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MONDAY, 23 OCTOBER 2023

TO: ALL MEMBERS OF THE GOVERNANCE & AUDIT COMMITTEE

I HEREBY SUMMON YOU TO ATTEND A MEETING OF THE **GOVERNANCE & AUDIT COMMITTEE** WHICH WILL BE HELD IN THE **CHAMBER - COUNTY HALL, CARMARTHEN. SA31 1JP AND REMOTELY AT 10.00 AM ON FRIDAY, 27TH OCTOBER, 2023** FOR THE TRANSACTION OF THE BUSINESS OUTLINED ON THE ATTACHED AGENDA

Wendy Walters

CHIEF EXECUTIVE

Democratic Officer:	Julie Owens
Telephone (direct line):	01267 2244088
E-Mail:	juowens@carmarthenshire.gov.uk
This is a multi-location meeting. Committee members can attend in person at the venue detailed above or remotely via the Zoom link which is provided separately.	
The meeting can be viewed on the Authority's website via the following link:- https://carmarthenshire.public-i.tv/core/portal/home	

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

GOVERNANCE & AUDIT COMMITTEE

PLAID CYMRU GROUP - 4 Members

Cllr. Kim Broom (Committee Member)
Cllr. Karen Davies (Committee Member)
Cllr. Alex Evans (Committee Member)
Cllr. Elwyn Williams (Committee Member)

LABOUR GROUP - 3 Members

Cllr. Philip Warlow (Committee Member)
Cllr. Janet Williams (Committee Member)
1 x Vacancy

INDEPENDENT GROUP - 1 Member

Cllr. Giles Morgan (Vice-Chair)

EXTERNAL VOTING LAY MEMBERS

Period of appointment – until the Local Government Elections in May 2027

Mrs Julie James
Mrs Karen Jones
Mr Malcolm MacDonald
Mr David MacGregor (Chair)

AGENDA

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF PERSONAL INTERESTS
3. CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS:
 - 3.1 CARMARTHENSHIRE COUNTY COUNCIL STATEMENT OF ACCOUNTS 2022-23 5 - 172
 - 3.2 CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT 173 - 194
 - 3.3 LETTER OF REPRESENTATION TO AUDIT WALES - CARMARTHENSHIRE COUNTY COUNCIL 195 - 202
 - 3.4 AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT 203 - 230
4. BURRY PORT HARBOUR FINANCIAL STATEMENT 2022-23 231 - 244
5. DYFED PENSION FUND STATEMENT OF ACCOUNTS:
 - 5.1 DYFED PENSION FUND ANNUAL REPORT AND ACCOUNTS 2022-23 245 - 380
 - 5.2 DYFED PENSION FUND AUDIT OF FINANCIAL STATEMENTS REPORT 381 - 400
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6. INTERNAL AUDIT PLAN UPDATE 2023/24 433 - 440
7. CARMARTHENSHIRE COUNTY COUNCIL'S CORPORATE RISK REGISTER 2023/24 441 - 508
8. MINUTES OF RELEVANT GROUPS TO THE GOVERNANCE & AUDIT COMMITTEE:-
 - 8.1 MINUTES OF THE GRANTS PANEL 28TH JUNE 2023 513 - 516
 - 8.2 MINUTES OF THE RISK MANAGEMENT STEERING GROUP 517 - 522
9. GOVERNANCE & AUDIT COMMITTEE ACTION LOG 523 - 528
10. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE GOVERNANCE AND AUDIT COMMITTEE HELD ON THE 29 SEPTEMBER 2023 529 - 538

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GOVERNANCE & AUDIT COMMITTEE 27TH OCTOBER 2023

STATEMENT OF ACCOUNTS 2022/23

Recommendations / key decisions required:

To approve the Statement of Accounts 2022/23 for Carmarthenshire County Council post audit.

Reasons:

The Council is required to approve its 2022/23 accounts by 31st July 2023 to comply with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018).

Due to the introduction of the revised auditing standard (ISA 315 (UK)) and the delay in completing some 2021/22 accounts, the statutory deadline for completion of the 2022/23 audited accounts has been extended to 30th November 2023.

Governance & Audit Committee have delegated power to approve the Accounts in line with the Local Government Measure.

Cabinet Decision Required	NO
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Council Decision Required	NO
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CABINET MEMBER PORTFOLIO HOLDER:

Cllr. Alun Lenny (Resources)

Directorate: Corporate Services	Designation: Director of Corporate Services	Tel No. 01267 224120 E Mail Addresses: CMoore@carmarthenshire.gov.uk
Report Author: Chris Moore		

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27TH OCTOBER 2023**

STATEMENT OF ACCOUNTS 2022/23

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

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

For the Council Fund, there has been no change to the balance on the General Fund reserve and similarly no change to the Housing Revenue Account balance at year end.

However, audit testing did identify capital expenditure of £1.058m paid in April 2023 that related to 2022/23. This has resulted in an adjustment to capital expenditure and a corresponding reduction in Earmarked Council Fund reserves.

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **Chris Moore**

Director of Corporate Services

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

2. Legal

Compliance with the Accounts and Audit (Wales) 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 £1.288m to balances on the Council Fund and a transfer of £4.897m from the Housing Revenue Account balance.

