deficit for Primary at the end of 31.3.19 = **-£1861,817** / £1,688,361 (**-£173,456** Total)
- Number of primary schools in **surplus** / deficit at 31.3.19 – **59 Surplus** / 39 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.19 – **7 Surplus** / 7 Deficit

### Financial Position 2019-20

- Overall schools' **Surplus** / Deficit at the end of 31.3.20 = **-£3,677,201** / £5,678,217 (£2,001,016 Total)
- Total **Surplus** / Deficit for Primary at the end of 31.3.20 = **-£1,787,526** / £2,528,703 (£741,177 Total)
- Number of primary schools in **surplus** / deficit at 31.3.20 – **51 Surplus** / 45 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.20 – **7 Surplus** / 7 Deficit

### Financial Position 2020-21

- Overall schools' **Surplus** / Deficit at the end of 31.3.21 = **-£11,023,393** / £3,757,762 (**-£7,265,631** Total)
- Total **Surplus** / Deficit for Primary at the end of 31.3.21 = **-£5,717,515** / £1,396,196 (**-£4,321,319** Total)
- Number of primary schools in **surplus** / deficit at 31.3.21 – **73 Surplus** / 23 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.21 – **9 Surplus** / 5 Deficit

### **Impact of grant funding during 2020-21**

Schools have been able to take advantage of significant additional grant funding released during the pandemic. This has impacted positively on several school budgets this year and into next year.

School budgets have significantly benefitted from the following factors:

- Additional Grant funding from WG, both during the year (e.g. Additional Learning Programme) as well as specific grants very late in the financial year (e.g. ALN COVID received in February, Caretaking & Cleaning grant funding)
- Reduced activities normally funding from non capitation budgets e.g. school trips
- Reduced expenditure on Supply Teacher expenditure – through a combination of reduced requirements (less non-COVID19 absence) and ability to claim COVID19 supply cover through WG hardship scheme

## **Strategy Moving Forward**

### **Context**

This strategy is linked with the Carmarthenshire Scheme for Financing Schools (ref.\_) where the requirement of managing all schools in deficit are set out in greater detail. In the main, the majority of Carmarthenshire schools have been mostly financially secure in the recent past due to the effective and efficient financial planning between governing bodies and school leaders.

However, over recent years a growing number of schools have, for several reasons, faced financial challenges and have required additional support, budgetary controls, and monitoring from the local authority.

Where a school is in financial difficulty and has demonstrated a lack of capacity to manage its finances the local authority does have the power to withdraw financial delegation. In Carmarthenshire, no schools have had their finances de-delegated to manage the recovery plan and to avoid increasing financial risk to the local authority.

Due to a number of factors, some maintained primary schools have faced financial challenges over the last three years due in part pupil enrolment versus capacity, and in some cases, legacy issues. Informal processes have been in place in the past for how the local authority supports and intervenes. It is an appropriate time for the local authority to formalise an approach.

### **Recommended strategy for supporting schools facing financial challenges**

For schools facing a potential deficit budget, practice has involved the local authority school's ESA, Group Accountant, Head of Service, and other senior education officers meeting with the school leaders, chair of governors and bursar to understand the school's plans to balance the budget, or plan to return to a balanced budget over an appropriate time frame.

In the main, this has led to the local authority being confident in the school's plans, accepting of the budget submission, and with no further action required or taken by the

local authority. For the very few cases where budget deficit is significant and there are no realistic plans to reduce the deficit, the local authority has not used its powers of intervention.

Any future strategy needs to recognise that schools have responsibility to manage their finances and therefore any action taken by the local authority needs to be reasonable. However, it also needs to recognise that any significant deficit that goes unchecked does risk the broader financial resources available to all schools within the local authority.

In providing a balanced approach to supporting schools and using the local authority's powers of intervention, the following suggested strategy is recommended for schools' budget forum to consider.

Schools facing temporary financial deficit or moving into deficit for the first time	
Governing bodies and headteachers undertake their initial budget planning and, where there is a risk that the budget submission will be a deficit budget, early notice will be provided to the local authority's schools ESA.	
ESA will engage with the school to support and advise as appropriate.	
Where the school is planning to submit a deficit budget, the chair of governors and headteacher will formally notify the local authority of this by completing appropriate template and returning to the LMS team. A meeting will be arranged with the ESA, Senior ESA and finance Officer to talk through the budget plan and to question and to provide challenge where appropriate. Within, and following this discussion, the school will be required to detail a recovery plan to ensure that the projected deficit is reduced to a break even over an appropriately agreed timeframe.	
The local authority will work with the school to agree the recovery plan and, where the plan is agreed, a six-monthly review of spending and implementation of the plan will take place involving the school, ESA and School Finance Officer. If this plan is on track, no further action will take place.	
Where an initial recovery plan cannot be agreed, a further meeting will take place with the school, and both HR, Group Accountant and Senior ESA along with the Head of Education. The intention of this meeting is to help the school consider its resources, organisation structures, and financial commitments. The meeting will seek to agree a shared plan for returning the school to a break-even budget over an appropriate timeframe without this compromising the quality of provision. Any plan will need to be phased appropriately. The local authority will maintain a quarterly review of progress against the plan alongside the school. Where the plan is working well and the deficit reduction is managed, the local authority will continue working with the school providing support and light touch monitoring of the progress until the school returns to break even.	
Schools facing significant, or growing debt, and without the ability to manage debt reduction and a recovery plan	

<p>Where discussions, and work with the school and governors, has not been able to secure the appropriate reduction in debt, or implementation of the agreed recovery plan, the local authority Head of Education, Senior ESA and Group Accountant, will hold a meeting with the school leadership, bursar, and chair of governors. This will involve discussion on how the local authority and school can manage the debt reduction plan. It may lead to a re-scoping of the strategy and engagement of the local authority in supporting and monitoring spending and the financial capacity building at the school. It will involve agreeing detail of the local authority's close monitoring of spending against the budget, including the provision of data and out-turns. It may involve agreeing local authority support at governing body financial sub committee meetings. This may include discussion on temporary removal of financial delegation, the re-allocation of financial and administrative resources. It could involve discussion with HR and the Senior ESA on staffing structures and school organisation. The specific actions taken will be dependent upon the specific circumstances of each school. These discussions will explore a range of options with governors and the school's leadership on consideration of a range of options to bring about the budget savings required.</p>	
<p>Where schools are unable to manage their finances and, following support and guidance, are unable to maintain and reduce their deficit, the local authority may exercise its responsibilities to intervene and remove financial delegation. This will involve formally writing to the governing body and outlining the local authority's plans. These could include removing financial authority, establishing agreed processes for the schools to follow in agreeing and authorising expenditure within set parameters. In exceptional circumstances, it could include managing the financial planning, accounting, and decisions on staffing directly from the local authority. If this action is taken, a strategy group will be established to include the school's Headteacher, chair of governors, school bursar and local authority Senior ESA and Group Accountant to agree the procedures and spending priorities. The intention would be to work with the school governors and leaders to ensure that any decisions met the debt reduction plan over an appropriate timeframe without this putting the quality of the school's provision at risk. It would –</p> <ul style="list-style-type: none"> <li>• Involve close working with governors to ensure that there was transparency on budget plans and spending.</li> <li>• Involve dedicated financial resource funded from the school's budget and resources.</li> <li>• Involve working alongside the school's leadership to build capacity to enable the budget control to return to the school as soon as is practically possible and when the debt recovery plan is secure</li> </ul>	



This page is intentionally left blank



## Governance & Audit Committee 16 July 2021

<b>Subject and Purpose:</b> <b>Annual Anti-Fraud and Anti-Corruption Report 2020/21</b>		
<b>Recommendations / key decisions required:</b> To receive the report.		
<b>Reasons:</b> To receive the Annual Anti-Fraud and Anti-Corruption Report 2020/21		
<b>Relevant scrutiny committee to be consulted:</b> N/A		
<b>Exec. Board Decision Required:</b> N/A <b>Council Decision Required:</b> N/A		
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
<b>Directorate:</b> Corporate Services  <b>Name of Head of Service:</b> Helen Pugh  <b>Report Author:</b> Helen Pugh	<b>Designation:</b> Head of Revenues and Financial Compliance	<b>Tel No.:</b> 01267 246223  <b>E Mail Address:</b> HLPugh@cararthenshire.gov.uk

# EXECUTIVE SUMMARY

## Governance & Audit Committee 16 July 2021

### Annual Anti-Fraud and Anti-Corruption Report 2020/21

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. We recognise 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.

This report provides a summary of the activities of the Council's Anti-Fraud functions for the 2020/2021 financial year.

The following report is attached:

Annual Anti-Fraud and Anti-Corruption Report 2020/21

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
<b>NONE</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>NONE</b>	<b>NONE</b>

### **Legal:**

The Fraud Act affects both companies and individuals and is part of a wider initiative to combat the increasing problem of fraud.

### **Finance:**

In monetary terms, fraud costs the country billions of pounds a year. It also affects the amount of money we have available to spend on providing public services.

### **Risk Management Issues:**

The nature and scale of fraud risks must be established and assessed.

## 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**
- Corporate Management Team has been consulted with.**

### **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
Anti-Fraud and Anti-Corruption Strategy 2020-2025	~	<a href="https://democracy.carmarthenshire.gov.wales/documents/s44446/Report.pdf">https://democracy.carmarthenshire.gov.wales/documents/s44446/Report.pdf</a>

This page is intentionally left blank

# **Cyngor Sir Gâr**

# **Carmarthenshire County Council**

## **Anti-Fraud and Anti-Corruption Annual Report**

---

### **2020-21**

**June 2021**

<b>Contents</b>	<b>Page</b>
1. Introduction	2
2. Strategic Governance	2
3. Proactive Work	3
4. Prevention and Deterrence	4
5. Investigations	5
6. Case Information	8
Appendix 1: Audit Wales Report – CCC Action Plan	

## 1. Introduction

Carmarthenshire County Council is one of the largest unitary Authorities in Wales, and the largest local employer with over 8,000 staff. The Council owns significant assets, operates a range of systems and deals on a day-to-day basis with a wide range of contractors and customers. The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably put Carmarthenshire County Council at risk of fraud and corruption, from both internal and external sources.

Fraud is not a victimless crime and can affect us all.

**The monetary cost** – In monetary terms, fraud costs the country billions of pounds a year. It also affects the amount of money we have available to spend on providing public services.

**The human cost** – There are other not-so-obvious costs as a consequence of some frauds. For example, a consequence of Council Housing Tenancy Fraud is that available housing spaces are reduced thereby depriving families and vulnerable people on the waiting list.

Good Corporate Governance requires that the Authority clearly demonstrates its commitment to dealing with fraud and corruption and will deal equally with perpetrators from inside and outside the Council.

The culture of the Council is one of openness and the core values of Integrity, Taking Responsibility and Excellence support this. Carmarthenshire County Council is committed to the highest ethical and moral standards and is determined that the culture of the organisation is that of honesty, integrity and transparency, and fundamental to these core values is its commitment to combat fraud and corruption.

The overall responsibility for dealing with fraud and corruption within the Authority sits within the Revenues & Financial Compliance service in the Corporate Services Department; functions are shared between Internal Audit and a Specialist Unit within the Revenues team, which deals with all forms of Benefit Fraud; the Fraud team comprises of one Fraud Investigator and one Compliance and Visiting Officer. Additionally, the Consumer and Business Affairs service of the Authority is responsible for investigating suspected fraud arising from inappropriate trading.

This report provides a summary of the activities of the Anti-Fraud functions for the 2020/2021 financial year.

## 2. Strategic Governance

The Anti-Fraud and Anti-Corruption Strategy was approved by the Governance & Audit Committee on 16<sup>th</sup> October 2020. The Strategy has been actively promoted to Authority staff through a dedicated page on the Council's intranet and staff

news e-mails. Promotion of the Strategy and key messages and information to staff will continue.

The Authority has a close working relationship with Dyfed Powys Police (DPP) and has in place a Memorandum of Understanding, which establishes an agreed pathway for the Council to report criminal offences to DPP and outlines the agreed responsibilities of both parties.

The fraud risks facing the Authority have been reviewed and analysed; the information has been brought together into a Fraud Risk Register, which is continually monitored.

Quarterly Fraud Case Management meetings have been established between the Internal Audit team and the People Services Manager (HR). These meetings facilitate discussions between both parties to enable the controlled, effective sharing of information.

In 2019/20, Audit Wales undertook a national review exercise considering Fraud Arrangements across Wales; 'Raising Our Game - Tackling Fraud in Wales'. The Report identified 15 recommendations for improvement; whilst all 15 recommendations did not apply to Carmarthenshire County Council, 9 of them were relevant and actions to address the recommendations are in the process of being implemented. The action plan relating to the Audit Wales report can be seen at Appendix 1.

### **3. Proactive Work**

Proactive work is designed to raise awareness of the risks of fraud and corruption within the Council, and their consequences. Developing a strong anti-fraud and anti-corruption culture within the organisation underpins all other work undertaken and is closely linked to the creation of a strong deterrent effect.

During 2020, Fraud Awareness Training was provided to a number of Council Staff and Members of the Executive Board and Governance & Audit Committee through use of the Teams meeting platform; the training was delivered by the Economic Crime Unit at DPP.

Ordinarily, face-to-face presentations are provided by the Fraud Investigator within the Revenues team, however, due to the Covid-19 pandemic, this hasn't been possible during 2020/21.

The Council has a dedicated Fraud and Corruption intranet page, which has recently been reviewed; the page has been designed to provide staff with information on the affects of fraud and, importantly, how to report any suspicions of fraud or corruption.



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.

#### **4. Prevention and Deterrence**

Work in this area is centred on discouraging individuals who may be tempted to commit fraud or corruption against the Authority and ensuring that opportunities for them to do so are minimised.

A key principle in preventing and deterring fraud and/or corruption is the 'fraud-proofing' of relevant policies and procedures. This process is intended to minimise the opportunity for economic crime to occur, by identifying and addressing potential risks or loopholes, and implementing measures to increase their resilience to such activities. There is no such thing as a completely fraud-proof policy or process, however a commitment to fraud-proofing reduces the risk and minimises the potential for a policy or procedure to be misinterpreted or for lack of clarity to be used as a defence. As such during 2020/21, activity in this area has focussed on the following key areas:

- Participation in the review of the Financial Procedure Rules
- Review and update of the Anti-Fraud and Anti-Corruption Strategy

As mentioned earlier within this report, a joint working practice has been established between Internal Audit and HR, through quarterly Fraud Case Management meetings, and ad-hoc meetings where required. Where credible information is received regarding a potential fraud threat, it is important that this is promptly and appropriately investigated, in order to reduce the risk to the Authority. Having this valuable meeting structure in place has allowed, and will continue to allow, for the effective sharing of information, enabling appropriate action to be undertaken promptly.

The Authority participates in the National Fraud Initiative (NFI) exercise, where data, including data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues, is matched nationally every 2 years to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations is being undertaken in 2021/22.

Intelligence reports and information are exchanged and shared from the National Anti-Fraud Network (NAFN) and colleagues in other Local Authorities as part of the Wales Fraud Officer's Group.

During the Covid-19 pandemic, a number of additional payments were made to individuals and businesses, for example in the form of free school meals payments and grants, via the Authority. Investigations into potentially fraudulent grant applications prevented substantial payments of support grants and identified some grants which had been fraudulently claimed owing to misrepresentation by

the applicant. The total of these grants being prevented and recovered amounted to £105,000, with one such case involving 4 grants paid to the same applicant across 3 separate Local Authorities, amounting to £85,000.

Furthermore, the Internal Audit section assisted in the processes to try to ensure that fraudulent payments were not claimed and paid, by utilising specialist software to identify duplicate claims, thus preventing erroneous payments being made.

Internal Audit undertakes a pro-active analysis of financial transactions linked to Payroll and Creditors to identify any potential anomalies for further investigation. The results of the analysis are reviewed and used to identify possible system weaknesses.

## 5. **Investigations**

The Anti-Fraud and Anti-Corruption Strategy sets out the Authority's zero-tolerance attitude towards fraud and corruption, its commitment to the rigorous investigation of all reports received, and the consistent application of appropriate sanctions.

A key aspect of effective counter fraud work is the thorough, impartial and professional investigation of suspicions as they arise.

The length and timescale of an investigation can vary considerably from case to case, with some cases being resolved in a matter of days and other, more complex cases taking months or even a number of years. Evidence and intelligence can be obtained from many sources such as the National Anti-Fraud Network which enables a legal gateway to requesting information from Banks, Building Societies, other financial institutions, DVLA, Utility providers, the Royal Mail, the Police, DWP, covert surveillance, and other government departments.

The following statistics outline **Corporate** fraud investigatory work undertaken during 2020/21:

Fraud Offence	Investigations
Fraud by False Representation	4
Fraud by Failure to Disclose Information	2
Fraud by Abuse of Position	4

The following statistics outline **Benefit Fraud** investigatory work undertaken during 2020/21:

A total of 234 referrals were received by the fraud team.

- 84 were accepted for fraud investigation, (a 66% decrease in the number of cases investigated during 2019/20)
- 131 of these were referred to the Department for Work & Pensions (DWP) for their own investigations.
- 19 were rejected

Fraud referrals, allegations and suspicions are received from various sources which can include anonymous telephone calls and letters, online and email referrals, staff in Revenues and other departments, The Police, DWP, Data Matching exercises etc.

The restrictions placed on duties due to the pandemic meant that covert risk assessments and covert surveillance were halted.

The inability to interview face to face had a major impact on several of our more serious cases which were joint investigations with colleagues in DWP.

In 2020/21 due to a change in working practices, the focus changed to prevention and detection rather than deterrent.

- A total of £70,756.59 in recoverable Housing Benefit overpayments was identified, an increase of 0.16% on the previous year.
- A total of £20,259.35 in Council Tax Reduction adjustments/overpayments was also identified from investigations, this being a 12.5% increase on 2019/20.
- A limited amount of work has been undertaken in respect of Council Tax investigations in 2020/21 as a new area of risk was identified within business rates grants.
- Although the proactive work around investigating Council tax single person discounts etc. ceased, a company called 'Datatank' were tasked with doing this exercise externally during this period.
- Council Tax charges and arrears identified from investigative work amounted to £5,153 in 2020/21.

It is expected that investigation work will increase in 2021/22 and that results will also incorporate positive outcomes from the bi-annual National Fraud Initiative (NFI) data matching exercise which is currently being undertaken.

The following statistics outline fraud investigatory work undertaken by the **Consumer and Business Affairs service** during 2020/21:

<b>Fraud Act Prosecutions, which have either been completed or are currently in the Court System:</b>	
Fraud Misrepresentation/Unfair Practices	7
Fraudulent Trading	6
Money Laundering	4

During the year, the Consumer and Business Affairs service received a total of 2,113 referrals for investigation, with the following outcomes recorded:

No of convictions completed (all)	18
No of cautions (all)	6
Money Laundering	4
Total detriment prevented (i.e., money that would be lost without Trading Standards intervention)	£2,267,852
Number of preventative / proactive press releases	14
Number of prosecution case press releases	6
Number of preventative/proactive literature distributed	11,090

In November 2018, following a complaint made in relation to the Llanelli Wellness & Life Science Village project, a detailed and complex nine month 2-year investigation was undertaken by the Police and no evidence of criminal offending was found in relation to the procurement process carried out by the Council. The investigation found the correct procurement guidelines were followed and overseen by specialist law firms. Independent procurement specialists supported the enquiry and provided expert advice which confirmed this position. This outcome demonstrates that the policies and procedures we have in place are sound and robust, and we are pleased to confirm that the project is still on course to be delivered.

## 6. Case Information

This section provides some examples of cases investigated during the year.

A complaint was made to a Housing Officer that the tenant of a property had moved out with her family and was no longer living at the claim address. The Housing Officer had made numerous attempts to contact the tenant without success, finally making contact and the tenant advising that she was staying with her Grandfather and was unsure when she would return.

The case was referred for fraud investigation by the Housing Officer.