At the balance sheet date, the Council Fund General Balances stood at £14.756m, the Housing Revenue Account £16.998m and the balances held by schools under LMS £11.124m.

CONSULTATIONS

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

Signed: Chris Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

YES/NO/N/A – Delete as appropriate

If yes include the following information: -

Scrutiny Committee

Date the report was considered:

Scrutiny Committee Outcome/Recommendations:

2. Local Member(s): Not applicable

3. Community / Town Council: Not applicable

4. Relevant Partners: Not applicable

5. Staff Side Representatives and other Organisations: Not applicable

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

Include any observations here

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

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

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014 (as amended 2018)		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2022/23		Corporate Services Department, County Hall, Carmarthen

Statement of Accounts

2022 - 2023



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1 NARRATIVE REPORT

The following Statement of Accounts brings together in summary form the financial transactions of the Authority for the year 2022/23.

The Authority's Accounts for the year 2022/23 are set out on the following pages of this report and have been produced in line with the 2022/23 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 2022/23 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	40,478	(17,940)	(2,902)	19,636	42,804	(20,684)	(2,903)	19,217	(419)
Communities	174,974	(67,439)	29,179	136,714	191,406	(80,652)	29,180	139,934	3,220
Corporate Services	76,553	(46,040)	(2,122)	28,391	69,920	(40,332)	(2,122)	27,466	(925)
Education & Children	209,154	(42,390)	34,436	201,200	234,025	(64,366)	34,436	204,095	2,895
Environment	149,084	(97,839)	20,432	71,677	149,938	(98,851)	20,432	71,519	(158)
Departmental Expenditure	650,243	(271,648)	79,023	457,618	688,093	(304,885)	79,023	462,231	4,613
Net Interest & Capital Accounting Adjustments				(19,829)				(22,679)	(2,850)
Pension Reserve Adjustment				(32,823)				(32,823)	0
Accumulated Leave				(560)				(562)	(2)
Levies and Contributions:									
Brecon Beacon Nat Parks				154				152	(2)
Fire Authority				11,170				11,170	0
Corporate Joint Committee				155				155	0
Net Expenditure				415,885				417,644	1,759
Contribution to/(from) General Balances				0				1,288	1,288
To/(from) Earmarked/Departmental Reserves				0				(2,356)	(2,356)
Net Budget				415,885				416,576	691
Revenue Support Grant				(243,380)				(243,380)	0
Non Domestic Rates				(68,223)				(68,223)	0
Council Tax				(104,282)				(104,973)	(691)
				0				0	0

The 2022/23 revenue budget was approved by County Council on 2nd March 2022. The budget endeavoured to meet the aspirations of the Authority, whilst recognising the extraordinary financial risks facing local authorities. The budget addressed specific demands in certain service areas whilst seeking to balance the impact on service delivery and local taxpayers.

The financial position at year-end showed an overspend at department level of £4,613k. This does not include the overspend on schools as this is captured in the LMS reserve movement (see note 6.22).

Chief Executives Department reported a £419k underspend. There were net underspends on Member pay and travelling, Registrars income, Industrial Premises income and staffing savings from vacant posts across the department. This was offset by overspends within People Management due to employing additional staff, mainly to deal with a recruitment backlog, along with prior year efficiencies that had yet to be achieved.

The Department for Communities was overspent by £3,220k for the year. There are significant variances as the department continues to recover and respond to the post-pandemic phase. Overspends with Social Care services were due to increased demand for services e.g. Direct Payments and in areas where budget savings proposals remain

difficult to deliver as Social Work teams had prioritised the safe delivery of key services, meaning that the department had been unable to progress some of the planned savings proposals. In year inflationary pressures, particularly the higher than anticipated pay award, made the financial position additionally challenging. There were overspends in Leisure Services as there was an income shortfall as leisure membership which declined during the pandemic, took time to recover to pre-pandemic levels.

The Corporate Services Department reported a £925k underspend for the year. There is a £335k underspend on pre LGR pension costs along with a £385k underspend on Council Tax Reduction Scheme, and an £83k underspend on Rates Relief due to lower than budgeted take up of both schemes. There was also a £171k underspend on Rent Allowances in the year. This service fluctuates depending upon demand. There are also underspends on salaries due to vacancies across the department, and staff not yet at the top of their scale, along with some additional income for work undertaken for external organisations.

The Department for Education and Children had an overspend of £2,895k for the year. This was due to a combination of factors such as an increased demand for Additional Learning Needs provision, overspends with the School Meals service for lunch provision and primary breakfast provisions as pay award impact and increased food costs contribute to the challenges of providing the service within the meal price across all schools. There was also an overspend within the Children's Services division as there was increased agency cover costs and legal related costs within Commissioning and Social Work. Highly complex placements have impacted the Out of County budget while Residential Units deal with staffing pressures. Short Breaks and Direct Payments have all seen an increase in demand which has contributed to an overspend.

The Place & Infrastructure Department reported an underspend of £158k for the financial year. Pressures within the department included higher than expected pay award and an element of agency cost to cover sickness within Cleaning. A similar scenario arose in Waste and Environmental Services. There is also an overspend on School Transport due to additional cost of tender prices and fuel price increases. However, these overspends are off-set by underspends in other areas such as the Property Division and Place & Sustainability Division as a result of vacant posts within the teams.

After taking account of savings on capital financing costs, increased interest income and a higher than estimated collection level on Council Tax, plus the movement in Earmarked and Departmental reserves, the Authority transferred £1,288k to general reserves for the 2022/23 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	48,946	(45,545)	3,401	50,714	(45,817)	4,897	1,496
Transfers to/(from) HRA balances	0	0	(3,401)	0	0	(4,897)	(1,496)

The Housing Revenue Account (HRA) reported an overspend of £1,496k for the year.

The main variances were:

- Overspends in Repairs and Maintenance costs £1,576k reflect the impact of inflation and the impact on construction industry capacity post-Covid and post-Brexit including significantly increasing pay, energy, fuel, and construction materials costs, there will

continue to be upwards pressure on contractor rates and reduced availability in 2023/24.

- Overspends on Supervision and Management such as insurance premiums £270k, investment in estates £230k, projects and activities £156k, legal costs £110k, compensation payments £111k.
- The provision for bad debt was not fully utilised in 2022/23 resulting in £259k underspend.
- While interest rates on capital financing costs in the HRA were forecast higher than budget, the capital financing requirement was significantly reduced due to additional grant funding received in 2021/22 and 2022/23. There was also an underspend on the capital programme reducing the forecast capital financing costs required by £613k. Increased interest rates also benefit the HRA due to the level of reserves held. This equates to approximately £348k.

1.2.2 Principal vs Agency Grants

During the year, Welsh Government continued to provide a range of support payments, across a range of different purposes including ongoing COVID19 payments, the Ukraine resettlement scheme and a range of different cost of living measures to support households.

The value of these additional funding streams is material and is summarised in the Grant Income Note 6.35.

The authority is deemed to be an agent where it is acting as an intermediary. The authority is principal where it is acting on its own behalf. Where the authority is acting as principal, the transactions are required by the Code to be included in its Comprehensive Income and Expenditure Statement.

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)	11,124	
Generally available for new expenditure	14,756	25,880
Housing Revenue Account		16,998
		<u>42,878</u>

In addition to general reserves the Authority holds earmarked reserves of £142.868m for specific purposes.

1.4 Borrowing

£20m new borrowing was taken from the Public Works Loans Board (PWLB) in 2022/23.

As at the 31st March 2023 the Authority's total borrowing stood at £411m, which was within the Authority's authorised limit of £585m. Further detail is included in Note 6.44 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 credit balance on the Pensions Reserve of £61m shows a surplus on an accounting basis in the resources the Authority has set aside to meet the benefits earned by past and current employees.

There has been a material reduction in the present value of benefit obligations to £1.3bn as at 31 March 2023 (£1.9bn as at 31 March 2022). This is predominantly due to an increase in the discount rate applied, which as prescribed by accounting standards is linked to AA rated corporate bonds.

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. Where a full valuation has not been carried out at the balance sheet date, property valuations have been updated to reflect current building indices or market comparators (depending on valuation method). The accounting statements are required to reflect the conditions applying at the end of the year.

The 2022/23 financial year saw a significant shift in the risks to the economic climate. The perceived risk on further COVID19 resurgence has not materialised, albeit the virus remains endemic. As restrictions were fully removed, most council services were able to return to pre-pandemic operation levels. The anticipated reduction in commercial income has manifested during the year, though not as badly as feared, with activity levels gradually recovering during the year.

This has been supplanted by a cost of living crisis, with inflation reaching a 40 year high, remaining stubbornly above 10% during the year (though it is widely expected to fall during 2023/24). Interest rates rose from 0.75% in March 2022 to 4% by March 2023. The extraordinary increase in energy prices, which was only partially mitigated by government support schemes, has impacted households and businesses alike. This has been taken into account when reviewing bad debt provisions. Despite this, the labour market remained tight during the year, with difficulties recruiting suppressing the true impact of in-year financial pressures. Driven by this environment, public sector pay offers were above expectations at the time of budget setting, and this issue is likely to be repeated in 2023/24 based on the NJC Employers' offer already published.

Whilst UK Government finances have improved since the Autumn budget of the short lived Truss/Kwarteng administration, the outlook remains concerning, with public sector borrowing forecasts around £50bn higher than a year ago, and current indications of challenging future funding settlements, particularly in the years following the next general election.

Against this backdrop, our overall financial standing has been maintained at a prudent level, with an 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 future pressures and risk mitigation.

1.7 **Capital**

In 2022/23 the Authority spent some £101.2m on capital projects. This expenditure was financed by a combination of borrowing, useable capital receipts, government grants, contributions, reserves and direct revenue financing.