Although we were unable to make any visits to the address or make door to door enquiries with neighbouring properties, a social media risk assessment was undertaken, and Facebook (FB) profiles were identified for both the tenant and her partner.

Inspection of timelines showed that the family had moved to Cyprus some 6 months previously which was shown by timeline posts and photographs posted on FB from Cyprus during the previous 6 months.

- Authorised Officer powers were used in obtaining a credit report for the tenant via the National Anti-Fraud Network and examination of this identified an active Barclays Bank account held in the tenant's name.
- Statements were obtained for this account using the appropriate legislation and analysis of these statements was used to identify the locations of transactions made during the period of the suspected fraud.

This analysis proved that the tenant had lived in Cyprus continually from October 2020 with the bank also providing a residential address for the account holder in Cyprus from the same date.

As a result of the investigation, the tenant's claims for Council Tax Reduction and Universal Credit were both cancelled, and adjustments/overpayments calculated.

The Council Tax liability was corrected, and the appropriate steps taken by the Housing department to secure the property and bring this back into available Housing stock.

An investigation was undertaken into a School Meals Clerk, employed at a Carmarthenshire County Council School. School Meals Clerks are responsible for appropriately administering and recording School Meals and School Meals income within their designated School. The process includes completing School Meals registers and submitting corresponding e-returns to the Authority. The information on the e-returns should tally to the income banked. Review of the School Meals registers, e-returns and bank information identified that income to the value of £4,691.30 had failed to be banked. Following conclusion of the investigation, a criminal case was opened, and criminal sanctions applied; the perpetrator was found guilty and ordered to repay £4,691 to the Authority and

conduct 100 hours community service. The School Meals Clerk is no longer employed by the Authority.

Further examples of fraud investigations undertaken relating to members of staff include:

- Abuse of the Flexi system
- Working elsewhere whilst off sick

During the year, the Consumer and Business Affairs service has investigated a variety of cases, including the following examples:

Unsafe / misrepresented PPE - *hand sanitiser not safe for use.*

Sale of puppies – *including fraudulent documents and fraudulent adverts.*

Rogue trading – *examples of conducting work where not required, overcharging for work, charging for work not complete and pressure sales.*

Fraudulent trading – *home improvement, gold bullion sales, Internet Protocol television (IPTV) sales – whereby the whole business is operated for the purpose of fraud.*

**Helen Pugh**  
**Head of Revenues & Financial Compliance**

*16<sup>th</sup> June 2021*

# Report Title: 'Raising Our Game' - Tackling Fraud in Wales

Issue date: July 2020

## Council Response Form

Council action planned in response to the recommendations/proposals for improvement issued by the Wales Audit Office

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
R1	<b>Leadership and Culture</b> The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a coordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities.	Not Applicable – WELSH GOVERNMENT	N/A	N/A	N/A
R2	All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated	<p>Carmarthenshire County Council's (CCC) Anti-Fraud and Anti-Corruption Strategy has been revised and was approved by the Audit Committee on 16<sup>th</sup> October 2020. The Strategy has had input from the Council's Corporate Management Team, PEB, Audit Wales, Dyfed Powys Police (DPP) and Trading Standards Colleagues.</p> <p>Over the coming weeks, the document and content will be actively promoted to give confidence to staff and members of the public that fraud is not tolerated.</p> <p>The potential for launching an e-learning module will also be explored.</p> <p>The importance of an anti-fraud culture and the need to actively promote the Authority's zero tolerance of fraud has already been identified within our business plan and is listed as a PIMS</p>	31-03-2021	<p><b>Complete.</b></p> <p>The Council's Anti-Fraud and Anti-Corruption Strategy has been, and will continue to be, actively promoted.</p> <p>Fraud and Cyber Awareness Training took place in October/November</p>	Head of Revenues & Financial Compliance

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
		<p>action; we agree and acknowledge that this is outstanding and requires implementation. Fraud and cyber awareness training has been arranged for CMT, Executive Board Members, Audit Committee Members and a number of Revenues &amp; Financial Compliance staff. This training is to be provided by Dyfed Powys Police and will take place in October and November 2020.</p> <p>An Anti-Fraud and Anti-Corruption Annual Report is to be presented to CMT and to the Audit Committee; this reporting will commence for this current financial year.</p>		<p>2020.</p> <p>The Anti-Fraud and Anti-Corruption Annual Report for 2020/21 has been published and presented to CMT on 24<sup>th</sup> June 2021; the Report will be presented to the Governance &amp; Audit Committee on 16<sup>th</sup> July 2021.</p>	
<b>R3</b>	<b>Risk management and Control framework</b> All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.	<p>A fraud risk register is currently under development.</p> <p>An accredited counter-fraud investigator is employed within the Resources Dept. who works closely with Dyfed-Powys Police and other enforcement agencies to share information and intelligence for the purpose of detecting, deterring and preventing fraud.</p>	31-12-2020	<p><b>Complete.</b></p> <p>The Fraud Risk Register has now been developed and is continually monitored and reviewed.</p>	Head of Revenues & Financial Compliance
	Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.	Once the Fraud Risk Register is fully developed, the register will be used as a live resource to ensure the risks are appropriately managed and escalated as necessary.	31-03-2021	<p><b>Complete.</b></p> <p>The Fraud Risk Register has now been</p>	Head of Revenues & Financial Compliance



Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
				developed and is continually monitored and reviewed.	
R5	<b>Policies and Training</b> All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.	<p>The Council's Anti-Fraud and Anti-Corruption Strategy has been revised and was approved by the Audit Committee on 16th October 2020. The Strategy has had input from the Council's Corporate Management Team, PEB, Audit Wales, Dyfed Powys Police and Trading Standards Colleagues.</p> <p>Over the coming weeks, the document and content will be actively promoted to give confidence to staff and members of the public that fraud is not tolerated.</p> <p>The potential for launching an e-learning module will also be explored.</p> <p>Fraud and Cyber Awareness training has been arranged for CMT, Executive Board Members, Audit Committee Members and a number of Revenues &amp; Financial Compliance staff. This training is to be provided by Dyfed Powys Police and will take place in October and November 2020.</p> <p>An Anti-Fraud and Anti-Corruption Annual Report is to be presented to CMT and to the Audit Committee; this reporting will commence for this current financial year.</p> <p>The Authority also has in place Financial Procedure Rules and Corporate Procedure Rules.</p>	31-03-2021	<p><b>Complete.</b></p> <p>The Council's Anti-Fraud and Anti-Corruption Strategy was approved by the Audit Committee on 16th October 2020.</p> <p>The Strategy has been, and will continue to be, actively promoted.</p> <p>Fraud and Cyber Awareness Training took place in October/November 2020.</p> <p>The Anti-Fraud and Anti-Corruption Annual Report for 2020/21 has been published and presented to CMT on 24th June 2021; the Report will be presented to the Governance &amp; Audit Committee on 16th</p>	Head of Revenues & Financial Compliance

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
				July 2021.	
R6	Staff working across the Welsh public sector should receive fraud awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.	<p>Fraud and Cyber Awareness training has been arranged for CMT, Executive Board Members, Audit Committee Members and a number of Revenues &amp; Financial Compliance staff. This training is to be provided by Dyfed Powys Police and will take place in October and November 2020.</p> <p>Fraud awareness training has been provided by the counter-fraud investigator across various departments including Benefits, Council Tax, Housing, Social Care and frontline staff. The training is reviewed and refresher sessions are provided which will also incorporate new members of staff.</p> <p>The potential for launching an e-learning module is to be explored.</p>	31-03-2021	<p><b>In Progress.</b></p> <p>Fraud and Cyber Awareness Training took place in October/November 2020.</p> <p>Face-to-face training was not undertaken during 2020/21 due to the Covid-19 pandemic. Appropriate training to recommence when possible.</p> <p>A fraud e-learning module is being explored.</p>	Head of Revenues & Financial Compliance
R7	Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.	<p>An Anti-Fraud and Anti-Corruption Annual Report is to be presented to CMT and to the Audit Committee; this reporting will commence for this current financial year. The report will include statistics relating to cases that have been investigated throughout the year.</p> <p>Where successful prosecutions are achieved, these cases will be publicised.</p>	31-03-2021	<p><b>Complete.</b></p> <p>The Anti-Fraud and Anti-Corruption Annual Report for 2020/21 has been published and presented to CMT on 24th June 2021; the Report will be presented to the Governance &amp; Audit</p>	Head of Revenues & Financial Compliance

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
				Committee on 16th July 2021.  A number of successful prosecutions have been publicised during 2020/21.  Publication of successful cases will continue.	
<b>R8</b>	<b>Capacity and Expertise</b> All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.	The Authority currently has adequately qualified staff in place to appropriately deal with Counter Fraud work, investigations and sanctions.  Furthermore, the Authority employs a number of accredited Financial Investigators with close working links to Dyfed Powys Police and the National Crime Agency.  Further staffing resources will, however, be considered.	31-03-2021	<b>Complete.</b>  The Authority currently has adequately qualified staff in place to appropriately deal with Counter Fraud work, investigations and sanctions.  Further staffing resources have been considered, however, at this time, it is not deemed necessary to make changes to the staffing structure.	Head of Revenues & Financial Compliance
	All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.	<b>This Recommendation/Proposal for Improvement has already been achieved by Carmarthenshire County Council.</b> Professionally trained Counter Fraud staff in place.	N/A	N/A	N/A

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
R10	All public bodies should consider models adopted elsewhere in the UK relating to the pooling /sharing of resources in order to maximise the availability of appropriately skilled staff.	<p>The Authority currently has adequately qualified staff in place to appropriately deal with Counter Fraud work, investigations and sanctions.</p> <p>Furthermore, the Authority employs a number of accredited Financial Investigators with close working links to Dyfed Powys Police and the National Crime Agency.</p> <p>Further staffing resources will, however, be considered. We will liaise with neighbouring Authorities to establish how their Counter Fraud function is resourced, giving due to consideration to models that could be adopted at CCC.</p> <p>We collaborate externally with Dyfed Powys Police (DPP) – an MOU is in place between CCC and DPP.</p>	31-03-2021	<p><b>Complete.</b></p> <p>The Authority currently has adequately qualified staff in place to appropriately deal with Counter Fraud work, investigations and sanctions.</p> <p>Liaison with neighbouring Authorities has taken place to establish how others resource the function. At this time, it is not deemed necessary to make changes to the staffing structure at CCC.</p>	Head of Revenues & Financial Compliance
R11	<p><b>Tools and Data</b></p> <p>All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforces the tone from the top that the organisation does not tolerate fraud.</p>	<p><b>This Recommendation/Proposal for Improvement has already been achieved by Carmarthenshire County Council.</b></p> <p>We collaborate externally with Dyfed Powys Police (DPP) – an MOU is in place between CCC and DPP. Our relations with DPP have been, and continue to be, strengthened through regular communication and consultation.</p> <p>The Corporate Management Team recently considered, strengthened and approved the revised Anti-Fraud and Anti-Corruption Strategy.</p> <p>Fraud is reflected clearly on the audit plan, demonstrating that fraud is being looked into and taken seriously.</p>	N/A	N/A	N/A

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
		These communications and collaborations will continue to ensure the likelihood of successful enforcement action is maximised and the tone from the top is reinforced that the organisation does not tolerate fraud.			
R12	All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.	<p><b>This Recommendation/Proposal for Improvement has already been achieved by Carmarthenshire County Council.</b></p> <p>Carmarthenshire County Council embraces opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud. Examples of data analytics used:</p> <ul style="list-style-type: none"> <li>- NFI</li> <li>- Datatank</li> <li>- AP Forensics</li> <li>- IDEA</li> </ul>	N/A	N/A	N/A
R13	<p><b>Collaboration</b></p> <p>Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.</p>	<p><b>This Recommendation/Proposal for Improvement has already been achieved by Carmarthenshire County Council.</b></p> <p>Participation in collaborative working between Local Authorities and DWP in criminal fraud investigations, which includes sharing of information and intelligence through appropriate legal gateways.</p> <p>Examples of data analytics used:</p> <ul style="list-style-type: none"> <li>- NFI</li> <li>- Datatank</li> <li>- AP Forensics</li> </ul>	N/A	N/A	N/A

Ref	Recommendation / Proposal for improvement	Council action planned in response to the recommendations/proposals for improvement issued by the WAO <b>ACTION(S) INTENDED / UNDERWAY</b>	Target date for completion of actions	Current Position	Responsible officer
		- IDEA			
R14	<b>Reporting and Scrutiny</b> Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.	<b>This Recommendation/Proposal for Improvement has already been achieved by Carmarthenshire County Council.</b> Participation in collaborative working between Local Authorities and DWP in criminal fraud investigations, which includes sharing of information and intelligence through appropriate legal gateways.	N/A	N/A	N/A
R15	Audit committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.	The Council's Anti-Fraud and Anti-Corruption Strategy has been revised was approved by the Audit Committee as its meeting on 16 <sup>th</sup> October 2020. An Anti-Fraud and Anti-Corruption Annual Report is to be presented to CMT and to the Audit Committee; this reporting will commence for this current financial year.	31-03-2021	<b>Complete.</b> The Council's Anti-Fraud and Anti-Corruption Strategy was approved by the Audit Committee as its meeting on 16 <sup>th</sup> October 2020. The Anti-Fraud and Anti-Corruption Annual Report for 2020/21 has been published and presented to CMT on 24th June 2021; the Report will be presented to the Governance & Audit Committee on 16th July 2021.	Head of Revenues & Financial Compliance

## Complaints Policy

### **Purpose:**

To provide members with an introduction to Carmarthenshire County Council's Complaints Policy and how complaints are handled within the Authority.

### **Recommendations / key decisions required:**

To review and assess the Council's Corporate Complaints Policy in order to consider whether the Authority is able to handle complaints effectively.

**Reasons:** The Local Government and Elections (Wales) Act 2021 requires Audit Committees to:

- 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

Relevant scrutiny committee to be consulted NO

Exec. Board Decision Required NO

Council Decision NO

**EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-** Cllr Mair Stephens

Directorate: Chief Executive's	Designations:	Tel: 01267 224127
Name of Head of Service: Noelwyn Daniel	Head of ICT & Corporate Policy	Email addresses:
Report Author: John Tillman	Information Governance & Complaints Manager	<a href="mailto:NDaniel@carmarthenshire.gov.uk">NDaniel@carmarthenshire.gov.uk</a> <a href="mailto:jwtillman@carmarthenshire.gov.uk">jwtillman@carmarthenshire.gov.uk</a>

# EXECUTIVE SUMMARY

## GOVERNANCE & AUDIT COMMITTEE

### 16 JULY 2021

#### Complaints Policy

##### 1. BRIEF SUMMARY OF PURPOSE OF REPORT.

On 30<sup>th</sup> 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 22<sup>nd</sup> 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 26<sup>th</sup> 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.

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: Noelwyn Daniel

Head of ICT & Corporate Policy

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

### 2. Legal

The Local Government and Elections (Wales) Act 2021 requires Audit Committees to:

- 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

# CONSULTATIONS

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

Signed: Noelwyn Daniel

Head of ICT & Corporate Policy

(Please specify the outcomes of consultations undertaken where they arise against the following headings)

## 1. Scrutiny Committee

**Recommendations / Comments:**

Not applicable.

## 2. Local Member(s)

Name(s) of local member(s) and individual comments to be included, if appropriate.

Not applicable.

## 3. Community / Town Council

Name(s) of Town/Community Councils(s) and individual comments to be included, if appropriate

Not applicable.

## 4. Relevant Partners

Name(s) and individual comments to be included, if appropriate

Not applicable.

## 5. Staff Side Representatives and other Organisations

Name(s) and individual comments to be included, if appropriate

Not applicable.

**EXECUTIVE BOARD PORTFOLIO  
HOLDER(S) AWARE/CONSULTED**  
YES

**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**

<b>Title of Document</b>	<b>File Ref No.</b>	<b>Locations that the papers are available for public inspection</b>
Carmarthenshire County Council Complaints Policy	<b>N/A</b>	<a href="https://www.carmarthenshire.gov.wales/media/3515/pdn0396_complaints_policy_english-1.pdf">https://www.carmarthenshire.gov.wales/media/3515/pdn0396_complaints_policy_english-1.pdf</a>
CSA - Guidance for Public Service Providers on Implementing the Concerns and Complaints Policy	<b>N/A</b>	<a href="https://www.ombudsman.wales/complaints-standards-authority/">https://www.ombudsman.wales/complaints-standards-authority/</a>
CSA - Concerns and Complaints Policy for Public Services Providers in Wales	<b>N/A</b>	<a href="https://www.ombudsman.wales/complaints-standards-authority/">https://www.ombudsman.wales/complaints-standards-authority/</a>
CSA - Complaint Handling Processes – Statement of Principles	<b>N/A</b>	<a href="https://www.ombudsman.wales/complaints-standards-authority/">https://www.ombudsman.wales/complaints-standards-authority/</a>

This page is intentionally left blank

# Complaints Policy

Based on the Complaints Standards Agency  
model policy

**Version 5.0**

# Preface

This model policy is designed for public services providers in Wales. It represents a minimum standard of complaint handling for public bodies in Wales.

The policy is fully compatible with the Welsh Language Standards Regulations.

Please note that NHS bodies in Wales adhere to the National Health Service (Concerns, Complaints and Redress Arrangements) (Wales) Regulations 2011, known as 'Putting Things Right'.

When the content of this policy conflicts with the Putting Things Right regulations, the Putting Things Right regulations will take precedence, including when references are made to timescales.

Also, the Social Services Complaints Procedure (Wales) Regulations 2014 outline the procedure for handling complaints about Social Services issues in Wales.



# A Model Complaints Policy

Carmarthenshire County Council is committed to dealing effectively with any complaints you may have about our services. We aim to clarify any issues you may be unsure about. If possible, we'll put right any mistakes we may have made. We will provide any service you're entitled to which

we have failed to deliver. If we did something wrong, we'll apologise and, where possible, try to put things right for you. We aim to learn from our mistakes and use the information we gain from complaints to improve our services.

## When to use this policy

When you complain to us, we will usually respond to you as set out in this policy.

However, sometimes you may have a statutory right of appeal for example, planning decisions, parking fines or a decision not to give your child a place in a particular school. So, in cases like this, rather than investigate your concern, we will explain to you how you can appeal.

Where there are ongoing legal proceedings or another type of investigation, we may need to put a complaint "on hold" until these are concluded.

Sometimes, you might be concerned about matters that are not covered by this policy. Examples include, but aren't limited to:

- Insurance claims
- Complaints about a School, County Councillor, Town or Community Councils
- Complaints about Social Services

- Employment issues, including concerns about Council employees outside of the workplace which don't relate to the delivery of a service
- Reports of anti-social behaviour
- Allegations of serious officer misconduct and criminal activity

The Complaints Team will be happy to advise you about how to pursue a concern like this and can also give clear advice about the type and scope of complaints we can consider.

For specific information on how to make a complaint regarding Social Services please visit our webpage [Social Care Services Complaints & Compliments](#).

This policy does not apply to Freedom of Information, Subject Access or other information rights issues. Please contact [foia@carmarthenshire.gov.uk](mailto:foia@carmarthenshire.gov.uk) in relation to these matters.

## Asking us to provide a service?

If you are approaching us to request a service, for example reporting a faulty streetlight, or requesting an appointment this policy doesn't apply.

However, if you make a request for a service and then are not happy with our response, you will be able to make your complaint known as explained below.

# Stage 1 - informal resolution

If possible, we believe it's best to deal with things straight away. If you have a complaint, please raise it with the person you're dealing with. They will try to resolve it for you there and then.

The Complaints Team is notified of all complaints and will assist with co-ordinating a response.

At this stage, we'll aim to deal with your complaint as quickly as possible and within 10 working days.

If there are any lessons to learn from addressing your complaint, the member of staff that dealt with your complaint will draw them to the Complaints Team's attention.

If it is not possible to resolve your complaint at this stage, you can then ask for a formal investigation.