£29.6m 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	£26.4m
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Private Sector

Disability Facility Grants	£2.3m
Other Improvements	£0.9m

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

	£'m	
Education & Children's Services	18.2	New Schools, Renovations and Improvements to existing Schools and Children & Family Services Projects
Leisure	1.0	Sports & Leisure, Arts & Culture and Libraries
Infrastructure & Recycling and Fleet Replacement	26.2	Roads, Bridges, Cycle Paths, Road Safety, Car Parks, Rights of Way, Coast & Flood Defence, Depots, Waste Management & Recycling including new vehicles & new electric buses
Economic Development	22.9	Physical Regeneration Projects County Wide, Community Development, Joint Ventures, Swansea Bay City/Regional Deal projects and Levelling-up projects
Social Services	1.0	Care Homes and Learning Disability Developments
Corporate	2.3	Capital Minor Works and ICT Strategy Developments

1.8 **Further Information**

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

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

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

Governance & Audit Committee Approval

Approval of Statement of Accounts post audit.

Chair of Governance & Audit Committee

Dated: 27 October 2023

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 64 to 156 gives a true and fair view of the financial position of Carmarthenshire County Council at 31st March 2023 and its income and expenditure for the year ended 31st March 2023.

Chris Moore FCCA
Director of Corporate Services

Dated: 20 October 2023

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 Statutory Guidance on Performance and governance of principal councils (for Part 6, Chapter 1 of the Local Government and Elections (Wales) Act 2021 expects the Council to have regard to these principles when considering the effectiveness of its governance arrangements.

Section 89 of 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;
- it is using its resources economically, efficiently, and effectively; and
- its governance is effective for securing the above.

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 Cabinet 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 the Governance and Audit Committee in March 2016, and revisited and presented to Governance and Audit Committee in July 2021. The Chair of the Governance and 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. Our duty under the Local Government and Elections Wales Act 2021 is to ensure that governance is effective for ensuring that

- we are using our resources economically, efficiently, and effectively.
- our governance is effective for securing the above.

3.3 The Governance Environment

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

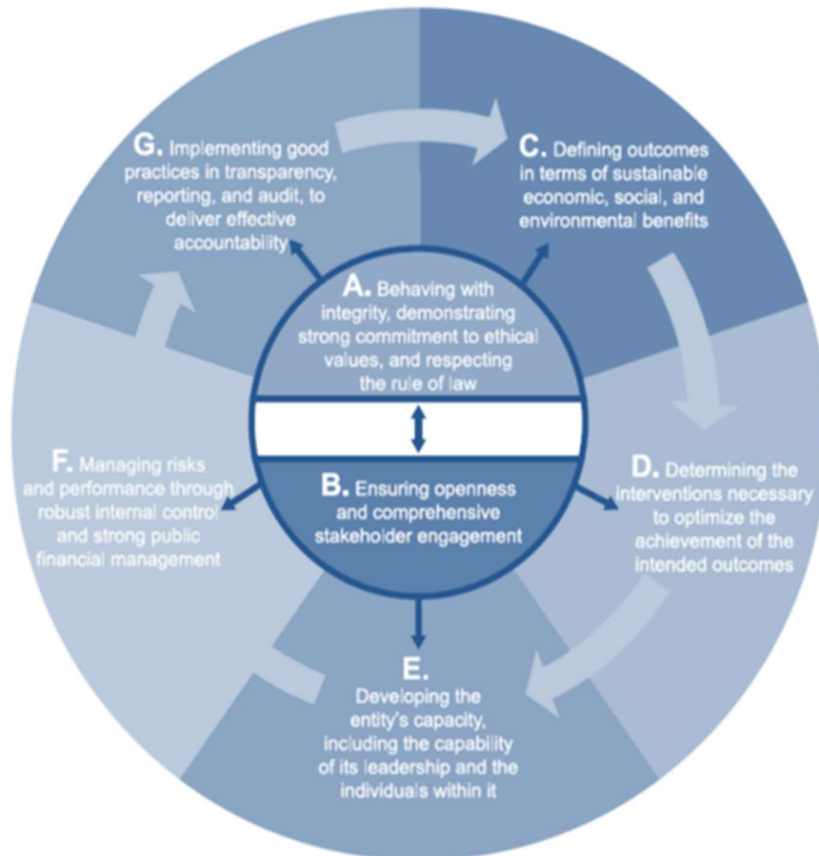
- 1. Integrity and Values** - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*
- 2. Openness and engagement** - *Ensuring openness and comprehensive stakeholder engagement.*
- 3. Making a difference** - *Defining outcomes in terms of sustainable 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 New Corporate Strategy 2022-27 will ensure these principles are adhered to under Well-being Objective 4 - To further modernise and develop as a resilient and efficient Council. Furthermore, the Strategy identifies a set of Core Business Enablers that are essential to enable us to make progress against our well-being objectives. Sitting behind these principles are 91 behaviours which guide our work.

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



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

❖ How we do it

Standards Committee, chaired by a lay member, promotes, and oversees standards of members conduct and arranges for the Monitoring Officer to deliver training to members of the Council on the Code of Conduct, as well as to Town and Community Councils who request it.

Where members have a personal and prejudicial interest in an item of Council business the Committee considers applications for dispensations to participate in meetings.

The Standards Committee, as well as the Governance and Audit Committee receive an annual report on the operation of the council's complaints procedure.