## How to make a complaint

**You can make a complaint in any of the following ways:**

- Use the form on our website at [www.carmarthenshire.gov.uk](http://www.carmarthenshire.gov.uk)
- Email us at [complaints@carmarthenshire.gov.uk](mailto:complaints@carmarthenshire.gov.uk)
- Ask for a copy of our form from the person with whom you are already in contact.
- Get in touch with our Complaints Team on 01267 224488 if you want to make your complaint over the phone.
- Write to us at:

### Complaints Team

Carmarthenshire County Council  
County Hall  
Carmarthen  
SA31 1JP

We aim to have complaint forms available at all of our customer service centres, public areas and also at appropriate locations in our libraries and leisure centres.

Copies of this policy and the complaint form are available in Welsh and in other languages, as audio and large print upon request.

## Dealing with your complaint

- We will formally acknowledge your complaint within 5 working days and let you know how we intend to deal with it.
- We will ask you to tell us how you would like us to communicate with you and establish whether you have any particular requirements – for example, if you need documents in large type.
- We will deal with your complaint in an open and honest way.
- We will make sure that your dealings with us in the future do not suffer just because you have made a complaint.

Normally, we will only be able to look at your complaint if you tell us about it within 6 months. This is because it's better to look into your complaint while the issues are still fresh in everyone's mind.

We may exceptionally be able to look at complaints which are brought to our attention later than this. However, you will have to explain why you have not been able to bring it to our attention earlier and we will need to have sufficient information about the issue to allow us to consider it properly. In any event, we will not consider any complaint about matters that took place more than three years ago.

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

## What if there is more than one body involved?

If your complaint covers more than one body for example, a Housing Association and the Council regarding the handling of a noise nuisance issue, we will usually work with them to decide who should take the lead in dealing with your concerns. You will then be given the name of the person responsible for communicating with you while we consider your complaint.

If the complaint is about a body working on our behalf for example, a housing repair contractor, the operators of a Household Waste Recycling Centre or a town centre public convenience, you may wish to raise the matter informally with them first. However, if you want to make your complaint formally, we will look into this ourselves and report to you.



## Stage 2 - formal investigation

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

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

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

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

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

- Let you know within this time why we think it may take longer to investigate.
- Tell you how long we expect it to take.
- Let you know where we have reached with the investigation, and
- Give you regular updates, including telling you whether any developments might change our original estimate.

The person who is investigating your complaint will firstly aim to establish the facts.

The extent of the investigation will depend upon how complex and how serious the issues you have raised are. In complex cases, we will draw up an investigation plan.

In some instances, we may ask to meet with you to discuss your complaint.

Occasionally, we might suggest mediation or another method to try to resolve disputes.

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

### Outcome

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

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

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

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

### Putting things right

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

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

### The Ombudsman

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

- Have been treated unfairly or received a bad service through some failure on the part of the service provider.
- Have been disadvantaged personally by a service failure or have been treated unfairly.

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

- Phone: **0300 790 0203**
- Email: **ask@ombudsman.wales**
- The website: **www.ombudsman.wales**

- Writing to: **Public Services Ombudsman for Wales**  
1 Ffordd yr Hen Gae, Pencoed CF35 5LJ

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

## Learning lessons

We take your complaints seriously and try to learn from any mistakes we've made. Our Corporate Management Team considers a summary of all complaints quarterly and is made aware of all serious complaints. Our Scrutiny Committees also consider our response to complaints twice a year. We share summary (anonymised) information on complaints received and complaints outcomes with the

Ombudsman as part of our commitment to accountability and learning from complaints.

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

## What if you need help?

Our staff will aim to help you make your complaint known to us. If you need extra assistance, we will try to put you in touch with someone who can help. You may wish to contact organisations such as the Citizens Advice Bureau, Age Cymru or Shelter who may be able to assist you.

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

- Phone: **0808 802 3456**
- Website: **www.meiccymru.org**  
or contact the Children's Commissioner for Wales.  
Contact details are:
- Phone: **0808 801 1000**
- Email: **post@childcomwales.org.uk**
- Website: **www.childcom.org.uk**

## What we expect from you

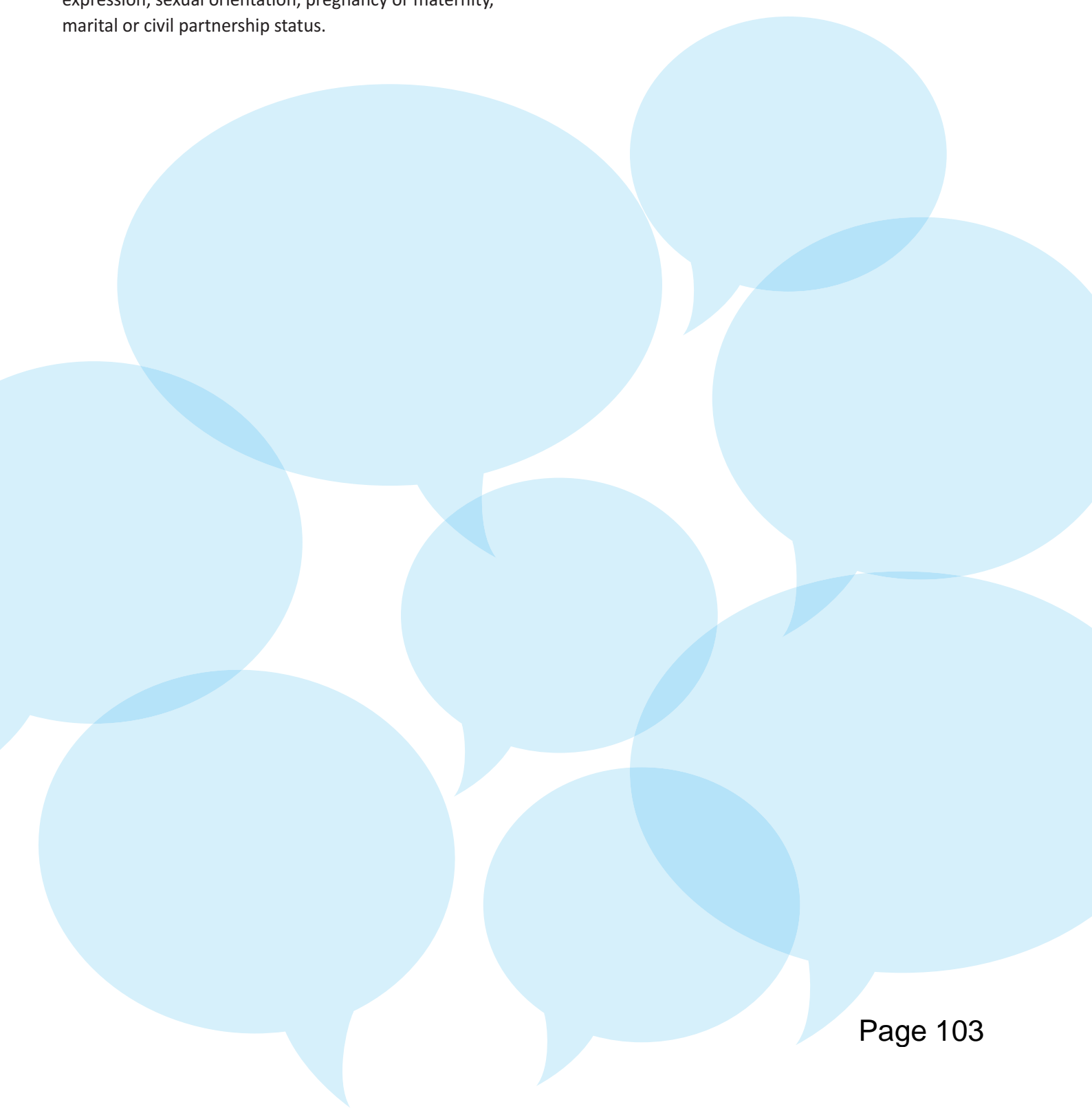
In times of trouble or distress, some people may act out of character. There may have been upsetting or distressing circumstances leading up to a complaint. We do not view behaviour as unacceptable just because someone is forceful or determined.

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

# Equalities statement

All employees are required to adopt a positive, open and fair approach and ensure the Authority's **Equality and Diversity Policy** is adhered to and applied consistently to all irrespective of race, colour, nationality, ethnic or national origins, disability, religion and belief or non-belief, age, sex, gender reassignment, gender identity and gender expression, sexual orientation, pregnancy or maternity, marital or civil partnership status.

In addition, the Welsh Language Standards ask us to 'ensure that the Welsh language is treated no less favourably than the English language' and this principle should be adopted in the application of this policy.



# Appendix A

## Complaint form

This form can be completed online by visiting our website: [www.carmarthenshire.gov.uk](http://www.carmarthenshire.gov.uk)

**Please Note:** The person who experienced the problem should normally fill in this form. If you are filling this in on behalf of someone else, please fill in Section B.

### A: Your details

Please state how you would prefer us to contact you: \_\_\_\_\_

Your requirements: if our usual way of dealing with complaints makes it difficult for you to use our service, for example if English or Welsh is not your first language or you need to engage with us in a particular way, please tell us so that we can discuss how we might help you.

Surname:
Forenames:
Title:
Address and Postcode:
Email address:
Daytime contact telephone number:

**B: Making a complaint on behalf of someone else:****Their details:**

Please note that we have to be satisfied that you have the authority to act on behalf of the person who has experienced the problem.

Their name in full:

Address and Postcode:

What is your relationship with them?:

Why are you making the complaint on their behalf?:

**C: About your complaint (please continue your answers to the following questions on a separate sheet(s) if necessary)**

The name of the department/section/service you are complaining about:
What do you think they did wrong, or failed to do?:
Please describe how you personally have suffered or have been affected:
What do you think should be done to put things right?:
When did you first become aware of the problem?:
Have you already put your concern to the frontline staff responsible for delivering the service? If so, please give brief details of how and when you did so:
If it is more than six months since you first became aware of the problem, please say why you have not complained before now:

*If you have any documents to support your concern/complaint, please attach them with this form.*

Signature: \_\_\_\_\_

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

When you have completed this form, please send it to:

**Complaints Team**

Carmarthenshire County Council, County Hall, Carmarthen SA31 1JP

Email: [complaints@carmarthenshire.gov.uk](mailto:complaints@carmarthenshire.gov.uk)

Telephone: **01267 224488**

## Governance & Audit Committee 16 July 2021

<b>Audit Wales Work Programme Update</b>	
<b>Recommendations / key decisions required:</b> To note the Audit Wales Work Programme Update.	
<b>Reasons:</b> To note the Audit Wales Work Programme Update.	
<b>Relevant scrutiny committee to be consulted:</b>	N/A
<b>Exec. Board Decision Required:</b>	NO
<b>Council Decision Required:</b>	NO
<b>EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:</b> Cllr David Jenkins	
<b>Directorate:</b> Corporate Services  <b>Report Author:</b> Audit Wales	

## EXECUTIVE SUMMARY

### Governance & Audit Committee 16 July 2021

#### Audit Wales Work Programme Update

##### 1. BRIEF SUMMARY OF PURPOSE OF REPORT.

To provide an update on the Audit Wales Work Programme.

DETAILED REPORT ATTACHED?

YES

## IMPLICATIONS

The report is an Audit Wales Report and any implications are detailed within the report.



## Audit Wales Work Programme and Timetable – Carmarthenshire County Council

Quarterly Update: 30 June 2021

### Financial Audit work

Description	Scope	Timetable	Status
<b>Audit of the Council's 2020-21 statement of accounts</b>	To provide an audit opinion on the Council's 2020-21 statement of accounts.	Report to those charged with governance to be presented to the Audit Committee meeting on 24 September 2021.	In progress
<b>Audit of the Dyfed Pension Fund's 2020-21 statement of accounts</b>	To provide an audit opinion on Dyfed Pension Fund's 2020-21 statement of accounts.	Report to those charged with governance to be presented to the Audit Committee meeting on 12 October 2021.	In progress
<b>Limited Assurance Audit on Burry Port Harbour Authority's 2020-21 Annual Return</b>	To provide a limited assurance audit opinion on Burry Port Harbour's 2020-21 annual return.	Report to be presented to the Audit Committee meeting on 24	In progress

		September 2021.	
<b>Grant Claim Audits</b>	To complete the Audit of the following grant claims: <ul style="list-style-type: none"> <li>• Housing Benefit Subsidy</li> <li>• National Domestic Rates Return</li> <li>• Teacher's Pension</li> <li>• NHS Pooled Budget return</li> <li>• NHS Money Transfers</li> </ul>	Work to be completed October 2021 to January 2022	Not yet started

## Performance Audit work

2019-20 Performance Audit Work	Scope	Timetable	Status
<b>Review of Planning Services</b>	To review if the planning service is meeting its own objectives, and supporting the Council in the delivery of its overall objectives	Draft report issued Spring/Summer 2021	Draft report issued to Council June 2021

2020-21 Performance Audit Work	Scope	Timetable	Status
<b>Financial Sustainability</b>	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.	Reporting Summer 2021	Draft report to be issued to Council July 2021  National Summary Report due to be

			published August 2021
<b>Review of Waste Services</b>	To reviewed whether the Council has in place proper arrangements to plan and deliver its waste services sustainably	Draft report issued Spring/Summer 2021	Draft report issued to Council June 2021

<b>2021-22 Performance audit work</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b>	We will seek to integrate the delivery of our WFG examinations of steps to deliver well-being objectives with our other audit work. We will discuss this with the Council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
<b>Improvement reporting audit</b>	Audit of discharge of duty to publish an assessment of performance.	Autumn 2021	Not started
<b>Assurance and Risk Assessment</b>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Carmarthenshire County Council the project is likely to focus on:</p> <ul style="list-style-type: none"> <li>• financial position</li> <li>• self-assessment arrangements</li> <li>• recovery planning</li> <li>• implications of the Local Government and Elections (Wales) Act</li> <li>• carbon reduction plans</li> </ul>	April 2021- March 2022	Ongoing

	We will also follow up on some of the proposals for improvement issued in earlier Audit Wales' reports.		
<b>Springing Forward – Examining the building blocks for a sustainable future</b>	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.	Planned for Autumn 2021 onwards – to be confirmed following scoping	Project scoping

### Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at Carmarthenshire County Council
<b>Town Centre Regeneration</b>	Review of how local authorities and their partners are addressing town centre regeneration	Publication September 2020	Drafting	N/A
<b>Direct Payments</b>	Review of how local authorities manage and promote the use of direct payments	Publication Autumn 2021	Fieldwork complete; survey of recipients and providers currently underway	No – work being delivered via Direct Payment Forum and a selection of follow up interviews
<b>Emergency Services</b>	Review of how well emergency services (blue light) collaborate	Publication Autumn 2021	Fieldwork until end of July	No

<b>Follow up on People Sleeping Rough</b>	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020	TBC	Project set up	No – work being delivered via Homelessness and Supporting People Forum
<b>Poverty</b>	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	TBC	Project set up	TBC
<b>Social Enterprises</b>	Review of how local authorities are supporting and utilising social enterprises to deliver services	TBC	Project set up	TBC
<b>Community Resilience</b>	Review of how local authorities can build greater resilience in communities	TBC	Project set up	TBC

## Estyn

<b>Estyn planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
-----------------------------------	--------------	------------------	---------------

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

## Care Inspectorate Wales (CIW)

<b>CIW planned work 2021-22</b>	<b>Scope</b>	<b>Timetable</b>	<b>Status</b>
<b>Assurance</b>	CIW will be completing its work on Assurance Checks including publication of a national overview report.	July – September 2021	In progress
<b>National review</b>	Support for disabled children and their families.	tbc	In progress - Drafting report
<b>Follow-up</b>	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk based inspection activity with individual local authorities where necessary.	tbc	Not yet started

<b>Inspection</b>	Risk based inspection activity will continue where required.	tbc	No inspections are scheduled at this time
-------------------	--	-----	---

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

Report title	Publication date and link to report
NHS finances data-tool 2020-21	<a href="#">June 2021</a>
Rollout of the COVID-19 vaccination programme in Wales	<a href="#">June 2021</a>
Quality governance arrangements at Cwm Taf UHB – follow up	<a href="#">May 2021</a>
Welsh Health Specialised Services Committee governance arrangements	<a href="#">May 2021</a>
At your Discretion - Local Government Discretionary Services	<a href="#">April 2021</a>
Procuring and Supplying PPE for the COVID-19 Pandemic	<a href="#">April 2021</a>

## Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)<sup>1</sup>

Title	Anticipated publication date
-------	------------------------------

<sup>1</sup> We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

<b>NHS waiting times data-tool</b>	July 2021
<b>Supporting NHS staff well-being</b>	August 2021
<b>Administration of student finance</b>	August 2021
<b>Care home commissioning</b>	August 2021
<b>Picture of Public Services</b>	September 2021
<b>Warm Homes Programme</b>	September 2021
<b>Welsh Government accounts commentary</b>	Autumn 2021
<b>Welsh Government workforce</b>	Autumn 2021
<b>Orthopaedic services</b>	Autumn 2021
<b>Unscheduled care</b>	Autumn 2021
<b>Collaborative arrangements for managing local public health resources</b>	Autumn 2021
<b>Welsh Government setting of well-being objectives</b>	Autumn 2021
<b>Curriculum reform</b>	Winter 2021
<b>COVID response &amp; recovery / Welsh Government grants management</b>	TBC
<b>Equality impact assessment</b>	TBC
<b>Climate change – baseline review</b>	TBC



NHS structured assessment 2021 summary commentary	TBC
Affordable housing	TBC
Broadband infrastructure	TBC
Flood risk management	TBC

### **Forthcoming Good Practice Exchange events and publications**

Title	Anticipated publication/event date
Town Centre Regeneration	September 2 <sup>nd</sup> 2021
The Good Practice Exchange Team are currently in the process of finalising the programme of events for the remainder of 2021/ 2022. Once finalised, our key contacts across local authorities will be notified and details of those events and how to register will be available on our website. Please keep a look out for an email update over the coming weeks	N/A

This page is intentionally left blank

### Recommendations / key decisions required:

- 1) To receive the Carmarthenshire County Council Statement of Accounts 2020/21
- 2) To retrospectively approve the movements to and from the Earmarked Reserves. In particular the transfers to:
  - Corporate Retirement Fund
  - Major Development Fund
  - MEP Capital Funding
  - City Deal
- 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

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

Relevant scrutiny committee to be consulted NO

Exec. Board Decision Required	NO
-------------------------------	----

Council Decision Required NO

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:-  
Cllr. David Jenkins

Directorate: Corporate Services	Designations:	Tel: 01267 224886
Name of Head of Service: Randal Hemingway	Head of Financial Services	Email addresses: RHemingway@carmarthenshire.gov.uk
Report Author: Randal Hemingway		

# EXECUTIVE SUMMARY

## Governance & Audit Committee

### 16 July 2021

#### Statement of Accounts 2020/21

The Statement of Accounts for 2020/21 brings together all the financial transactions of the Authority for the year, and also details the Authority's assets and liabilities as at the 31<sup>st</sup> March 2021.

The Authority has maintained the overall Council Fund net expenditure within budget during 2020/21, and you will note the following results are reported in the Movement in Reserves Statement:

Council Fund (Generally available for new expenditure), transfer to balances £814k.  
Balances held by schools under local management schemes, transfer to balances £9.267m.  
Housing Revenue Account, decrease in balance £1.808m.

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 these accounts there have been movements to and from earmarked reserves. In particular transfers to:

*The Corporate Retirement Fund:* £1.009m 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.

*Major Development Fund:* Transfer of £1.125m to support major developments in the future.

*MEP Capital Funding:* £2.958m set aside in the 2020/21 budget to meet the cost of prudential borrowing to finance the Modernising Education Provision programme. This will now be utilised in 2021/22.

*The City Deal Reserve:* Transfer £2.5m to meet potential future expenditure/liabilities in respect of the development of Carmarthenshire County Council City deal projects.

Members are therefore asked to retrospectively approve these movements and approve the creation of the COVID19 Hardship, Economic Recovery, County Council Election Costs, Nantycaws Recycling Centre, Schools HBW Sustainability Scheme and School Organisation reserves.