The Chair of Standards Committee presents an annual report to full Council on the Standards Committee's activities. Whilst Carmarthenshire's Standards Committee has always done this, it is now a statutory duty on all Standards Committees. This annual report must describe how the committee's functions have been discharged during the financial year, and in particular include a summary of:

- (a) what has been done to discharge the general and specific functions conferred on it;
- (b) reports and recommendations made or referred to the committee;
- (c) action taken by the committee following its consideration of such reports and recommendations;
- (d) notices given to the committee,

as well as the committee's assessment of the extent to which leaders of political groups on the council have complied with their duties to take reasonable steps to promote and maintain high standards of conduct by the members of the group and co-operate with the council's standards committee. This Committee also has oversight of the Whistleblowing Policy and Procedure.

❖ How well are we doing and how do we know?

2022 was an election year, and approximately two thirds of standing members were re-elected and the remaining third were new members. Training was delivered on the Code of Conduct in May 2022 after the election and a further session was run on the 27th of April 2023.

No referrals were made by the Public Services Ombudsman for Wales about the conduct of Carmarthenshire County Council members, either to the Standards Committee nor the Adjudication Panel for Wales during 2022/23.

However, the Committee did conduct 2 hearings during the year into complaints made to the Public Services Ombudsman for Wales in relation to two Town Councillors. One of the Town Councillors was suspended from being a councillor for 2 months, and the other for one month.

Data reveals that meetings of the Standards Committee attracted 350 live views during the year and 764 archive viewings.

No annual report was presented to County Council during the 22/23 year as previous Annual Reports were prepared on a voluntary basis. However, the Local Government and Elections (Wales) Act 2021 has by now made the provision of an Annual Report by the Committee a statutory requirement and prescribed that it be presented to Full Council "as

soon as reasonably practicable after the end of the financial year". The 22/23 Annual Report will therefore be presented to Council as soon as reasonably practicable in the 23/24 year.

❖ What and how can we do better?

The Local Government and Elections (Wales) Act 2021 imposed a duty on Group Leaders to take reasonable steps to promote and maintain high standards of conduct amongst the members of their Groups, and to work with the Standards Committee in that regard. This is therefore the first year of this new duty. In February 2023 the Group Leaders were asked to report to the Standards Committee by the 31st March 2023 on the steps they had taken to meet this duty, and a suggested template was provided, although its use was not mandatory. The Committee will consider the returns at its meeting of the 12th June, and will report its findings on to County Council in its Annual Report.

A new National Standards Forum has been established of the chairs of all the Standards Committees in Wales as a forum for sharing best practice, ensuring in so far as possible consistency on similar decisions and discussing topical issues. The first meeting took place on the 27th January 2023, and the second is scheduled to take place on the 30th June 2023.

3.3.1.2 The Constitution

❖ How we do it

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 Cabinet, 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 Cabinet 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, Cabinet*

Members, and Chairs and Vice-Chairs of Committees, as well as details of payments which Members are entitled to. In relation to payments to Members as of the 1st April 2012 the Independent Remuneration Panel for Wales, which is the body formed to determine Members' payments (now called "salaries"), used its new powers to actually prescribe the amounts to be paid as opposed to prescribing maximum payments which could be made. The purpose of this prescription was to make payments more consistent across Wales.

b) Management Structures.

7. Names & Addresses of Councillors.
8. Bilingual Composition of the Cabinet 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.

One of the amendments made to the Constitution during 22/23 was to the Council Procedure Rule governing Notices on Motion, which was to revise the wording of the CPR so as to give parity of status to all signatories of the Motion and to encourage cross party Motions on Notice.

During 22/23, the Authority published a Public Participation Strategy and introduced an electronic process for submitted petitions.

The Authority has moved to a model of encouraging and promoting pre-decision scrutiny of its decision making and policies, and to that end it has strengthened its Forward Work Programmes so that Scrutiny Committees can better see which decisions / policies are going to be considered and when, giving them an opportunity to involve themselves at an early stage.

❖ **How well are we doing and how do we know?**

Data shows that there is a healthy interest in the business of the Authority with webcasts of County Council meetings having had 725 live views and 2,234 archived viewings during the year, and Cabinet 291 and 2,249 respectively.

❖ **What and how can we do better?**

11 Questions on Notice were asked at Full Council of Cabinet Members by Members during 22/23, and whilst the questions were perfectly valid, they might have had quicker responses had they been asked of the Cabinet members outside of the cycle of Full Council meetings.

Only 2 Questions on Notice were asked by members of the public at Full Council during 22/23, which may demonstrate a lack of awareness of the facility. More Questions on Notice from the public were asked at meetings of the Cabinet though. During 22/23 we published a new Public Participation Scheme which may raise better awareness of the ways in which the public can interact with the Authority.

3.3.1.3 Corporate Governance Group

❖ How we do it

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 comprises:

- Cabinet Member - Resources
- Cabinet Member - Business Manager
- Chair of Governance and 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 Governance and 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.

Minutes of the Corporate Governance Group are reported to the Governance and Audit Committee.

❖ How well are we doing and how do we know?

There is a Co-ordinated approach to the drafting of the Annual Governance Statement and challenge of the contents, to ensure it reflects the actual governance position and what improvements are required. An action plan is produced annually, and the governance issues are monitored through the quarterly Governance Group Meetings.

❖ What and how can we do better?

Improve on the timescale for producing the Annual Governance Statement.