**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: Randal 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	YNONE

## 2. Legal

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

## 3. 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.

The reserves created and included within the Statement of Accounts have been set up to meet future liabilities.

## CONSULTATIONS

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

Signed: Randal 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**

**EXECUTIVE BOARD PORTFOLIO  
HOLDER(S) AWARE/CONSULTED**

YES

**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

# Statement of Accounts

## 2020 - 2021

Published Subject to Audit

[carmarthenshire.gov.wales](http://carmarthenshire.gov.wales)

---

**CONTENTS**

<b>Section</b>	<b>Page(s)</b>
<b>1</b> Narrative Report	1 - 7
<b>2</b> Statement of Responsibilities for the Statement of Accounts	8
<b>3</b> Annual Governance Statement	9 - 34
<b>4</b> Auditor General for Wales' Report to the Members of Carmarthenshire County Council (to follow post audit)	
<b>5 Financial Statements</b>	35
<b>5.1</b> Expenditure and Funding Analysis (EFA)	36
<b>5.2</b> Comprehensive Income and Expenditure Statement (CIES)	37
<b>5.3</b> Movement in Reserves Statement	38
<b>5.4</b> Balance Sheet	39
<b>5.5</b> Cashflow Statement	40
<b>6</b> Notes to the Accounts	41 - 116
<b>7</b> Housing Revenue Account (HRA)	117 - 118
<b>8</b> Notes to the HRA Income and Expenditure Statement	119 - 121
<b>9</b> Dyfed Welsh Church Fund Account	122
<b>10</b> Trust Funds	122
<b>11</b> Social Care/Children's Services - Client and Staff Accounts	123
<b>12</b> Glossary of Terms	124 - 128



## **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	181,576	(90,130)	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)
<b>Departmental Expenditure</b>	<b>589,226</b>	<b>(252,410)</b>	<b>57,375</b>	<b>394,191</b>	<b>633,548</b>	<b>(298,166)</b>	<b>57,375</b>	<b>392,757</b>	<b>(1,434)</b>
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
<b>Levies and Contributions:</b>									0
Brecon Beacons National Park				138				138	0
Fire Authority				10,400				10,400	0
<b>Net Expenditure</b>				<b>371,593</b>				<b>368,200</b>	<b>(3,393)</b>
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
<b>Net Budget</b>				<b>371,593</b>				<b>371,927</b>	<b>334</b>
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 3<sup>rd</sup> 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, as summarised in the following tables:

### Principal

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)	
<b>TOTAL</b>	<b>31,443</b>	<b>(44,672)</b>	<b>(3,294)</b>

### Agency

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)
Financial recognition for NHS and Social Care Workers (Tranche 2 £735 each)	5,415	(5,415)
COVID19 Statutory Sick Pay Enhancement Scheme - Social Care	222	(222)
Town & Community Councils - Loss of Income	40	(40)
<b>TOTAL</b>	<b>102,568</b>	<b>(102,568)</b>

**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 31<sup>st</sup> 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.

### **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 35 to 123 gives a true and fair view of the financial position of Carmarthenshire County Council at 31<sup>st</sup> March 2021 and its income and expenditure for the year ended 31<sup>st</sup> March 2021.

Chris Moore FCCA  
Director of Corporate Services

Dated: 2 July 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 currently under review. 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 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 1<sup>st</sup> 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 will be 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. However, the new Complaints Policy will introduce an enhanced reporting requirement.

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](http://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 24<sup>th</sup> 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 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.

#### **3.3.5.2 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. 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.

### **3.3.5.3 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.

**3.3.6 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 to the Audit Committee. 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.

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**

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 September 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.

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.

#### 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 (Wales Audit Office).

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 1<sup>st</sup> 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 20<sup>th</sup> 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 1<sup>st</sup> 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 5<sup>th</sup> 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 19<sup>th</sup> 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 18<sup>th</sup> March 2020 a decision was taken to suspend most democratic meetings in order to protect members and staff and on the 19<sup>th</sup> 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 23<sup>rd</sup> March 2020, all remaining democratic meetings were suspended.

Alongside these developments, on the 12<sup>th</sup> 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 1<sup>st</sup> 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**

**28 June 2021**

**Leader of Council**

**Chief Executive**

**APPENDIX 1**

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
<b>SOURCE</b>	<b>ISSUES</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTIONS/PROGRESS</b>		<b>STATUS</b>
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 revaluation of way forward needed.	On going
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.	To be presented to CMT April 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.	March 2021
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>					
<b>SOURCE</b>	<b>ISSUES</b>	<b>RESPONSIBLE OFFICER</b>	<b>ACTIONS/PROGRESS</b>		<b>STATUS</b>
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.	March 2021
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.	2021/22
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.	June 2021

**APPENDIX 2**

<b>GOVERNANCE ISSUES ACTION PLAN</b>			
<b>NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT</b>			
<b>ISSUE REF</b>	<b>ACTION</b>	<b>RESPONSIBLE OFFICER</b>	<b>TARGET DATE</b>
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

**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**

	<b>Net Expenditure Chargeable to the CF and HRA £'000</b>	<b>Total Adjustments £'000</b>	<b>Net Expenditure in the CIES £'000</b>
<b>Department</b>			
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
<b>Net Cost of Services</b>	<u>305,071</u>	<u>27,389</u>	<u>332,460</u>
Other Income & Expenditure	(336,531)	(58,762)	(395,293)
<b>(Surplus)/Deficit before transfers to/(from) earmarked reserves</b>	<u><b>(31,460)</b></u>	<u><b>(31,373)</b></u>	<u><b>(62,833)</b></u>
Transfers to/(from) earmarked reserves	32,455		
<b>(Surplus)/Deficit after transfers to/(from) earmarked reserves</b>	<u><b>995</b></u>		
CF & HRA Balance at 31st March 2020:	(32,473)		
(Surplus)/Deficit	995		
CF & HRA Balance at 31st March 2021:	<u><b>(31,478)</b></u>		

**2019-20**

<b>Department</b>			
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
<b>Net Cost of Services</b>	<u>301,012</u>	<u>90,305</u>	<u>391,317</u>
Other Income & Expenditure	(314,889)	(33,341)	(348,230)
<b>(Surplus)/Deficit before transfers to/(from) earmarked reserves</b>	<u><b>(13,877)</b></u>	<u><b>56,964</b></u>	<u><b>43,087</b></u>
Transfers to/(from) earmarked reserves	6,094		
<b>(Surplus)/Deficit after transfers to/(from) earmarked reserves</b>	<u><b>(7,783)</b></u>		
CF & HRA Balance at 31st March 2019:	(24,690)		
(Surplus)/Deficit	(7,783)		
CF & HRA Balance at 31st March 2020:	<u><b>(32,473)</b></u>		

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	Total Gross	Total Net		Total Gross	Total Gross	Total Net
Expenditure	Income	Expenditure		Expenditure	Income	Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Department</b>			
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	197,297	(89,597)	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
<b>626,016</b>	<b>(234,699)</b>	<b>391,317</b>	<b>Net Cost of Services</b>	<b>597,947</b>	<b>(265,487)</b>	<b>332,460</b>
			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)
		<b>33,526</b>	<b>Other Operating Expenditure</b>			<b>36,111</b>
		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			
		(284)	and changes in their fair value		Note 6.11	(1,134)
		<b>25,597</b>	Other income			(247)
			<b>Financing and Investment (Income) and Expenditure</b>			<b>28,570</b>
		(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)
		<b>(407,353)</b>	<b>Taxation and Non-specific Grant Income</b>			<b>(459,974)</b>
		<b>43,087</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>(62,833)</b>
		(17,060)	(Surplus) or deficit on revaluation of Property, Plant			
		85,316	and Equipment assets			(13,532)
			Remeasurement of the net defined benefit liability/(asset)			1,691
		<b>68,256</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(11,841)</b>
		<b>111,343</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(74,674)</b>

**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
<b>Balance at 31 March 2019</b>	<b>(10,376)</b>	<b>(83,522)</b>	<b>(14,314)</b>	<b>(5,958)</b>	<b>(5,553)</b>	<b>(119,723)</b>	<b>(477,901)</b>	<b>(597,624)</b>
<b>Movement in reserves during 2019/20</b>								
(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
<b>Total Comprehensive Income and Expenditure</b>	<b>42,956</b>	<b>0</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>43,087</b>	<b>68,256</b>	<b>111,343</b>
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
<b>Net (Increase)/Decrease before Transfers to/from Earmarked Reserves</b>	<b>(6,835)</b>	<b>0</b>	<b>(7,042)</b>	<b>(1,954)</b>	<b>2,639</b>	<b>(13,192)</b>	<b>124,535</b>	<b>111,343</b>
Transfers to/(from) Earmarked Reserves(Note 6.22)	5,990	(6,094)	104	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(845)</b>	<b>(6,094)</b>	<b>(6,938)</b>	<b>(1,954)</b>	<b>2,639</b>	<b>(13,192)</b>	<b>124,535</b>	<b>111,343</b>
<b>Balance at 31 March 2020</b>	<b>(11,221)</b>	<b>(89,616)</b>	<b>(21,252)</b>	<b>(7,912)</b>	<b>(2,914)</b>	<b>(132,915)</b>	<b>(353,366)</b>	<b>(486,281)</b>
<b>Movement in reserves during 2020/21</b>								
(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)
<b>Total Comprehensive Income and Expenditure</b>	<b>(26,271)</b>	<b>0</b>	<b>(36,562)</b>	<b>0</b>	<b>0</b>	<b>(62,833)</b>	<b>(11,841)</b>	<b>(74,674)</b>
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
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(33,302)</b>	<b>0</b>	<b>1,842</b>	<b>70</b>	<b>(12,190)</b>	<b>(43,580)</b>	<b>(31,094)</b>	<b>(74,674)</b>
Transfers to/(from) Earmarked Reserves(Note 6.22)	32,489	(32,455)	(34)	0	0	0	0	0
<b>(Increase)/Decrease in Year</b>	<b>(813)</b>	<b>(32,455)</b>	<b>1,808</b>	<b>70</b>	<b>(12,190)</b>	<b>(43,580)</b>	<b>(31,094)</b>	<b>(74,674)</b>
<b>Balance at 31 March 2021</b>	<b>(12,034)</b>	<b>(122,071)</b>	<b>(19,444)</b>	<b>(7,842)</b>	<b>(15,104)</b>	<b>(176,495)</b>	<b>(384,460)</b>	<b>(560,955)</b>

**5.4 BALANCE SHEET**

31/03/20			31/03/21
£'000		£'000	£'000
	<b>Notes</b>		
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>	<b>Long Term Assets</b>		<u>1,457,065</u>
12,093	Short Term Investments	6.14	25,504
1,217	Inventories	6.15	1,581
67,770	Short Term Debtors	6.16	93,725
<u>42,081</u>	Cash and Cash Equivalents	6.17	<u>46,911</u>
<u>123,161</u>	<b>Current Assets</b>		<u>167,721</u>
(25,691)	Short Term Borrowing	6.18	(18,561)
(60,563)	Short Term Creditors	6.19	(82,576)
<u>(1,108)</u>	Provisions	6.20	<u>(1,321)</u>
<u>(87,362)</u>	<b>Current Liabilities</b>		<u>(102,458)</u>
(2,497)	Provisions	6.20	(2,863)
(409,849)	Long Term Borrowing	6.21	(398,052)
<u>(527,462)</u>	Other Long Term Liabilities	6.44	<u>(560,458)</u>
<u>(939,808)</u>	<b>Long Term Liabilities</b>		<u>(961,373)</u>
<u><u>486,281</u></u>	<b>Net Assets</b>		<u><u>560,955</u></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
(2,001)	Council Fund Reserves Held by Schools under LMS	6.22	7,266
7,912	Capital Receipts Reserve	6.23	7,842
<u>2,914</u>	Capital Grants Unapplied	6.24	<u>15,104</u>
<u>132,915</u>	<b>Usable Reserves</b>		<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)
<u>(4,254)</u>	Accumulated Absences Account	6.30	<u>(5,437)</u>
<u>353,366</u>	<b>Unusable Reserves</b>		<u>384,460</u>
<u><u>486,281</u></u>	<b>Total Reserves</b>		<u><u>560,955</u></u>

**5.5 CASH FLOW STATEMENT**

<b>2019-20 £'000</b>	<b>Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow</b>	<b>Note</b>	<b>2020-21 £'000</b>
43,087	<b>Net (Surplus)/Deficit on the provision of services</b>	5.2	(62,833)
	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>		
(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
	<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
3,181	Proceeds from sale of property, plant and equipment, investment property and intangible assets		395
30,754	Capital Grants		58,189
<b>(17,651)</b>	<b>Net cash flow from operating activities</b>		<b>(55,896)</b>
	<b>INVESTING ACTIVITIES</b>		
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)
<b>21,899</b>	<b>Net cash flow from investing activities</b>		<b>32,140</b>
	<b>FINANCING ACTIVITIES</b>		
(25,000)	Cash receipts of short-term & long-term borrowing		(4,103)
5,548	Repayments of short-term & long-term borrowing		23,029
<b>(19,452)</b>	<b>Net cash flow from financing activities</b>		<b>18,926</b>
<b>(15,204)</b>	<b>NET (INCREASE)/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>		<b>(4,830)</b>
26,877	Cash & cash equivalents at the beginning of reporting period	6.17	42,081
42,081	Cash & cash equivalents at the end of reporting period		46,911
<b>15,204</b>	<b>INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>		<b>4,830</b>

The cash flows for operating activities include the following items:

<b>2019-20 £'000</b>		<b>2020-21 £'000</b>
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 31<sup>st</sup> 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. 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				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2020-21	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
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
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
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				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2020-21	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
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)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
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
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
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)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
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)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>					
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
<b>Total Adjustments</b>	<b>(7,031)</b>	<b>38,404</b>	<b>70</b>	<b>(12,190)</b>	<b>(19,253)</b>

	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
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
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
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
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
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
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)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
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				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2019-20	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
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)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
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)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>					
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
<b>Total Adjustments</b>	<b>(49,791)</b>	<b>(7,173)</b>	<b>(1,954)</b>	<b>2,639</b>	<b>56,279</b>

**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
<b>Department</b>				
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)
<b>Net Cost of Services</b>	9,385	16,913	1,091	27,389
Other Income & Expenditure	(73,169)	14,392	15	(58,762)
<b>Difference between CF &amp; HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services</b>	<b>(63,784)</b>	<b>31,305</b>	<b>1,106</b>	<b>(31,373)</b>
<b>2019-20</b>				
<b>Department</b>				
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)
<b>Net Cost of Services</b>	64,699	25,023	583	90,305
Other Income & Expenditure	(44,683)	11,486	(144)	(33,341)
<b>Difference between CF &amp; HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services</b>	<b>20,016</b>	<b>36,509</b>	<b>439</b>	<b>56,964</b>

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

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

Movements in 2019-20	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Infra- structure	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross Book Value 01/04/19</b>	<b>368,061</b>	<b>778,871</b>	<b>25,836</b>	<b>309,471</b>	<b>5,611</b>	<b>24,980</b>	<b>25,260</b>	<b>1,538,090</b>
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)
<b>Gross Book Value 31/03/20</b>	<b>384,528</b>	<b>726,353</b>	<b>27,189</b>	<b>315,650</b>	<b>5,612</b>	<b>19,606</b>	<b>52,598</b>	<b>1,531,536</b>
<b>Accumulated Depreciation and Impairment at 01/04/19</b>	<b>(34,347)</b>	<b>(62,323)</b>	<b>(10,377)</b>	<b>(88,496)</b>	<b>(529)</b>	<b>(56)</b>	<b>0</b>	<b>(196,128)</b>
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
<b>Cumulative Depreciation to 31/03/20</b>	<b>(46,855)</b>	<b>(21,202)</b>	<b>(12,605)</b>	<b>(95,518)</b>	<b>(562)</b>	<b>(86)</b>	<b>0</b>	<b>(176,828)</b>
<b>Net Book Value at 31/03/20</b>	<b>337,673</b>	<b>705,151</b>	<b>14,584</b>	<b>220,132</b>	<b>5,050</b>	<b>19,520</b>	<b>52,598</b>	<b>1,354,708</b>

**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.

	<b>Council Dwellings £'000</b>	<b>Other Land &amp; Buildings £'000</b>	<b>Vehicles Plant &amp; Equipment £'000</b>	<b>Surplus Assets £'000</b>	<b>TOTAL £'000</b>
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
<b>Gross Book Value at 31/03/21</b>	<b>374,626</b>	<b>739,254</b>	<b>28,422</b>	<b>23,557</b>	<b>1,165,859</b>

**Capital Commitments**

As at 31<sup>st</sup> March 2021 the Council was contractually committed to outstanding capital works which amounted to approximately £35.1 million (£55.0 million as at 31<sup>st</sup> March 2020).

	<b>£'000</b>
<b>Council Dwellings</b>	<b>8,142</b>
<i>The main contracts include:</i>	
Glanmor Burry Port	2,181
Gwynfryn - Ammanford	1,822
<b>Education and Children</b>	<b>11,343</b>
<i>The main contracts include:</i>	
Ysgol y Castell	3,678
Ysgol Gorslas	3,922
<b>Culture, Sport and Tourism</b>	<b>1,796</b>
<b>Regeneration / Economic Development</b>	<b>13,839</b>
<i>The main contracts include:</i>	
Pendine Attractor Project	1,942
Llandeilo Market Hall	2,968
Former YMCA Building, Llanelli	3,901
Market Street Llanelli	3,532
Glanamman Workshops	1,053
<b>Total</b>	<b>35,120</b>

**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 £'000	2020-21 £'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	<b>(278)</b>	<b>(217)</b>
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	<b>(1,004)</b>	<b>(1,134)</b>

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

	2019-20 £'000	2020-21 £'000
<b>Balance at start of year</b>	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
	<b>23,152</b>	<b>25,110</b>

### Fair Value Measurement of Investment Properties

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

	31st March 2020		31st March 2021	
	Significant unobservable inputs (level 3) (Restated)	Fair Value (Restated)	Significant unobservable inputs (level 3)	Fair Value
Recurring Fair Value measurements using:				
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
<b>Total</b>	<b>23,152</b>	<b>23,152</b>	<b>25,110</b>	<b>25,110</b>

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
	<b>1,848</b>	<b>1,807</b>

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 31<sup>st</sup> 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 31<sup>st</sup> March 2021:

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

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 31<sup>st</sup> 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 31<sup>st</sup> March 2021.

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

#### 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 31<sup>st</sup> 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 31<sup>st</sup> March 2021.

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

#### 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
<b>Total Share Capital</b>	<b>810</b>

Each share has a nominal value of £1.00 each.

### 6.13 Long Term Debtors

	31 March 2020 £'000	31 March 2021 £'000
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
	<b>8,300</b>	<b>7,529</b>

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
	<b>12,093</b>	<b>25,504</b>

#### 6.15 Inventories

	2019-20 £'000	2020-21 £'000
<b>Balance at start of year</b>	1,039	1,217
Purchases	5,670	5,263
Recognised as an expense in the year	(5,490)	(4,891)
Written off balances	(2)	(8)
Other net movements in year	1	0
<b>Balance at year end</b>	<b>1,217</b>	<b>1,581</b>

The 2020/21 figures above include COVID19 related Personal Protective Equipment funded through the WG Hardship Scheme.

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. The volumes received during the year and remaining in stores at 31<sup>st</sup> March are as follows:

	Number of Items Held:					Total
	Aprons	Gloves	Masks	Visors	Other	
Items Held at 1 April 2020	0	0	0	0	0	0
Received	5,861,200	10,492,500	6,029,571	372,927	564	22,756,762
Issued	(4,967,222)	(8,804,917)	(4,007,258)	(152,417)	(131)	(17,931,945)
Items Held at 31 March 2021	<b>893,978</b>	<b>1,687,583</b>	<b>2,022,313</b>	<b>220,510</b>	<b>433</b>	<b>4,824,817</b>

There is no value ascribed to this equipment, and it has not affected any other figures in this Statement of Accounts.

#### 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	47,014
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
	<b>67,770</b>	<b>93,725</b>

\* 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 1<sup>st</sup> 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)
	Short-term deposits with banks, money market funds and debt management account deposit facility	39,707
21,851		
21,010	Short-term deposits with Local Authorities	8,000
<b>42,081</b>	<b>Total Cash and Cash Equivalents</b>	<b>46,911</b>

**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
	<b>25,691</b>	<b>18,561</b>

**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)	(8,750)
Other*	(37,187)	(53,768)
	<b>(60,563)</b>	<b>(82,576)</b>

\* 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
	<b>3,605</b>	<b>(972)</b>	<b>1,730</b>	<b>(179)</b>	<b>4,184</b>

	Current	Long	
	Liabilities	Term	
Balances as at 31 March 2021	(< 1 year)	(> 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
	<b>1,321</b>	<b>2,863</b>	<b>4,184</b>

**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
<b>Sources of Borrowing</b>			
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
	<b>409,849</b>	<b>398,052</b>	

- (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**

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

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
	<b>83,915</b>			<b>91,617</b>			<b>114,805</b>
<b>Held by Schools under LMS</b>	<b>(393)</b>	1,439	(3,047)	<b>(2,001)</b>	10,089	(822)	7,266
	<b>(393)</b>			<b>(2,001)</b>			<b>7,266</b>

**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 CO<sub>2</sub>, 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**

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
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
<b>Closing Balance</b>	<u><b>7,912</b></u>	<u><b>7,842</b></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**

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
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)
<b>Closing Balance</b>	<u><b>2,914</b></u>	<u><b>15,104</b></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 £'000		2020-21 £'000
<b>324,681</b>	<b>Balance at 1 April</b>	<b>331,684</b>
59,398	Upward revaluation of assets	19,681
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the	
(42,338)	Provision of Services	(6,149)
	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision	
17,060	of Services	13,532
(8,165)	Difference between fair value depreciation and historical cost depreciation	(10,345)
(1,892)	Accumulated gains on assets sold or scrapped	(93)
(10,057)	Amount written off to the Capital Adjustment Account	(10,438)
<b>331,684</b>	<b>Balance at 31 March</b>	<b>334,778</b>

**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
<b>563,014</b>	<b>Balance at 1 April</b>	<b>553,740</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(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	
(2,883)		(227)
497,117		537,472
1,892	Adjusting amounts written out of the Revaluation Reserve	93
	Net written out amount of the cost of non-current assets consumed in the year	
499,009		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
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	
28,349	Application of grants to capital financing from the Capital Grants	43,871
5,045	Unapplied Account	2,128
	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	
14,301	Capital expenditure charged against the General Fund and HRA balances	15,304
4,796		15,343
552,727		614,677
	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	
1,013		1,166
<b>553,740</b>	<b>Balance at 31 March</b>	<b>615,843</b>

## 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 £'000	2020-21 £'000
<b>(405,637) Balance at 1 April</b>	<b>(527,462)</b>
(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	27,170
25,915	
<b><u>(527,462) Balance at 31 March</u></b>	<b><u>(560,458)</u></b>

**6.30 Accumulated Absences Account**

This account represents the cost of paid absence entitlement due but not taken at 31<sup>st</sup> 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 £'000	2020-21 £'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>
<b>Balance 31st March</b>	<b><u>(4,254)</u></b>	<b><u>(5,437)</u></b>

**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.

<b>2019-20</b>		<b>2020-21</b>
<b>£'000</b>		<b>£'000</b>
<b>(Restated)</b>		
	<b>Expenditure</b>	
294,680	Employee Expenses	297,150
268,389	Other Service Expenses	288,724
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)
<b>751,177</b>	<b>Total Expenditure</b>	<b>729,777</b>
	<b>Income</b>	
(156,083)	Fees, Charges & Other Service Income	(148,273)
(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)
<b>(708,090)</b>	<b>Total Income</b>	<b>(792,610)</b>
<b>43,087</b>	<b>(Surplus)/deficit on the provision of services</b>	<b>(62,833)</b>

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:

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

Further information on Members Allowances is available on the Authority's website [www.carmarthenshire.gov.wales](http://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:

<b>Remuneration Band</b>	<b>No. of Employees 2019-20</b>	<b>No. of Employees 2020-21</b>	<b>Left During 2020-21</b>
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
<b>Total No. of Employees</b>	<b>120</b>	<b>177</b>	<b>4</b>

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
<b>Total</b>	<b>61</b>	<b>33</b>	<b>36</b>	<b>15</b>	<b>97</b>	<b>48</b>	<b>1,457,136</b>	<b>570,534</b>

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

**6.37 Grant Income**

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

	2019-20 £'000 (Restated)	2020-21 £'000
<b>Credited to Services</b>		
<b>Education &amp; Children's Services:</b>		
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
<b>Adult Social Services &amp; Housing:</b>		
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
<b>Highways &amp; Transport Services:</b>		
Concessionary Fares Subsidy	1,960	2,079
Local Road Maintenance Grant	0	899
Local Transport Services Grant	760	870
Rural Development Plan	442	212
<b>Cultural, Environmental, Regulatory &amp; Planning Services:</b>		
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
<b>Central Services to the Public:</b>		
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
<b>Total</b>	<b>116,325</b>	<b>158,524</b>

\*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 £'000	2020-21 £'000
<b>Revenue Support Grant</b>	<b>200,096</b>	<b>215,251</b>
<b>General Government Grants*</b>	<b>0</b>	<b>4,795</b>
<b>COVID19 Loss of income re Investment Properties</b>	<b>0</b>	<b>120</b>
<b>Capital Grants and Contributions</b>		
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
<b>Total</b>	<b>30,755</b>	<b>58,189</b>

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

**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:

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
Income	346	297
	<b>2020</b>	<b>2021</b>
Balances outstanding at 31st March:	<b>£'000</b>	<b>£'000</b>
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:

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure	3,791	7,903
Income	815	865
	<b>2020</b>	<b>2021</b>
Balances outstanding at 31st March:	<b>£'000</b>	<b>£'000</b>
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**

There are no material transactions to disclose for the year.

## **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.

	<b>WPP</b>
	<b>2020-21</b>
	<b>Total</b>
	<b>£'000</b>
Expenditure	706 *
Income	(706)
(Surplus)/Deficit for the year	<u>0</u>
Current Assets	382
Current Liabilities	(382)
Total assets less liabilities	<u>0</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 for 2019/20 as the 2020/21 figures are not currently available.



This statement will be updated with the 2020/21 figures post audit.

	<b>ERW</b>	
	<b>2019-20</b>	
	<b>Total</b>	<b>CCC Share</b>
	<b>£'000</b>	<b>£'000</b>
Expenditure	645	137
Income	(574)	(122)
Net Pensions Interest	20	4
(Surplus)/Deficit for the year	91	19
Current Assets	2,883	614
Current Liabilities	(2,461)	(524)
Long Term Liabilities	(407)	(87)
Total assets less liabilities	15	3
Reserves	15	3
Total Financing	15	3

At the meeting of the Joint Committee in March 2021, it was resolved that ERW would be dissolved on 31st August 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 31<sup>st</sup> March 2021:

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

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	2020-21 £'000
<b>Capital Investment</b>		
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
	<u>76,414</u>	<u>84,818</u>
<b>Sources of Finance</b>		
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
	<u>76,414</u>	<u>84,818</u>
<b>Opening Capital Financing Requirement</b>	<b>484,384</b>	<b>501,378</b>
<b>Explanation of Movements in Year</b>		
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	<u>16,994</u>	<u>2,509</u>
<b>Closing Capital Financing Requirement</b>	<b>501,378</b>	<b>503,887</b>

**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:-

	<b>2019-20</b> <b>£'000</b>	<b>2020-21</b> <b>£'000</b>
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><b>6,514</b></u>	<u><b>6,185</b></u>

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

	<b>2019-20</b> <b>£'000</b>	<b>2020-21</b> <b>£'000</b>
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	23,985	23,595
	<b>28,845</b>	<b>28,502</b>

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
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
Current Service Cost	46,741	45,495
Past Service Costs	4,518	56
Settlements and Curtailments	1,226	57
<b>Financing and Investment Income and Expenditure</b>		
Net Interest Expense	9,939	12,867
<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	62,424	58,475
<b>Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>		
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
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	147,740	60,166
<b>Movement in Reserves Statement</b>		
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)
<b>Actual amount charged against the Council Fund Balance for pensions in the year:</b>		
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:

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
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:

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
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>
<b>Net Scheme Liabilities</b>	<b><u>(527,462)</u></b>	<b><u>(560,458)</u></b>

The Dyfed Pension Fund assets comprised:

		Quoted	31 March 2020 £'000	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	33,928
	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
<b>Total</b>			<b>1,031,889</b>	<b>1,304,924</b>

\*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
<b>Surplus/(deficit) in the scheme</b>	<b>(361,294)</b>	<b>(320,704)</b>	<b>(405,637)</b>	<b>(527,462)</b>	<b>(560,458)</b>

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 31<sup>st</sup> 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 31<sup>st</sup> March 2020.

The main assumptions used in its calculations are shown below:

	2019-20	2020-21
	%	%
<b>Financial Assumptions:</b>		
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
	%	%
<b>Mortality assumptions:</b>		
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.

	<b>Impact on the Defined Benefit Obligation of the Scheme</b>	
	<b>Increase in assumption £'000</b>	<b>Decrease in assumption £'000</b>
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 31<sup>st</sup> 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:

	<b>Long Term</b>		<b>Current</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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	<b>409,849</b>	<b>398,052</b>	<b>25,691</b>	<b>18,561</b>
<b>Total borrowings</b>				
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
<b>Total investments</b>	<b>1,848</b>	<b>1,807</b>	<b>12,093</b>	<b>25,504</b>

### 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	2020-21	2019-20	2020-21	2019-20	2020-21
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	(17,625)	(17,330)	0	0	(17,625)	(17,330)
Impairment Losses	0	0	0	0	0	0
<b>Interest payable and similar charges</b>	(17,625)	(17,330)	0	0	(17,625)	(17,330)
Interest Income	0	0	679	246	679	246
<b>Interest and investment income</b>	0	0	679	246	679	246
<b>Net gain/(loss) for the year</b>	<b>(17,625)</b>	<b>(17,330)</b>	<b>679</b>	<b>246</b>	<b>(16,946)</b>	<b>(17,084)</b>

### 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 2020 £'000	31 March 2021 £'000
Opening Balance	68	57
New Loans	31	22
Loans repaid	(42)	(31)
<b>Closing Balance</b>	<b>57</b>	<b>48</b>

### 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
<b>Total Financial Liabilities</b>	<b>435,540</b>	<b>750,302</b>	<b>416,613</b>	<b>646,158</b>

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
<b>Total Loans and Receivables</b>	<b>32,135</b>	<b>32,135</b>	<b>50,439</b>	<b>50,439</b>

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**

<b>Recurring fair value measurements</b>	<b>Input level in fair value hierarchy</b>	<b>Valuation technique used to measure fair value</b>	<b>31 March 2020</b>	<b>31 March 2021</b>
<b>Fair Value through Other Comprehensive Income</b>				
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
<b>Total</b>			<b>1,175</b>	<b>1,139</b>

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
<b>Financial Liabilities</b>				
<b>Financial liabilities held at amortised cost:</b>				
PWLB	739,310	739,310	633,395	633,395
NON PWLB	10,992	10,992	12,763	12,763
<b>Total</b>	<b>750,302</b>	<b>750,302</b>	<b>646,158</b>	<b>646,158</b>
<b>Financial assets</b>				
Loans and Receivables	12,766	12,766	26,173	26,173
<b>Total</b>	<b>12,766</b>	<b>12,766</b>	<b>26,173</b>	<b>26,173</b>

## 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 3<sup>rd</sup> 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
	<b>140,266</b>		<b>890.0</b>

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
	<b>10,607</b>	<b>13,763</b>

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 31<sup>st</sup> 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
			<b>435,540</b>			<b>416,613</b>

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
	<b>12,766</b>	<b>26,173</b>

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	(2)
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 1<sup>st</sup> April 2022 by CIPFA/LASAAC.

#### **6.48 Post Balance Sheet Events**

On 24<sup>th</sup> 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.

**7 HOUSING REVENUE ACCOUNT (HRA)****7.1 HRA Income and Expenditure Statement**

<b>2019-20 £'000</b>	<b>Note</b>	<b>2020-21 £'000</b>
<b>Expenditure</b>		
2,798		3,072
5,323		2,864
3,595		4,057
8,439		8,537
1,363		1,400
470		727
302		514
17,242	8.7	(10,993)
1		0
36		38
<u>39,569</u>		<u>10,216</u>
<b>Total Expenditure</b>		
<b>Income</b>		
(40,819)	8.1	(40,865)
(131)		(126)
(29)		(29)
(746)	8.2	(760)
(374)		(550)
(782)		(775)
(343)	8.5	(350)
<u>(43,224)</u>		<u>(43,455)</u>
<b>Total Income</b>		
<b>Net cost of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>		
<b>(3,655)</b>		<b>(33,239)</b>
289		295
<b>(3,366)</b>		<b>(32,944)</b>
<b>Net (Income)/cost for HRA Services</b>		
<b>HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(65)		(60)
9,901		9,826
(131)		(37)
245		344
(6,453)		(13,691)
<u>131</u>		<u>(36,562)</u>
<b>(Surplus) or Deficit for the year on HRA Services</b>		

**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
<b>(21,252)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(19,444)</b>

**7.3 Adjustments between accounting basis and funding basis under statute**

2019-20		2020-21
£'000		£'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
<hr/> (7,173)		<hr/> 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	208	(242)	(34)
0	(16)	(16)	0	0	0
<b>203</b>	<b>(99)</b>	<b>104</b>	<b>208</b>	<b>(242)</b>	<b>(34)</b>

**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 31<sup>st</sup> March 2021 4.34% of lettable properties were vacant (3.77% at 31<sup>st</sup> 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 31<sup>st</sup> 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
	<b>9,162</b>	<b>9,139</b>

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	<b>9,162</b>	<b>9,139</b>

**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 31<sup>st</sup> 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 £'000	2020-21 £'000
<b>Funded by :</b>		
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
	<b>28,027</b>	<b>26,048</b>
<b>Spent on:</b>		
Dwellings	27,666	25,888
Land	0	0
Other	361	160
	<b>28,027</b>	<b>26,048</b>

### 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 1<sup>st</sup> April 2020.



## Depreciation and Impairment Losses:

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation on dwellings	12,508	12,493
Revaluation losses & impairments	4,734	(23,486)
	<u><b>17,242</b></u>	<u><b>(10,993)</b></u>

## Revaluation losses and impairments were incurred on:

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
Dwellings	1,221	(23,999)
Land	0	(26)
Other	3,513	539
	<u><b>4,734</b></u>	<u><b>(23,486)</b></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 31<sup>st</sup> March 2021 was £1.929m (£1.769m as at 31<sup>st</sup> 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 31<sup>st</sup> March 2021 (£741k as at 31<sup>st</sup> 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 31<sup>st</sup> March 2021 was £539,841 (£523,044 as at 31<sup>st</sup> 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 31<sup>st</sup> March 2021 was £1,267,328 (£1,188,324 as at 31<sup>st</sup> 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 1<sup>st</sup> April 2021. There were no balances at 31<sup>st</sup> 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 31<sup>st</sup> 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**

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.



## Governance & Audit Committee 16<sup>th</sup> July 2021

**Subject: Burry Port Harbour Financial Statement 2020-21**

**Purpose:** To present the Accounting Statement for 2020-21

### Recommendations / key decisions required:

To receive the Accounting Statement for Burry Port Harbour Authority for 2020-21.

### Reasons:

The Council is required to approve the 2020-21 pre-audited accounts of the Harbour Authority, to comply with the Accounts and Audit (Wales) Regulations 2014.

The Audit Committee have delegated powers to approve the Accounts in line with the Local Government Measure.

Relevant scrutiny committee to be consulted NA

Exec. Board Decision Required NA

Council Decision Required NA

EXECUTIVE BOARD 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 & Audit Committee**  
**16<sup>th</sup> July 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 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020 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

EXECUTIVE BOARD 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.

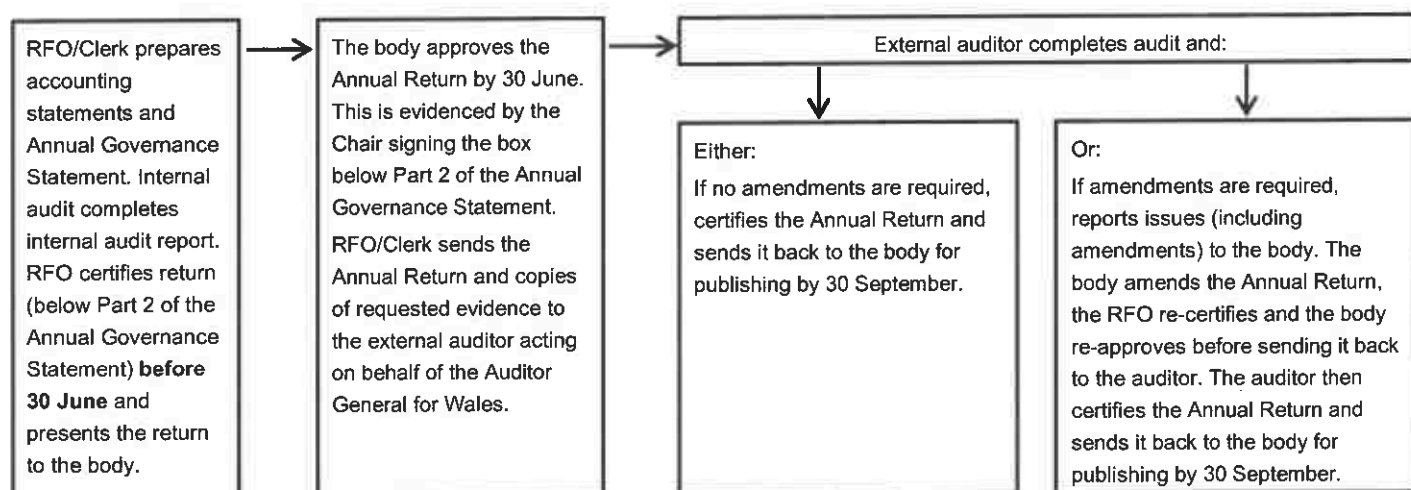
<div style="display: flex; justify-content: space-around; background-color: #f08080; padding: 2px;"> <span>Yes</span> <span>No</span> </div> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>	<div style="display: flex; justify-content: space-around; background-color: #f08080; padding: 2px;"> <span>Yes</span> <span>No</span> </div> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>	<div style="display: flex; justify-content: space-around; background-color: #f08080; padding: 2px;"> <span>Yes</span> <span>No</span> </div> <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>
<b>ENGLISH</b>	<b>WELSH</b>	<b>BILINGUALLY</b>

### 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 (£)	
			<b>Please round all figures to nearest £.</b> <b>Do not leave any boxes blank and report £0 or nil balances.</b> <b>All figures must agree to the underlying financial records for the relevant year.</b>
<b>Statement of income and expenditure/receipts and payments</b>			
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 $(1+2+3) - (4+5+6)$ .
<b>Statement of balances</b>			
8. (+) Debtors	114,593	88,696	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body.
9. (+) Total cash and investments	(112,833)	(87,836)	<b>All accounts:</b> 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	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	<b>Total balances should equal line 7 above:</b> 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*		
1. We have put in place arrangements for: <ul style="list-style-type: none"> <li>• effective financial management during the year; and</li> <li>• the preparation and approval of the accounting statements.</li> </ul>			Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.			Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Committee to conduct its business or on its finances.			Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.			Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
5. We have carried out an assessment of the risks facing the Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.			Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Committee and, where appropriate, have included them on the accounting statements.			Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.			Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

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

## Additional disclosure notes\*

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

1.

2.

3.

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

## Committee approval and certification

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


### Certification by the RFO

I certify that the accounting statements contained in this Annual Return 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.