The AGS is an important step in the Councils self-assessment process and has a key role in considering the effectiveness of its governance arrangements.

We need to ensure that: -

- The Code of Governance is applied.
- Our Well-being Objectives, Thematic Priorities and Service Priorities have appropriate governance arrangements.
- That we are applying the sustainable development principle.
- Governance arrangements are effective to ensure we are fulfilling our 'performance requirements' that is the extent to which we are exercising our functions effectively and using resources economically, efficiently and effectively.

To embed the governance arrangements around the New corporate strategy and Well-being objectives 2022-27.

We will ensure that Corporate Performance Management and Internal Audit work together, to ensure that the Annual Governance Statement plays its part in the Overall Council's Self-Assessment.

3.3.1.4 Monitoring Officer

❖ How we do it

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 Cabinet 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 arranging of democratic meetings within the prescribed notice periods and the formal recording and publication of decisions made.

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 Cabinet if she consider 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.

❖ How well are we doing and how do we know?

The Monitoring Officer did not have to publish any statutory report during the 2022/23 year.

❖ What and how can we do better?

The Monitoring Officer did not have to publish any statutory report during the 2022/23 year.

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



3.3.2.1 Consulting and Engaging with Citizens and Service Users

❖ How we do it

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 its on-going consultations on the Council website and adopts the most appropriate and effective dissemination method based on the consultations target participants.

The Authority also makes extensive use of other sources of information such as the annual **National Survey for Wales** commissioned by Welsh Government. This is to ensure that consultation activity and primary data gathered is not interpreted in isolation but rather viewed in the round to build the most comprehensive picture possible. The results are also used to help the Authority in its self-assessment of services and are included in our Annual Report. The Authority recognises the growing importance of consultation activity in providing relevant, timely and representative information which can reduce an over-reliance on external commissioned research which is more susceptible to the effects of unforeseen challenges such as the Covid-19 pandemic.

During the year, the Authority undertook extensive consultation on its Budget, which included a week of face-to-face member seminars as well as Insight events for young people, on-line surveys, social media, and stake holder meetings with Town and Community Councils and Unions. The results of the consultations are considered and presented to Cabinet and County Council as part of the Budget Strategy Report.

The Local Government and Elections (Wales) Act requires 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;
- other persons carrying on a business in the council's area;
- the staff of the council; and
- every trade union which is recognized by the council.

During 2022 we consulted on our performance as a Council with residents, businesses, staff and Trade Unions. It is important that our self-assessment of performance is as realistic as possible and that we do not 'mark our own papers' but triangulate our assessment between performance data, regulatory findings and our customers views. The consultation responses have been analysed and will be reported in due course with proposals for improvement from the findings in order to influence our development work in terms of future business planning and organisational improvement.

Response rates:

	2022 Number Responses	2023 Number Responses
Residents Survey	2,195	3,943
Staff Survey	1,733	1,459
Business Survey	36	110
Trade Union consultation	5	3

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

❖ How well are we doing and how do we know?

Evidence suggests that there has been an increase in participation of online consultations. Specifically, when evaluating comparable consultations. For example, the Welsh in Education strategic plan consultation in 2017 received 21 completes whilst in 2021 the consultation received 854. Additionally, a recent Housing and regeneration masterplan received 2522 completed surveys in comparison to 189 in a similar survey run in 2018. The increase in participation is attributed to the closer relationship developed with the Media and Marketing team ensuring that consultations are promoted on social media and the corporate website and are sent to all key stakeholders.

❖ What and how can we do better?

We are currently in the process of developing an Engagement and consultation plan for the local authority. Specifically, we are looking to develop a system whereby colleagues can submit a consultation request to ensure that all relevant key stakeholders are contacted and to ensure sufficient time is allocated for each consultation. Additionally, we are examining options on improving the consultations page on the corporate website. The page can improve continuous engagement and in addition ensure that consultees can view the results of the consultations they have participated in.

We recognise that there is more that we can do to further develop and improve the way we engage. We will review our current approach and consider further improvements we can make to ensure we broaden our range of stakeholder input and ensure greater engagement from a representative cross-section of our residents and other stakeholders.

How consultation shapes our decisions and how we feed this back to respondents needs to be improved:

- Data Insight Team to support in the development and analysis of consultation activity arising from the Local Government Elections Act (specifically with residents, businesses, trade unions and staff).
- The Council should explore the options available to share performance information in a more transparent and easily accessible way. This extends to sharing with residents (where possible) how and why financial resources are spent and invested where they are. (From Residents Survey 2022).
- Develop and improve the way in which performance information is shared with businesses and ensure that businesses are aware of the way decisions are made and the rationale behind these decisions. This will become increasingly important given the financial challenges facing the public sector. (From Business Survey 2022).
- Support the improvement of communication and involvement with staff on Council performance management information. (From Staff Survey 2022).
- We will work with other Council services to further develop the Council's involvement and use of data gathered as part of a Council wide involvement, participation, and consultation framework. (12435) (WAO Regulatory Recommendation – 'Use of Data').

3.3.2.2 Dealing with Complaints

❖ How we do it

The Authority has a Complaints Policy (adopted 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 procedure for complaints and compliments is outlined and statistics and analysis of the complaints received are reported as part of quarterly performance monitoring.