RFO signature:

Name:

Date:

  
C. MOORE  
27/5/2021

### Approval by the Council/Board/Committee

I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:

Minute ref:

Chair of meeting signature:

Name:

Date:



## Auditor General for Wales' Audit Certificate and report

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

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

### Auditor General's report

#### Audit opinion

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

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

#### Other matters arising and recommendations

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

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

\* Delete as appropriate.

## Annual internal audit report to:

Name of body:

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.					Insert text
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.					Insert text
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.					Insert text
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.					Insert text
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.					Insert text
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.					Insert text
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.					Insert text
8. Asset and investment registers were complete, accurate, and properly maintained.					Insert text

	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.					Insert text
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.					Insert text

**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					Insert text
12. Insert risk area					Insert text
13. Insert risk area					Insert text

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

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

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

### Internal audit confirmation

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

Name of person who carried out the internal audit:

Signature of person who carried out the internal audit:

Date:

## 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
<b>Accounts</b>	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?		
<b>Approval</b>	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?		
<b>All sections</b>	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
<b>Accounts</b>	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?		

## Governance and Audit Committee 16<sup>th</sup> July 2021

<b>Code of Corporate Governance</b>		
<b>Recommendations / key decisions required:</b>		
1. To consider the Code of Corporate Governance		
<b>Reasons:</b>		
Governance and Audit Committee approval.		
Relevant scrutiny committee to be consulted Yes – Audit Committee		
Exec. Board Decision Required	NO	
Council Decision Required	NO	
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr David Jenkins		
Directorate:  Corporate Services  Name of Head of Service:  Helen Pugh  Report Author:  Corporate Governance Group	Designations:    Head of Revenues & Financial Compliance	Tel:  01267 2246223  Email addresses: <a href="mailto:hlpugh@carmarthenshire.gov.uk">hlpugh@carmarthenshire.gov.uk</a>

**EXECUTIVE SUMMARY**  
**Governance and Audit Committee**  
**16<sup>th</sup> July 2021**

<b>Code of Corporate Governance</b>
-------------------------------------

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.”* It comprises 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.

Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens’ confidence, these mechanisms must be sound and be seen to be sound. The Governance Framework comprises the systems and processes, and cultures and values, by which the Authority is directed and controlled and its activities through which 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 attached 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 recognise 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 good governance which complement the Well-being of Future Generations Act requirements.

<b>DETAILED REPORT ATTACHED?</b>	<b>YES</b>
----------------------------------	------------

## 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:** Helen Pugh, Head of Revenues & Financial Compliance

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

### **Policy, Crime & Disorder and Equalities / Legal**

The Well-being of Future Generations (Wales) Act. This document ensures that the wellbeing objectives are integrated into our corporate governance approach.

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).

### **Risk Management Issues**

Robust Governance Framework comprising the systems, processes and cultures & values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community, is paramount to deliver and monitor achievements of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective and efficient services.

## CONSULTATIONS

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

Signed: Helen Pugh, Head of Revenues & Financial Compliance

**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

**EXECUTIVE BOARD PORTFOLIO  
HOLDER(S) AWARE/CONSULTED**

YES

Cllr David Jenkins

**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
Future Generations Commissioner for Wales Procuring for Well-being		<p><b>Cymraeg:</b>  <a href="https://www.futuregenerations.wales/wp-content/uploads/2021/02/CYM-Section-20-Procurement-Review.pdf">https://www.futuregenerations.wales/wp-content/uploads/2021/02/CYM-Section-20-Procurement-Review.pdf</a></p> <p><b>English:</b> <a href="https://www.futuregenerations.wales/wp-content/uploads/2021/02/ENG-Section-20-Procurement-Review.pdf">https://www.futuregenerations.wales/wp-content/uploads/2021/02/ENG-Section-20-Procurement-Review.pdf</a></p>



# Carmarthenshire County Council

## Code of Corporate Governance



## Code of Corporate Governance

<u>Table of Contents</u>	<u>Page</u>
1. Introduction	3
2. Governance Principles	4
3. Legislation	5
4. Monitoring Review, Changes	8
5. How we address the 7 fundamental Principles	9
5.1 Integrity and Values	9
5.2 Openness and Engagement	9
5.3 Making a difference	11
5.4 Making sure we achieve what we set out to do	12
5.5 Valuing our people; engaging, leading and supporting	13
5.6 Managing risks, performance and finance	14
5.7 Good transparency and accountability	15

## 1. Introduction

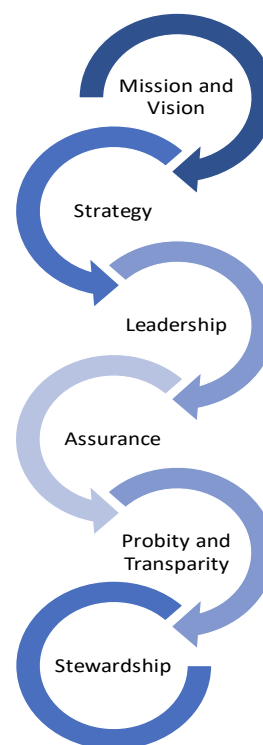
This Code sets out Carmarthenshire County Council's approach to achieving and maintaining good corporate governance. This Code recognises policies and processes that are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority 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 good governance which complement the Well-being of Future Generations Act requirements.

Carmarthenshire County Council (the Council) is by nature, a complex organisation which affects the lives of all citizens in the area: As well as providing a diverse range of services, it also works with partner organisations who provide other public services. The Council's aims and priorities reflect these responsibilities.

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.”* It comprises 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.

Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must be sound and be seen to be sound.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Authority is directed and controlled and its activities through which 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.



## 2. Governance Principles

The Council operates through a governance framework that brings together its legislative responsibilities and management processes with CIPFA / Solace core governance principles.

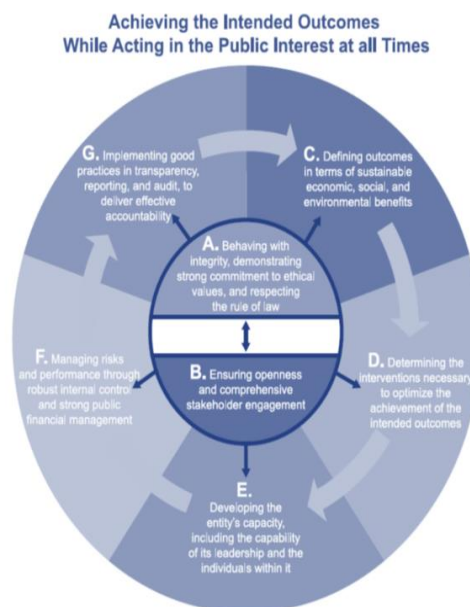
The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

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.

Note The abbreviations in bold above are the Council's.

Sitting behind these principles are 91 behaviours which guide our work.

The Council has created a Well-being Objective on Better governance and use of resources (Well-Being Objective 13) with an action plan for delivery which embeds the above 7 principles thus demonstrating that the Council commits itself to each of these principles.

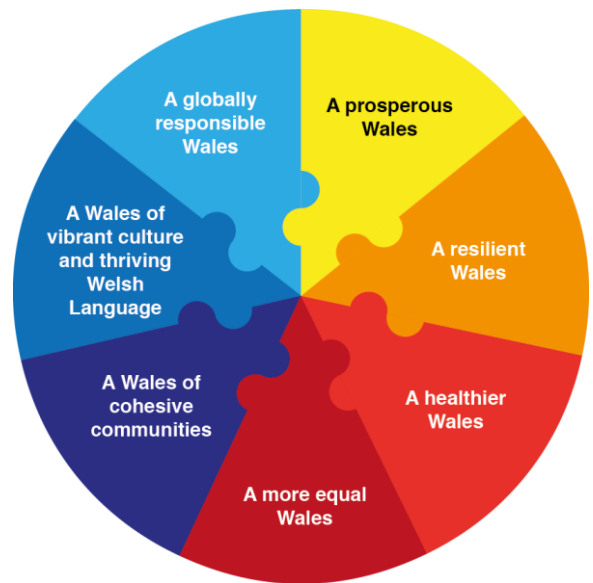


### 3. Legislation

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

The general purpose of the Act is to ensure that the governance arrangements of public bodies focuses on improving the well-being of Wales, and takes the needs of future generations into account. The law states that: -

1. 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.'*
2. We must demonstrate use of the 5 ways of working:  
Long term, integrated, involving, collaborative and preventative
3. 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.



For the first time in Wales, the Well-being of Future Generations Act, provides a shared vision for all public bodies in Wales to work towards.

As a public body subject to the Act we are required to set and publish Well-being Objectives that maximise our Contribution to the Well-being Goals.

How our Well-being Objectives maximise our Contribution to the Well-being Goals.

	No.	13 Well-being Objectives for 2021-22 These frame our Corporate Strategy	The 7 National Well-being Goals						
			Prosperity	Resilience	Healthier	More Equal	Cohesive Communities	Welsh Language and Culture	Global Responsibility
Start Well	1	Help to give every child the best start in life and improve their early life experiences	✓		✓	✓	✓		
	2	Help children live healthy lifestyles (Childhood Obesity)	✓		✓	✓	✓	✓	
	3	Support and improve progress, achievement, and outcomes for all learners	✓	✓	✓	✓		✓	✓
Live Well	4	Tackle poverty by doing all we can to prevent it, helping people into work and improving the lives of those living in poverty	✓		✓	✓	✓		
	5	Create more jobs and growth throughout the county	✓		✓	✓	✓	✓	
	6	Increase the availability of rented and affordable homes	✓	✓	✓	✓	✓	✓	✓
	7	Help people live healthy lives (Tackling risky behaviour and Adult obesity)	✓		✓	✓	✓	✓	
	8	Support community cohesion, resilience, and safety			✓	✓	✓		
Age Well	9	Support older people to age well and maintain dignity and independence in their later years	✓		✓	✓	✓	✓	
In a healthy and safe environment	10	Look after the environment now and for the future	✓	✓	✓				
	11	Improve the highway and transport infrastructure and connectivity	✓	✓	✓	✓	✓		
	12	Promoting Welsh Language and Culture	✓	✓		✓	✓	✓	
Corporate Governance	13	Better governance and use of resources	✓	✓	✓	✓	✓	✓	✓

## The Future Generations Act and Corporate Governance

The statutory guidance on the Well-being of Future Generations Act identifies a core set of activities common to the corporate governance of public bodies where change needs to happen to apply the act. These are:

1. Corporate Planning
2. Financial Planning
3. Workforce planning (people)
4. Procurement
5. Assets
6. Risk management
7. Performance Management

Considering the seven corporate areas as a framework for the self-assessment, and applying the five ways of working to those areas, will support the council to ensure it is governing itself to maximise its contribution to the well-being goals and meet its well-being objectives

[① Shared Purpose Shared Future 1 \(Page 14\)](#)

The Five Ways of Working	
1	Looking at the <b>long term</b> so that we do not compromise the ability of future generations to meet their own needs
2	Understanding the root causes of the issues to <b>prevent</b> them reoccurring
3	Taking an <b>integrated</b> approach so that we look at all well- being goals and objectives of other services and partners
4	<b>Collaboration</b> - Working with others in a collaborative way to find shared sustainable solutions
5	<b>Involvement</b> a diversity of population in decisions that affect them

## The Local Government and Elections (Wales) Act

The Local Government and Elections (Wales) Act provides for the establishment of a new and reformed legislative framework for local government elections, democracy, governance and performance. The Act will replace the current improvement duty for principal councils set out in the Local Government (Wales) Measure 2009. We will report on 2021-22 under the terms of the new Act.

[① Link to the Act](#)

① Statutory guidance on Performance and Governance

### Socio-economic duty

From 31<sup>st</sup> March 2021, this duty will require councils, when taking strategic decisions such as 'deciding priorities and setting objectives', to consider how their decisions might help to reduce the inequalities associated with socio-economic disadvantage. This requirement will be embedded in the Council's integrated impact assessment process.

## 4. Monitoring, Review and Changes

The Council's commitment to good corporate governance includes the application, development and maintenance of this Code. The Leader and Chief Executive are responsible for the regular review of the governance systems and processes that are in place to ensure that they are applied and are effective and meet the aspirations and deliver the requirements of the Code of Governance. The results of this review are contained in an Annual Governance Statement which is reported to the Audit Committee and then published with the Annual Statement of Accounts.

The Corporate Governance Group comprising key officers will co-ordinate manage and report on the governance arrangements of the Authority. Where the reviews of the governance arrangements reveal possible gaps or weaknesses, action will be agreed that will ensure improved governance. Agreed action plans emanating from the reviews will be monitored for implementation.

The Group comprises:

- Executive Board Member – Resources
- Executive Board Member – Business Manager
- Audit Committee Chair (Observer)
- Director of Corporate Services (s.151 Officer)
- Head of Administration & Law (Monitoring Officer)
- Head of Financial Services
- Head of ICT & Corporate Policy
- Assistant Chief Executive (People Management)
- Head of Revenues & Financial Compliance
- People Services Manager
- Corporate Services Manager
- Nominated substitutes allowable

Independent sources of assurance concerning the Code's suitability and effectiveness include Internal Audit, External Audit, the work of the Council's Standards Committee and the Scrutiny Function.



Any changes that are required to this Code resulting from its review or from changes in legislation or recommended best practice will be submitted to the Audit Committee for approval.

## 5 How we address the 7 Fundamental Principles



### 5.1 Integrity and Values

We will ensure that organisational values, and particularly the corporate values of equality and sustainability, are put into practice and are effective by:

- developing and maintaining shared values, both for the organisation and staff and which reflect public expectations, and by communicating these with members, staff, the community and partners
- using our shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority
- agreeing values for partnerships against which decision making and actions can be judged, and which are demonstrated by partners' behaviour both individually and collectively

We will use our legal powers to the full benefit of the citizens and communities in our area by:

- actively recognising the limits of lawful activity due to, for example, the ultra vires doctrine, but also striving to utilise our statutory powers to the full benefit of our communities
- recognising the limits of lawful action and observing both the specific requirements of legislation and the general responsibilities placed on authorities by public law
- observing all specific legislative requirements placed upon the authority, as well as the requirements of general law, and in particular, by integrating the key principles of good administrative law – rationality, legality and natural justice – into our procedures and decision making processes

We will make best use of human resources by taking an active and planned approach to meet responsibility of staff by:

- developing and maintaining a clear policy on how staff and their representatives are consulted and involved in decision making

## 5.2 Openness and Engagement

We will focus on the diverse needs of citizens and service users and exercise strategic leadership by developing and clearly communicating our purpose, vision and intended outcomes by:

- developing and promoting our purpose and vision, reviewing them on a regular basis, and considering the implications for the way the authority is run
  - ensuring that our partnerships are underpinned by a common understanding and purpose which is shared by all partners
  - communicating our activities, achievements, financial position and performance
  - promoting equality of opportunity, combating discrimination and harassment and promoting good community relations

We will ensure that users receive a high quality of service whether directly, in partnership, or by commissioning, by:

- deciding how the quality of service for users is to be measured and making sure that we have the information needed to review quality effectively and regularly by having in place effective arrangements to identify and deal with failures in service delivery

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

- ensuring that effective, transparent and accessible arrangements are in place for dealing with complaints

We will encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal by:

- having in place effective arrangements in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority

We will exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships by:

- making clear throughout all the authority and to all staff and the community to whom the authority is accountable and for what
- considering those institutional stakeholders to whom the authority is accountable and assessing the effectiveness of the relationships and any changes required
- producing an annual report on the activity of the scrutiny function

We will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning by:

- ensuring that clear channels of communication are in place with all sections of the community and other stakeholders, and by having in place monitoring arrangements to ensure that they operate effectively
- ensuring that arrangements are in place to enable the authority to engage with all sections of the community effectively, that these recognise that different sections of the community have different priorities, and by establishing explicit processes for dealing with these competing demands
- establishing a clear policy on the types of issues we will meaningfully consult on or engage with the public and service users about, including a feedback mechanism to demonstrate what has changed as a result
- ensuring that the authority as a whole is open and accessible to the community, service users and our staff, and that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so

We will meet our duty to consult on performance (Part 6 of the Local Government and Elections (Wales) Act) which notes that a council must consult a range of people at least once in each financial year about the extent to which the council is meeting the performance requirements. The statutory consultees are local people, local businesses, staff of the council and Trade Unions

In reaching the conclusions of its self-assessment, the council must also take into account the views of the following about the extent to which the council met the performance requirements in the financial year to which the self-assessment report relates:

- local people;
- other persons carrying on a business in the council's area;
- the staff of the council; and every trade union which is recognised

The key priority should be to ensure that the council involves the views of the above in reaching its conclusions of the extent to which it is meeting the performance requirements.

### 5.3 Making a difference

We will ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other by:

- developing our vision, strategic plans, priorities and targets through robust mechanisms, which include consultation with the local community and other key stakeholders, and by articulating and disseminating them clearly
- having in place governance arrangements for partnerships which:
  - clarify the roles of members both individually and collectively in relation to the partnership and to the authority,
  - clearly set out the legal status of the partnership,
  - make clear the extent to which representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

We will ensure that members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance by:

- requiring the authority's leadership to set a tone for the organisation by creating a climate of openness, support and respect
  - defining and communicating through codes of conduct and protocols the standards of conduct and personal behaviour expected of our members and staff, of work between members and staff and between the authority, its partners and the community.
  - having in place arrangements which prevent our members and employees being influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and appropriate processes to ensure that the arrangements continue to operate in practice

We will ensure that organisational values, and particularly the corporate values of equality and sustainability, are put into practice and are effective by:

- designing systems and processes in conformity with appropriate ethical standards, and by monitoring their continuing effectiveness in practice
- maintaining an effective standards committee

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

- having in place an effective audit committee whose role is independent of the executive and scrutiny functions

#### **5.4 Making sure we achieve what we set out to do**

We will have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs by :

- ensuring that those making decisions, whether for the authority or partnerships, are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of technical issues and their implications

We will develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group by:

- developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
- ensuring that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and by agreeing an action plan which might, for example, aim to address any training or development needs

#### **Duty to keep performance under review**

The Local Government and Elections Act requires a council to keep under review the extent to which it is fulfilling the ‘performance requirements’ that is, the extent to which it is:

- exercising its functions effectively.
- using its resources economically, efficiently and effectively; and
- has effective governance in place for securing the above

The self-assessment will include the sources outlined within the Act’s statutory guidance.

The council is required to make and publish a self-assessment report once in respect of every financial year, it is for the council to determine when exactly to do this to best align with its own corporate arrangements.

#### **5.5 Valuing our people; engaging, leading and supporting**

We will ensure that there is effective leadership throughout the authority and specify clearly the roles and responsibilities of the executive and non-executive functions and also the scrutiny function by:

- setting out a clear statement of the respective roles and responsibilities of the executive and of the executive’s members individually, and the authority’s approach towards putting this into practice and setting out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers

We will ensure that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard by:

- having in place a scheme of delegation and reserve powers within the constitution, which includes a formal schedule of those matters specifically reserved for collective decision of the authority and which takes account of relevant legislation, and by ensuring that it is monitored and updated when required
  - the Chief Executive being responsible and accountable to the authority for all aspects of operational management
  - having protocols in place which ensure that the Leader and Chief Executive agree their respective roles early in the relationship and which maintain a shared understanding of the roles
  - a senior officer being responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control
  - a senior officer being responsible to the authority for ensuring compliance with agreed procedures and all applicable statutes

We will ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other by:

- having in place protocols to ensure effective communication between members and officers in their respective roles
- setting out the terms and conditions for remunerating members and officers and an effective structure for managing the process

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

- having in place arrangements to safeguard members and employees against conflicts of interest and effective processes to ensure that they continue to operate in practice

We will ensure that effective risk management is in place by:

- maintaining effective arrangements for whistle-blowing which are easily accessible to officers, staff and all those contracting with or appointed by the authority.

We will ensure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles by:

- providing induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis
- the statutory officers having the skills, resources and support necessary to perform effectively and by disseminating a clear understanding of their roles throughout the authority

We will develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group by:

- assessing the skills required by members and officers and committing the authority to develop these skills to enable roles to be carried out effectively

We will encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal by:

- ensuring that career structures are in place for members and officers to encourage participation and development

## **5.6 Managing risks, performance and finance**

We will ensure that best use is made of resources and that taxpayers and service users receive excellent value for money by:

- deciding how value for money is to be measured and making sure that we have the information needed to review value for money and performance effectively
- measuring the environmental impact of policies, plans and decisions
- working constructively with partner organisations to deliver improved services

We will ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other by:

- having in place effective mechanisms to monitor service delivery

The statutory duties placed on the Council through the Local Government and Elections Act are as follows:

### **Duty to keep performance under review**

The Act requires a council to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which it is:

- exercising its functions effectively.
- using its resources economically, efficiently and effectively; and
- has effective governance in place for securing the above.

### **Duty to consult on performance**

A council must consult a range of people at least once in each financial year about the extent to which the council is meeting the performance requirements. The statutory consultees are local people, local businesses, staff of the council and Trade Unions.

### **Duty to report on performance**

A council must produce a self-assessment report in respect of each financial year including actions improvement. This must go to the Governance and Audit Committee.

### **Duty to arrange a panel assessment of performance and respond to it.**

A council must arrange for a panel to undertake an assessment. This will apply after the May 2022 Local Government Election.

We will have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs by:

- ensuring that proper professional advice is available on matters that have legal or financial implications and recorded well in advance of decision

We will ensure that effective risk management is in place by:

- embedding risk management into the culture of the authority, where members and managers at all levels recognising that risk management is part of their jobs

We will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning by:

- monitoring performance regularly
- publishing an annual report giving information on the authority's vision, strategy, plans and financial statements as well as information about outcomes, achievements and the satisfaction of service users in the previous period

## 5.7 Good transparency and accountability

We will be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny by:

- maintaining an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall
- having in place open and effective mechanisms for documenting evidence for decisions and by recording the criteria, rationale and considerations on which decisions are based

We will take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning by:

- holding meetings in public unless there are good reasons for confidentiality
- ensuring that the authority as a whole is open and accessible to the community, service users and our staff, and that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.



The table below summarises what we will do to meet the 7 fundamental principles:

	7 Fundamental Principles						
We will:	Integrity & Values	Openness & engagement	Making a difference	Making sure we achieve what we set out to do	Valuing our people; engaging, leading & supporting	Managing risks, performance & finance	Good transparency & accountability
ensure that organisational values, and particularly the corporate values of equality and sustainability, are put into practice and are effective	✓		✓				
use our legal powers to the full benefit of the citizens and communities in our area	✓						
make best use of human resources by taking an active and planned approach to meet responsibility of staff	✓						
focus on the diverse needs of citizens and service users and exercise strategic leadership by developing and clearly communicating our purpose, vision and intended outcomes		✓					
ensure that users receive a high quality of service whether directly, in partnership, or by commissioning		✓					
listen and act on the outcome of constructive scrutiny		✓	✓				
encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal		✓			✓		
exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships		✓					
take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning		✓				✓	✓
be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny		✓	✓		✓		✓
ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other			✓		✓	✓	
ensure that members and officers exercise leadership by behaving in ways			✓				

	7 Fundamental Principles						
We will:	Integrity & Values	Openness & engagement	Making a difference	Making sure we achieve what we set out to do	Valuing our people; engaging, leading & supporting	Managing risks, performance & finance	Good transparency & accountability
that exemplify high standards of conduct and effective governance							
have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants / needs				✓		✓	
develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group				✓	✓		
ensure that there is effective leadership throughout the authority and specify clearly the roles and responsibilities of the executive and non-executive functions and also the scrutiny function					✓		
ensure that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard					✓		
ensure that effective risk management is in place					✓	✓	
ensure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles					✓		
ensure that best use is made of resources and that taxpayers and service users receive excellent value for money						✓	

## Governance & Audit Committee 16 July 2021

<b>Subject and Purpose:</b> <b>Minutes of relevant Groups to the Governance &amp; Audit Committee</b>		
<b>Recommendations / key decisions required:</b> Minutes to be received.		
<b>Reasons:</b> Terms of Reference for the Audit Committee stipulate that minutes of the Grants Panel, Corporate Governance Group and Risk Management Steering Group be received by the Governance & Audit Committee.		
<b>Relevant scrutiny committee to be consulted:</b> N/A		
<b>Exec. Board Decision Required:</b> N/A <b>Council Decision Required:</b> N/A		
EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr D Jenkins		
<b>Directorate:</b> Corporate Services  <b>Name of Head of Service:</b> Helen Pugh  <b>Report Author:</b> Helen Pugh	<b>Designation:</b> Head of Revenues and Financial Compliance	<b>Tel No.:</b> 01267 246223  <b>E Mail Address:</b> HLPugh@cararthenshire.gov.uk

## EXECUTIVE SUMMARY

### Governance & Audit Committee 16 July 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
- Grants Panel Minutes
- Corporate Governance Group

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
<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>	<b>NONE</b>

## 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

This page is intentionally left blank

## RISK MANAGEMENT STEERING GROUP

**Minutes of Meeting held on**

**Thursday, 29<sup>th</sup> April 2021**

**Via Microsoft Teams**

<b>Members Present:</b>			
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
Jackie Bergiers	Chief Executive's	Lead Business Partner (H&S)	JB
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
Dylan W Jones	Corporate Services	Principal Risk Officer	DWJ
Kate Harrop	Chief Executive's	Community Safety Manager	KH

<b>Item No</b>	<b>Subject</b>	<b>Action</b>
<b>1.</b>	<b>Apologies</b> Stephen G Pilliner–Chair of Transport Risks Working Group Richard Stradling – Communities (Leisure) Risk Champion Sue P John – School Organisation & Admissions Manager, Education & Children Noelwyn Daniel – Head of ICT & Policy, Chief Executive's Robert Edgecombe – Legal Services Manager, Chief Executive's Mark Stephens – Marsh UK Ltd	
<b>2.</b>	<b>Minutes of Last Meeting</b> The Minutes of the Risk Management Steering Group Meeting held on Tuesday, 26 <sup>th</sup> January 2021 via Teams, were confirmed as a true record.	

<b>2.1</b>	<b>Matters arising from Risk Management Steering Group Minutes.</b>	
<b>2.1.1</b>	<b>Alarm Receiving Centre</b> Confirmation received from the Legal Services Manager that it was in order for Delta Wellbeing to provide this service for the Council. Discussions with Delta Wellbeing and the Council's Property Insurers to continue. Update to be provided at next meeting.	
<b>2.1.2</b>	<b>Water Safety Equipment</b> No progress to report. Update to be provided at next meeting.	<b>JB</b>
<b>2.1.3</b>	<b>Covid-19</b> With reference to Covid-19, JB advised that the Corporate Health & Safety Team continue to provide support and guidance to the Council and its employees.	
<b>3</b>	<b>Minutes of Property &amp; Liability Risks Working Group Meeting – 16<sup>th</sup> April 2021</b> The Minutes were noted.	
<b>3.1</b>	<b>Matters arising from Property &amp; Liability Risks Working Group Minutes</b>	
<b>3.1.1</b>	<b>Property Claims</b> Meeting to be arranged between CCC technical officers and property claims loss adjusters to clarify aspects of claims settlements.	<b>JS</b>
<b>4.</b>	<b>Minutes of Contingency Planning Working Group Meeting – 14<sup>th</sup> April</b> The Minutes were noted.	
<b>4.1</b>	<b>Matters arising from Contingency Planning Working Group Minutes</b>	
<b>4.1.1</b>	<b>Membership / Terms of Reference</b> CPWG membership and Terms of Reference under review.	
<b>4.1.2</b>	<b>TIC Review – Long term impact of Covid-19</b> The TIC Programme Manager had delivered a presentation of the recent review completed by the TIC Team. Agreed actions included: <ul style="list-style-type: none"> <li>• Departmental Business Continuity Plans to be reviewed with special attention to long-term incidents such as Covid-19.</li> <li>• CPWG to liaise with the Better Ways of Working Group</li> </ul>	
<b>4.1.3</b>	<b>Brexit</b> Update provided to the CPWG by the Economic Development Manager with no negative issues to report.	



<b>5.</b>	<b>Minutes of Transport Risks Working Group – 26<sup>th</sup> April 2021</b> The Minutes were noted.	
<b>5.1</b>	<b>Matters arising from Transport Risks Working Group</b>	
<b>5.1.1</b>	<b>Zurich Municipal Motor Vehicle Grading Report</b> JS advised that the Motor Risk Grading Review of the Authority's fleet risk management arrangements was ongoing. Update to be provided at next meeting.	<b>JS</b>
<b>5.1.2</b>	<b>Ash Die Back</b> It was reported that delivery of the Authority's Ash Die Back project continued to make good progress.	
<b>6.</b>	<b>Wales Audit Office – Review of Risk Management Arrangements</b> DWJ 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"> <li>• Revised Risk Management &amp; Contingency Planning Strategy including Toolkit 2018-2022 to be circulated to members of the RMSG for feedback.</li> <li>• RMSG Terms of Reference to be reviewed and updated.</li> <li>• Data cleansing of RM Bids.</li> <li>• Risk Management training programme identified via the Council's Insurers and options for delivery to be finalised.</li> </ul>	
<b>7.</b>	<b>Corporate Risk Register</b> HLP advised that the Corporate Risk Register was received by the Governance & Audit Committee on Friday, 26 <sup>th</sup> March 2021.	
<b>8.</b>	<b>Bids for Financial Assistance</b>	
<b>8.1</b>	<b>Extension of RM Bid 386 – Ysgol Llanddarog</b> This Departmental bid related to the installation of security improvements at Ysgol Llanddarog. It was agreed that 50% of the additional cost be approved.	
<b>8.2</b>	<b>E&amp;C – Ysgol Bro Myrddin</b> This Departmental bid related to the installation of security improvements at Ysgol Bro Myrddin. It was agreed that the Departmental bid (i.e. 50% of the estimated cost) be approved.	
<b>8.3</b>	<b>ENV – Cleaning – Mobile Smart Phone Provision</b> This Departmental bid related to the purchase of mobile smart phones for the staff of the Council's Cleaning Service. It was agreed that the Departmental bid (i.e. 50% of the estimated cost) be approved for the cost of the devices only.	

<b>8.4</b>	<b>CEX – Community Safety – Implementation of new proposed CCTV Policy</b> This bid related to the appointment of a dedicated officer to implement the new proposed CCTV Policy across the Council to ensure compliance with the Protection of Freedoms Act (POFA) 2012. It was agreed that the Corporate bid (i.e. 100% of the estimated cost) be approved.	
<b>8.5</b>	<b>ENV – Property – Condition Surveys of CCC Non-Housing Properties</b> This bid related to the implementation of a pilot project to establish a comprehensive building condition survey programme. It was agreed that the Corporate bid (i.e. 100% of the estimated cost) be approved.	
<b>9.</b>	<b>Any Other Business</b>	
<b>9.1</b>	<b>Mod.Gov</b> DJ requested that the Group consider the use of the Mod.Gov platform for the RMSG meetings. HLP/JS to investigate.	<b>HLP/JS</b>
<b>9.2</b>	<b>Risk Management Working Groups</b> It was agreed by the Group that the Executive Board Risk Champion be invited to attend the Risk Management Working Groups.	
<b>10.</b>	<b>Next Meeting</b> July 2021 via Microsoft Teams – exact date to be advised	

MINUTES OF THE GRANTS PANEL MEETING HELD ON 26 <sup>th</sup> FEBRUARY 2021 VIA TEAMS		
<b>PRESENT:</b>	Randal Hemingway, Head of Financial Services Caroline Powell, Principal Auditor, Internal Audit (IA) Rhian Phillips, Economic Development Area Manager Nia Thomas, Chair of PWG, Education & Children (Revenue) Les James, Chair of PWG, Communities Delyth Thomas, Grants Compliance Officer Kate Havard, Financial Audit Team, Audit Wales (AW) Richard Arnold, Swansea Bay City Region Finance Manager	
<b>APOLOGIES:</b>	Helen Pugh, Head of Revenues & Financial Compliance Simon Davies, Chair of PWG, Education & Children (Capital) Stuart Walters, Economic Development Manager Helen Morgan, Economic Development Manager Alan Howells, Chair of PWG, Environment	
	SUBJECT	ACTION
1.0	<b><u>Minutes of the last meeting</u></b> <ul style="list-style-type: none"> <li>Minutes were agreed.</li> </ul>	
	<b><u>Matters Arising</u></b>	
2.0	<ul style="list-style-type: none"> <li>The 2020/21 service level agreement with Hywel Dda LHB for Wanless (Money Transfers) is currently with the Director of Communities for signing. Checks to be undertaken to ensure figures within the agreement reconcile with the Authority's approved budget.</li> <li>The exercise to review grants awarded in 2019/20 and 2020/21 to assess any impact on the amount of grant awarded to the Authority due to the COVID 19 pandemic was presented to Grants Panel. For some grants the value awarded is the same for both years and doesn't allow for any inflationary increase. It was also noted that several new grants awarded to the Authority are COVID 19 related.</li> <li>Project managers of two European grant funded capital projects have been contacted to confirm the current status of the grant income outstanding from the funder. <ul style="list-style-type: none"> <li>Grant monies of £1.5m for the Pendine Attractor project has now been received</li> <li>Grant income of £471k was outstanding for the Crosshands East Strategic Employment Site Phase 2. The sum of £152k has now been received. Following a meeting with WEFO and WG to review the procurement</li> </ul> </li> </ul>	DT

	SUBJECT	ACTION
	<p>process undertaken for the project WEFO has confirmed that all costs relating to the procurement exercise are eligible</p> <ul style="list-style-type: none"> <li>Concerns continue to be raised regarding delays in the approval of exception reports relating to procurement. This is to be followed up with the Director of Corporate Services.</li> <li>Concerns regarding additional grants being awarded with tight timescales for delivery, grants being awarded with specific criteria with no flexibility, and the capacity in managing the additional grants have all been raised with the Director of Corporate Services and WLGA. The Head of Financial Services is currently awaiting feedback from a meeting between WLGA and WG on these issues.</li> <li>The approval for an exemption to apply restrictions on properties relating to the Childcare Offer Small Grant Scheme funded by WG is still under consideration by the Director of Corporate Services. Request for approval to be followed up.</li> <li>The introduction of electronic signatures e.g. Adobe Sign and DocuSign by the Authority is now being managed by TIC who will be liaising with all relevant parties.</li> </ul>	<p>RH</p> <p>RH</p> <p>RH</p>
3.0	<p><b><u>Audit Wales - Update</u></b></p> <ul style="list-style-type: none"> <li>The audit programme for 2019/2020 has almost been completed with one qualification letter issued for the Wanless (Money Transfers) return. However the 2019/20 return for Pooled Budgets has yet to be submitted for audit.</li> <li>There is no anticipated change to the audit programme for 2020/21. However clarification is to be sought regarding the audit requirements for the COVID 19 grants managed by the Authority and those administered on behalf of Welsh Government.</li> <li>Following the increase in the number of grants awarded to the Authority by WG, the Head of Financial Services working with the WLGA is looking</li> </ul>	<p>KH/RH</p>

	SUBJECT	ACTION
	<p>for:</p> <ul style="list-style-type: none"> <li>○ increased flexibility on delivery due to the increase number of grants awarded</li> <li>○ increased flexibility due to the impact of COVID 19 on the ability to deliver grants</li> <li>○ clarification on how this could be linked to audit work due to be undertaken as the delivery of some grants has been moved from the 31<sup>st</sup> March 2021</li> </ul> <ul style="list-style-type: none"> <li>• Where grant monies are received and issued by the Authority as agency payments guidance to be sought from Audit Wales central team on how these should be reflected in the Statement of Accounts.</li> </ul>	<p>RH</p> <p>RH</p> <p>KH</p> <p>RH/KH</p>
4.0	<p><b><u>Internal Audit (IA) - Update</u></b></p> <ul style="list-style-type: none"> <li>• Audit work for the Post 16 grant for 2019/2020 has been completed.</li> <li>• The audit certificates for the 2020/21 quarter 3 claims have also been completed for the Pupil Deprivation Grant and the Education Improvement Grant.</li> <li>• Where some audit certificates for grants are to be signed by the Chief Finance Officer, the Chief Finance Officer will determine if any assurance work needs to be undertaken by IA before the certificate is signed.</li> </ul>	
5.0	<p><b><u>Grants Register 2020/21</u></b></p> <ul style="list-style-type: none"> <li>• An updated register covering all departments was presented to Grants Panel. Several new grants recently awarded are COVID 19 related.</li> </ul>	
6.0	<p><b><u>Project Working Groups</u></b></p> <ul style="list-style-type: none"> <li>• Minutes of PWG meetings were circulated to Grants Panel members for: <ul style="list-style-type: none"> <li>○ Education &amp; Children (Capital): 24/11/20</li> <li>○ Communities: 25/11/20</li> <li>○ Chief Executives: 24/11/20</li> </ul> </li> </ul>	

	SUBJECT	ACTION
	<ul style="list-style-type: none"> <li>With the increased number of grants being awarded to the Education &amp; Children Department, concerns have been raised on the impact this has on managing these additional grants on both the department and each individual school.</li> <li>As part of the approval process of the RDP Implementation reprofile the unit rates relating to staff costs under the Simplified Costs Options rules have been approved by WG.</li> </ul>	
7.0	<p><b><u>European Grants Update</u></b></p> <ul style="list-style-type: none"> <li>The Authority has been notified that the Cara Cymru – Caring for Wales project has been approved under the Rural Development Programme. This is a pan Wales project led by Keep Wales Tidy with Carmarthenshire County Council as a partner. The project will run until 2023.</li> <li>The Authority is still waiting for approval for an application submitted for the Economic Acceleration &amp; Regeneration Through Innovation project (EARTH). This a regional project to be led by Carmarthenshire County Council in partnership with Pembrokeshire County Council, Neath Port Talbot Council and Swansea Council.</li> <li>The amount of grant income outstanding to the Authority for European grant funded projects is continually monitored. Where there are delays in receiving the grant income the project manager is being contacted to follow up with the funding body or lead body where appropriate.</li> <li>As the LINC project under the Rural Development Programme has ended an email to be sent to the project manager to ensure that closure procedures have been adhered to. The closure of 6 internal sub projects funded via the RDP LEADER Implementation project will be managed by the RDP LEADER team.</li> </ul>	RP

	SUBJECT	ACTION
8.0	<p><b><u>City Deal Update</u></b></p> <ul style="list-style-type: none"> <li>• The Swansea Bay City Region Finance Manager attended the meeting to explain the financial mechanics in the award of City Deal funding to projects.</li> <li>• Grant monies due from both UK and Welsh Governments will be received by the Authority on an agreed timeline. No monies will be paid to any project until the project's business case has been formally approved by both governments and legal agreements signed.</li> <li>• Responsibility for delivering the individual business plans for each project lies with the respective local authority.</li> <li>• There are principal funding agreements between Carmarthenshire County Council as the accountable body and each project authority lead. For projects delivered locally and on a regional basis by Carmarthenshire County Council a Memorandum of Understanding will be in place. There are also secondary funding agreements between each project authority lead and partner delivery providers where applicable.</li> <li>• The total grant to be managed by the Authority for the locally delivered projects and the regional projects led by Carmarthenshire is approximately £80m over 15 years.</li> <li>• Grant monies relating to a specific project will be distributed based on actual spend quarterly in arrears.</li> <li>• From a grant governance perspective the Authority needs to ensure that the key objectives outlined within each project's approved business plan and within the legal agreements are monitored and achievable to avoid the risk of any clawback of grant. However there is a change management policy in place to manage and mitigate any risk within the City Deal governance structure.</li> <li>• The project's key objectives are categorised within</li> </ul>	