The Authority has a centralised Complaints Team for most services (other than adult social care which are managed by the Communities Department) which ensures compliance with the requirements set out in our Policy and Procedure and consistency of approach across the whole Authority. The centralised Complaints Team liaise with other relevant Council services to respond to complaints.

The Authority investigated and responded to 1,376 complaints during 2022/23 (corporate and adult social care) compared to 930 complaints during 2021/22 and 673 during 2020/21.

❖ How well are we doing and how do we know?

Quarterly reports are provided to the Corporate Management Team with more detailed reports provided to departments monthly in order to monitor trends, identify problem areas and generate service improvement based on customer experience.

❖ What and how can we do better?

The Complaints Team is committed to supporting and working with departments to further develop our way of working and handling complaints. Arrangements for greater analysis of complaints trends and patterns are being put in place in order to improve learning from complaints and sharing of knowledge and understanding.

Further work will also be undertaken to support the undertaking of investigations relating to complaints in order to ensure a consistent and thorough response across all Council services.

Officers are currently working on a comprehensive review of the customer service that we as a Council provide and how we can further improve the customer journey. The aim is to enable more contacts to be fully and properly resolved at first point of contact, avoiding passing calls to the 'back office'. We already know that people access information and complete council services via a host of different channels, and we know this is not currently being done consistently. We want to ensure that information and services can be accessed in multiple different ways, regardless of the access point or channel of communication.

We will continue to work with and provide ongoing support to departments to ensure compliance with the Council Complaints Policy, including developing guidance on undertaking Stage 2 Investigations.

We will improve the use and monitoring of complaints information and intelligence in order to support learning and service improvement.

We will prepare an annual report on complaints and compliments received by the Council.

3.3.2.3 Public Services Ombudsman for Wales**❖ How we do it**

The Public Services Ombudsman for Wales considers complaints from Members of the public and members in relation to Members' conduct, and from members of the public in relation to alleged maladministration, and also has powers to instigate investigations of her own initiative. Her Report is published annually.

S.16 Ombudsman's Reports (i.e. Public interest reports) are reported to County Council as required by law.

We provide data on a quarterly basis to the Ombudsman's Complaints Standards Agency, which is an Agency created to drive improvements across Authorities in relation to complaints handling and outcomes.

❖ How well are we doing and how do we know?

No Public Interest Reports were issued against the Authority during the 2022/23 year.

No referrals were made for hearings into any complaints about County Councillors conduct, either to the Authority's Standards Committee or to the Adjudication Panel for Wales during 2022/23.

3.3.2.4 Ensuring Effective External Communication

❖ How we do it

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.

Since the introduction of My Hwb account (for online services and payments), 78,163 residents have signed up for the service. We are 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.

The Hwb Advisers have played a critical role in supporting the tackling poverty agenda and have supported to date more than 1900 people with advice and support in finding out what support is available to them. This is a fundamental service, and we are currently now aiming to expand into our rural areas and work with more third sector organisations to simplify the message to our residents and offer as much support as possible of those who are in need.

The Marketing and Media teamwork with the Cabinet 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.

❖ How well are we doing and how do we know?

Throughout 2022/23 we have seen an increase in residents and businesses accessing information, support and council services online, the number of visits to our website has increased yet again this year by a further 9%.

Our digital platforms are essential in providing accurate, timely information across as broad an audience as possible. Customer services are able to guide many calls to the website and providing detail through our frequently asked questions feature has improved the consistency and simplicity in how we respond to enquiries.

Accessibility of information is key and we have this year passed the accessibility standard. It is so important to remember that residents, visitors and businesses are now accessing the website in various ways and interestingly 58.9% access using their mobile device. This is key when considering how to present information to ensure we engage to as a wider audience as possible.

Key stats CCC website 2022/2023

- Pageviews: 6,658,996
- Sessions: 3,363,308

Key statistics for social media and email marketing

Social media, video content and email have been very effective at sharing official updates and driving traffic back to key services.

- 11.5m Twitter reach
- 6.5m Facebook reach
- Published 2,204 posts
- Dealt with 49,789 'inbound' interactions, enquiries via comments, written on our wall or sent as a direct message
- Facebook – New followers – 2,099
- Total followers: 24,611
- Twitter – New followers – 323
- Total followers 11,661
- 991,428 emails sent to MyAccount, businesses, T&CC and 3rd sector. 532,610 unique opens.
- 53.8k minutes viewed on video

*All statistics are from 31st March 2022 – 31st March 2023.

Residents 2022 Survey – 2,195 responses

The table below provides an indication of feedback received via the residents consultation for 2022, whereby Green signifies – Strongly Agree, Amber- Agree and Red – Disagree.

Statement	
I can access Council services through my preferred language	1.4
When I access Council services, I find the staff to be approachable and friendly	0.82
I can easily access up to date information about Council services	0.5
I find contacting the Council simple and easy	0.31
The Council lets people know how it's performing	-0.1
The Council provides opportunities for me to participate in decision-making	-0.19

❖ What and how can we do better?