	SUBJECT	ACTION
	<p>three components which each determine the obligation of the Authority:</p> <ul style="list-style-type: none"> <li>○ Outputs are specific to the agreed purpose of the City Deal funding</li> <li>○ Outcomes e.g. GVA uplift (gross value added), jobs, training where Authority or the third party organisation delivering the project needs to ensure and can demonstrate that reasonable endeavours are made to achieve the outcomes</li> <li>○ Impacts which are areas that cannot be quantified e.g. use of the welsh language, increase of skills as a result of training</li> </ul> <ul style="list-style-type: none"> <li>• COVID 19 impact assessments have been undertaken on all projects to manage the impact on key objectives. This will be an ongoing undertaking for the foreseeable future.</li> </ul>	
9.0	<p><b><u>AOB</u></b></p> <ul style="list-style-type: none"> <li>• The Grants Management training undertaken in February 2021 was attended by 51 officers from the Environment and the Chief Executive's Departments. A further 23 officers are due to undertake training in March 2021.</li> <li>• Issues raised by officers attending the training sessions include the retention of original documentation for projects especially during the COVID 19 crisis. Funding body guidance to be checked to determine the options the Authority has in relation to document retention requirements.</li> <li>• The PDG Access grant is currently used to provide school uniform and educational resources for eligible pupils. A variation letter is due to be received from WG to: <ul style="list-style-type: none"> <li>○ extend the school years for the provision of the school uniform and educational resources</li> <li>○ broaden the range of purchases to include a laptop if the school cannot lend the family a device</li> <li>○ the 2020/21 grant award to be extended to 30<sup>th</sup> June 2021</li> </ul> </li> </ul>	<p>RP/DT</p> <p>RP/DT</p>



	SUBJECT	ACTION
	<p>On receipt of the variation letter a review to be undertaken on the current process for the award of the third party grant in conjunction with Internal Audit. Any revised procedures to be forwarded to WG for sign off.</p> <ul style="list-style-type: none"> <li>• The authority's Authorised Signatory list retained by Corporate Services has been updated by all departments to include those officers who have delegated authority to sign the grant acceptance.</li> <li>• Where grant acceptance letters require two authorised signatories it is recommended that one signatory would be from the department itself and the second signatory from Corporate Services.</li> <li>• Noted that all grant claims should be authorised by an appropriate officer of the Financial Services division who has delegated authority to sign claims even in instances where the claim doesn't specify that a finance signatory is required.</li> <li>• Any updates relating to the Shared Prosperity Fund will be presented in the next Grants Panel meeting. A consultation is also currently underway, being co-ordinated by the WLGA, on the future Rural Development Programme.</li> </ul>	
10.0	<ul style="list-style-type: none"> <li>• Date of next meeting – 2:00pm on 7<sup>th</sup> June 2021 via Teams</li> </ul>	

This page is intentionally left blank

## Minutes of the Corporate Governance Group

16<sup>th</sup> February, 2021

2.00pm – 3:10pm

### Teams Meeting

#### Present:

Cllr. David Jenkins (DJ)	Executive Board Member (Resources) (Chair)
Chris Moore (CM)	Director of Corporate Services
Helen Pugh (HP)	Head of Revenues and Financial Compliance
Linda Rees Jones (LRJ)	Head of Administration and Law
Noelwyn Daniel (ND)	Head of ICT
Gwyneth Ayers (GA)	Corporate Policy & Partnership Manager
Ruth Morgan (RM)	Senior Administrative Officer

#### Apologies:

Cllr. Mair Stephens (MS)	Executive Board Member (HR)
Paul Thomas (PT)	Assistant Chief Executive
Randal Hemingway (RH)	Head of Financial Services
Alison Wood (AW)	People Services Manager
Cllr. Tina Higgins (TH)	Councillor

Item No.	Discussion / Action	Responsible Officer
1.	<b><u>Apologies</u></b> As noted above.	RM
2.	<b><u>Minutes of Last Meeting dated 4<sup>th</sup> December, 2020 – Accuracy / Matters Arising</u></b> It was AGREED that the Minutes were a correct record.	All
3.	<b><u>Updated Code of Corporate Governance</u></b> After a final scrutiny of the document, group members were happy for the document to be submitted to CMT.  However, HLP to liaise with members who were absent during today's meeting, in order to seek their updates/comments, if any, prior to submitting the document through the path of ie. CMT, PEB, Executive Board and approval by Audit Committee.  It was suggested, once approved by Audit Committee the document could be circulated through the Authority's different platforms in order to promote / raise awareness etc..	HP

4.	<p><b><u>AGS – Update on Actions</u></b></p> <p>A group discussion had been carried out in terms of reviewing / updating the current Actions and HLP updated the AGS master template accordingly.</p> <p>It was AGREED, a supplementary meeting be arranged to update and finalise the draft AGS. However, HLP to obtain Paul Thomas and Alison Wood’s Action updates prior to the additional AGS meeting.</p> <p>RM to arrange a convenient date to finalise the draft.</p>	<p>HP</p> <p>RM</p>
5.	<p><b><u>Corporate Strategy: Building a Better Council</u></b></p> <p>GA and ND notified the forum as follows :-</p> <ul style="list-style-type: none"> <li>• Corporate Strategy was currently going through the review process.</li> <li>• Following a review of the objectives, there were now 13 wellbeing objectives as oppose to the previous 15.</li> <li>• PEB has had sight of the document and currently working it’s way through the Scrutiny Committee process, over the next few weeks.</li> <li>• Departmental Business Plans would proceed to the various Scrutiny Committees (ie. not for this cycle but during the following cycle).</li> <li>• Wellbeing Objective 10 (more than 1 Executive Board Member) – In moving forward, possibility of reviewing the objective after the 1<sup>st</sup> cycle (ie. in order to specify which part(s) of the objective the Executive Board Members were responsible for.</li> </ul>	
6.	<p><b><u>Information Governance – Update</u></b></p> <p>ND confirmed, the group had not met to date and a meeting was scheduled for the following week.</p> <p>ND explained, 1 of the topics to be discussed during the meeting would be the number of human error data breaches that the division had experienced over the previous year within Communities and Children Services. Feedback of the discussion to be provided in the next Corporate Governance meeting in May.</p>	ND
7.	<p><b><u>Draft statutory guidance – Performance and governance of principal councils (Local Government and Elections Bill (Wales) on chapter 6) - Update</u></b></p> <p>GA provided an overview as follows :-</p>	

	<ul style="list-style-type: none"> <li>• Consultation – The Local Authority’s response had been submitted during February and to date no response had been received from Welsh Government.</li> <li>• Panel Assessments – Effective from, after the Local Government Election and the panel would comprise of :- <ul style="list-style-type: none"> <li>- Independent Chair</li> <li>- Senior Executive Board Member</li> <li>- Senior Officer (CMT)</li> <li>- 2 Independent Members</li> </ul> </li> <li>• Improvement Officer - WLGA have appointed namely Rod Allcott as an Improvement Officer (a former Auditor) in order to support organisations.</li> </ul>	
8.	<p><b><u>Regulations to establish Corporate Joint Committees (CJs) – Update</u></b></p> <p>The following proposed updates had been raised as follows:-</p> <ul style="list-style-type: none"> <li>• During a previous Heads of Policy meeting, attention had been drawn to the current White Paper Consultation for Social Services which referred to potentially adding Social Services to the Corporate Joint Committees.</li> <li>• In terms of implementing, possibility of being pushed back to 2022.</li> </ul>	
9.	<p><b><u>CRWG – Update</u></b></p> <p>LRJ confirmed, a CRWG meeting had not taken place but explained, focus was now in having a CRWG meeting to look at the changes that was required to the constitution for the AGM (ie. to reflect the new Act). LRJ to provide an update in the next Corporate Governance meeting in May.</p>	LRJ
10.	<p><b><u>Monitoring outputs of Carmarthenshire CC led projects</u></b></p> <p>CM to request a Report from John Burns in order to ascertain what had been put in place in terms of the monitoring arrangements for the outputs of City Deal projects, in particular, ones we either have a lead on or/are operating. A decision to be made, once the Report was to hand, on what was required on an on-going basis.</p>	CM
11.	<p><b><u>Any Other Business</u></b></p> <p>No other items had been raised by group members.</p> <p>Chair thanked all present for their attendance and participation and called the meeting closed at 3:10pm.</p>	



## Minutes of the Corporate Governance Group

30<sup>th</sup> March, 2021

11.30am – 1:00pm

### Teams Meeting

#### Present:

Cllr. David Jenkins (DJ)	Executive Board Member (Resources) (Chair)
Cllr. Mair Stephens (MS)	Executive Board Member (HR)
Chris Moore (CM)	Director of Corporate Services
Helen Pugh (HP)	Head of Revenues and Financial Compliance
Paul Thomas (PT)	Assistant Chief Executive
Randal Hemingway (RH)	Head of Financial Services
Alison Wood (AW)	People Services Manager
Robert James (RJ)	Performance Planning and Business Officer (substituting on behalf of Noelwyn Daniel and Gwyneth Ayers)
Ruth Morgan (RM)	Senior Administrative Officer

#### Apologies:

Linda Rees Jones (LRJ)	Head of Administration and Law
Noelwyn Daniel (ND)	Head of ICT
Gwyneth Ayers (GA)	Corporate Policy & Partnership Manager
Cllr. Tina Higgins (TH)	Councillor

Item No.	Discussion / Action	Responsible Officer
1.	<b><u>Apologies</u></b> As noted above.	RM
2.	<b><u>Annual Governance Statement Update</u></b> HLP explained the purpose of the additional meeting ie. in order to review / update and finalise the document to enable the group to meet the new statutory deadlines.  The approach that had been followed to finalise the document was, each individual page of the document had been scrutinised by group members and HLP updated and modified the master template accordingly.  HLP confirmed, all additional comments had been modified via the template during the meeting and would follow up with relevant officers' for their comments/paragraphs where necessary and once finalised the AGS document would be forwarded on to Randal Hemingway's team.	ALL GROUP MEMBERS PARTICIPATED

	<p>In addition, HLP notified the group, guidance had been received from CIPFA, COVID-19 required to be incorporated and covered within the document (which had now been modified into the document).</p> <p>Chair thanked all members present for their attendance and participation and called the meeting to a close at 1:00pm.</p>	
--	---	--



Friday, 26 March 2021

**PRESENT:** Councillor T.M. Higgins (Chair)

**Councillors:**

K.V. Broom, K.Davies, G.H. John, E. Morgan (In place of B.A.L. Roberts), A.G. Morgan, B. Thomas and D.E. Williams

Mrs J. James [External Voting Member]

**Also present as an observer:**

Councillor D.M. Jenkins – Executive Board member for Resources

**In attendance from Audit Wales:-**

J. Garcia  
N. Jenkins  
A. Lewis

**The following Officers were in attendance:**

C. Moore, Director of Corporate Services  
H. Pugh, Head of Revenues and Financial Compliance  
L.R. Jones, Head of Administration and Law  
C. Powell, Principal Auditor  
R. Lloyd, Democratic Services Officer  
K. Thomas, Democratic Services Officer

**Virtual Meeting - 2.00 - 3.35 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
E. Morgan	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund
K. Davies	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund
G. John	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund
E. Williams	8.3 – 2021 Audit Plan – Dyfed Pension Fund	Member of the Pension Fund Chair of the Dyfed Pension Fund Committee

**3. INTERNAL AUDIT PLAN 2020/21 UPDATE**

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan 2020/21.

The Head of Revenues and Financial Compliance reported that subsequent to the production of the report the percentage performance on the plan's completion had increased from the reported 81.2% to 83% against a target of 85%.

The following question/issue was raised on the report:-

- The Head of Revenues and Financial Compliance in response to a question on the performance achievement rate, reminded the Committee she had previously advised that due to the impact of covid-19, and staff redeployment etc, the 2021 audit plan had been slimmed down. That action had enabled an emphasis to be placed on auditing more thematically including cross boundary works and targeting larger work elements, as opposed to smaller works

**UNANIMOUSLY RESOLVED that the Internal Audit Plan update 2020/21 be received.**

#### **4. INTERNAL AUDIT RECOMMENDATIONS**

The Committee considered a report providing an update on progress made on the implementation of the Internal Audit Plan.

The Head of Revenues and Financial Compliance advised the Committee that Internal Audit had issued a total of 138 recommendations during the 2019/20 financial year with recommendation ratings of between 1\*- 3\*. To date, 114 (83%) had been completed or in progress, 13 (9%) either had actions outstanding or were off target with the remaining 11 (8%) having not reached their target date.

The following question/issue was raised on the report:-

- The Head of Revenues and Finance in response to a question on the recommendations not having reached target advised they related to the impact of Covid-19 within the Communities Department. She confirmed discussions were being undertaken with the Department on their implementation.

**UNANIMOUSLY RESOLVED that the Internal Audit Recommendations report be received.**

#### **5. INTERNAL AUDIT PLAN 2021/22 & PLANNED COVERAGE FOR 2021-24**

The Committee considered a report providing details of the Internal Audit Plan for 2021/22 and the planned coverage for 2020/24, as required by the Public Sector Internal Audit Standards for a risk based Internal Audit Plan to be prepared each year to determine the priorities for audit and to ensure they were consistent with the Council's goals and objectives. In accordance with that requirement, it was noted the current Audit Plan had been compiled following consideration of the Authority's Corporate Risk Register and Service Risk Registers, thus ensuring appropriate coverage and consideration of the Authority's highest risks.

**UNANIMOUSLY RESOLVED**

**5.1 that the Annual Internal Audit Plan for 2021/22 be approved;**

**5.2 that the plan coverage for 2021-24 be confirmed.**

## **6. AUDIT COMMITTEE FORWARD WORK PROGRAMME**

The Committee considered the proposed Forward Work Programme for the 2021/22 Audit Committee Cycle detailing the items to be presented to Committee at scheduled meetings during the forthcoming year.

**UNANIMOUSLY RESOLVED that the report be received.**

## **7. CARMARTHENSHIRE COUNTY COUNCIL'S CORPORATE RISK REGISTER 2020/21**

The Committee received for consideration the Corporate Risk Register which was maintained to evaluate the Council's exposure to key strategic risks.

The Committee noted that subsequent to its previous consideration, risk reference CRR190011- Develop and deliver Improvement Plan/Corporate Performance plans had been removed from the register whilst the following three service risks had been added:

- i) Planning – Natural Resources Wales Interim Planning Advice
- ii) Planning
- iii) Critical Authority wide I.T. systems

The following observations/issues were raised on the report:-

- Reference was made to the planning risks and to whether the register would recognise the impact that could have on other service areas within the Council, for example, economic development. The Head of Revenues and Financial Compliance confirmed that aspect had been recognised and acknowledged by the Corporate Management Team and the report's narrative would be amended accordingly
- With regard to a question on the mental health and well-being of staff, the committee was advised that the risk rating had been reduced from 20 – 15 as a direct consequence of the amount of work being undertaken by the Authority in that area which had included a mental health week and training for managers

**UNANIMOUSLY RESOLVED that the report be received.**

## **8. TO CONSIDER THE FOLLOWING DOCUMENTS PREPARED BY AUDIT WALES:-**

### **8.1. CARMARTHENSHIRE COUNTY COUNCIL ANNUAL AUDIT SUMMARY 2020**

The Committee considered the 2020 Annual Audit Summary produced by Audit Wales on its completed work for Carmarthenshire County Council since the last Annual Improvement Report issued in August 2019. It was noted that publication of the Audit Summary formed part of the Auditor General for Wales' duties.

**UNANIMOUSLY RESOLVED that the Carmarthenshire County Council Annual Audit Summary 2020 be received.**

## **8.2. 2021 AUDIT PLAN - CARMARTHENSHIRE COUNTY COUNCIL.**

The Committee considered the 2021 Audit Plan for Carmarthenshire County Council. It was noted that the Auditor General, as the Council's external auditor, must discharge his statutory duties and obligations under the Public Audit (Wales) Act 2004 and the plan summarised the work to be carried out in order to discharge those responsibilities.

The following questions/issues were raised on the report:

- With regard to a question asked on the recent national report produced by the Auditor General on Cyber Security, it was confirmed the Authority would be examining that report in relation to its own security measures;
- Reference was made to the high level of financial assistance provided by the Government to businesses affected by the Covid pandemic and to whether there was a risk to the Authority in relation to both the claims it had submitted for loss of income etc and to its administering of grants to businesses, as an agent for the Welsh Government, in relation to fraudulent claims

The Director of Corporate Services advised that in relation to the administration of grants, the Authority had introduced a number of measures for the 1<sup>st</sup> tranche of grants to ensure as far as possible the opportunity for fraudulent claims was minimised. That included an insistence all claims were accompanied by a bank statement detailing the company's trading name, the company being included on the National Non-Domestic Rates Register, the use of local intelligence and for claimants to make a self-declaration. With regard to the payment of grants in the subsequent lock down, the authority had recognised there was an element of risk applicable on the WG requirement for payments to businesses to be made based on the previous database as some companies may have ceased trading. However, the authority had undertaken as many checks as possible to avoid such payments being made.

The Director advised that in relation to claims submitted by the Council for loss of income, the majority of those had been approved by the Welsh Government with the exception of any loss arising from a local decision e.g. the decision by the council to allow free car parking during the summer. All claims were submitted on a monthly basis and evaluated by Welsh Government which had requested further information on some claims prior to approval.

**UNANIMOUSLY RESOLVED that the 2021 Audit Plan for Carmarthenshire County Council be received.**

## **8.3. 2021 AUDIT PLAN - DYFED PENSION FUND**

(NOTE:

1. Councillors E. Morgan, K. Davies and G. John had earlier declared an interest in this item.
2. Councillor E. Williams declared an interest at the commencement of this item as a member of the Dyfed Pension Fund and Chair of the Dyfed Pension Fund Committee)

The Committee considered the 2021 Audit Plan for the Dyfed Pension Fund. It was noted that the Auditor General, as the auditor for the Dyfed Pension Fund, must discharge his statutory duties and obligations under the Public Audit (Wales) Act 2004 and the plan summarised the work to be carried out in order to discharge those responsibilities.

**UNANIMOUSLY RESOLVED that the 2021 Audit Plan for the Dyfed Pension Fund be received.**

## **9. MINUTES OF RELEVANT GROUPS TO THE AUDIT COMMITTEE**

### **9.1. RISK MANAGEMENT STEERING GROUP - 26TH JANUARY 2021**

**UNANIMOUSLY RESOLVED that the minutes of the Risk Management Steering Group held on 26<sup>th</sup> January 2021, be received.**

### **9.2. GRANTS PANEL - 27TH NOVEMBER 2020**

**UNANIMOUSLY RESOLVED that the minutes of the Grants Panel held on the 27<sup>th</sup> November, 2020 be received.**

## **10. LOCAL GOVERNMENT AND ELECTIONS (WALES) ACT 2021 AUDIT COMMITTEE CHANGES**

The Committee considered a report on provisions within the Local Government and Elections (Wales) Act 2021 that required local authority's to change the name of their Audit Committees to "Governance and Audit Committee" and to incorporate the following additions to their terms of reference:-

- 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.

The Committee also noted that further changes, effective from 5<sup>th</sup> May, 2022 would require one third of the Governance and Audit Committee to be lay persons and for a lay person to be appointed as the Committee Chair. It was further noted that changes to the Council constitution to incorporate the above changes would be made at the Annual General Meeting on the 19<sup>th</sup> May, 2021 and again at the first meeting of the Council following the local government elections in May 2022.

The Head of Administration and Law referred to the revised Terms of Reference appended to the report and drew the Committee's attention to point 3 thereof and advised that reference to performance assessment had been omitted. It should have read 'to review and assess risk management, internal control, performance

assessment and corporate governance arrangements of the authority'

**UNANIMOUSLY RESOLVED** that the **Changes to the Audit Committee** introduced by the **Local Government and Elections (Wales) Act 2021** and the **Committees Revised Terms of Reference**, including the above amendment to point 3, be noted.

11. **TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON THE 18TH DECEMBER, 2020.**

**RESOLVED** that the minutes of the meeting of the Audit Committee held on the 18<sup>th</sup> December, 2020 be signed as a correct record.

---

**CHAIR**

---

**DATE**