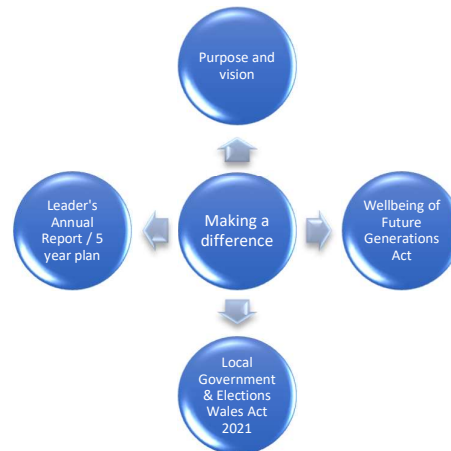
We need to continue to look at ways in how we can reach our external customers in an easy to understand and consistent manner.

We need to continually promote service change and the work of the council so that residents fully understand what we as a Council deliver.

We need to explore the options available to share performance information in a more transparent and easily accessible way. This extends to sharing with residents (where possible) how and why financial resources are spent and invested where they are. (From Residents Survey 2022).

We need to ensure alignment of the Council's Communication Plan with the new Corporate Strategy and Well-being Objectives.

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



3.3.3.1 Purpose and Vision

❖ How we do it

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

www.thecarmarthenshirewewant.wales

- In May 2018 the PSB published a Well-being plan which sets out its local objectives to improving the economic, social, environmental and cultural well-being of the County and the steps it proposes to take to meet them. The PSB has produced Well-being Annual Reports on the progress of this plan.

Preparation for the next PSB Well-being Plan

- One of the requirements of a PSB is to prepare a Local Well-being Plan every five years, using a Well-being Assessment to feed into the planning phase. This PSB has produced a second Assessment at a time when considerations about the current and future well-being of Carmarthenshire has never been so important. The issues presented by COVID-19, climate change, Brexit and changing demographics have highlighted new challenges for individuals and communities and these challenges have not been felt equally. Those who were already experiencing inequalities because of poor health, poverty or because they live in marginalised communities have been hardest hit by the direct and indirect harms of the pandemic and are likely to experience additional disadvantage as we shift to 'recovery.'
- Carmarthenshire PSB has worked collaboratively locally and regionally to produce this assessment. Carmarthenshire, Ceredigion and Pembrokeshire PSB's have worked in partnership to share resources, expertise and capacity in order to reduce the duplication of work. Officers from the three PSBs and Regional Partnership Board (RPB)/West Wales Care Partnership have worked together to develop a consistent methodology and approach which would culminate in three Well-being Assessments (one for each PSB) and a Population Needs Assessment for the RPB.

- Working in this way ensured that the assessments' production was collaborative (between public sector partners and the third sector) in terms of data provision, analysis and interpretation.
- This Well-being Assessment has drawn together local and national data. Responses gathered as part of community engagement sessions are considered alongside analysis of various sources of data and research. Clear themes have been identified in our county, which will allow us to target areas of need when we move from the assessment to planning phase over the course of the next year.
- During 2022-23 the PSB has been developing its new Carmarthenshire Well-being Plan which needs to be approved by May 2023. The Well-being Assessment has been the foundation and evidence on which the new Plan has been developed. The Carmarthenshire PSB has a statutory responsibility to improve the economic, social, environmental and cultural well-being of our county by contributing to the achievement of the seven national Well-being Goals. This includes our work on setting local objectives to maximise our contribution to meeting those goals and demonstrating how we use the Sustainable Development Principle and Five Ways of Working in everything we do. Our Plan will set out the short, medium and long-term actions to be achieved by the PSB over the next five years up to 2028.

See Paragraph 3.3.3.4 – Regarding the post May 2022 Local Government Elections and New Cabinet Vision Statement for 2022-27

Carmarthenshire County Council's Corporate Strategy

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.

Our Corporate Strategy 2018-23 'Life is for Living, let's start, live and age well in a healthy, safe and prosperous environment' was due for renewal. The impact of Covid 19, the Climate emergency and Cost of Living crisis and Transformation needs all set the scene for a revised approach. The Local Government Elections in May 2022 was a good opportunity to review and refresh our Well-being Objectives.

Our previous Corporate Strategy had 13 Well-being Objectives and it was felt that a more compact set of priorities was required.

Business Planning Engagement and Assurance sessions in November-December 2021 with Departmental Management Teams identified change was needed to a more thematic approach.

The New Corporate Strategy was also shaped by the data analysis/needs assessment undertaken for preparing the Public Services Board's Carmarthenshire Well-being Plan. In addition, the consultation feedback with residents, businesses, trade unions and Staff as outlined in section 3.2.3 also informed the strategy.

❖ **How well are we doing and how do we know?**

- The Corporate Strategy was updated in late 2022 and is now based on four Well-being Objectives identified and developed based on evidence of need.
- A key element on the strategy is the identification of population indicators and performance measures which will be monitored regularly to measure our progress against meeting the objectives. The population indicators are intended to provide an understanding of trends and Carmarthenshire's position relative to the other local authorities in Wales. The performance measures are inclusive of statutory returns, consultation intelligence and service level data which provide an indication of our performance as a Council. The same data will assist with Council quarterly reporting and in the annual reporting of performance.
- As a Council we already have a lot of data that we report and this needs to be better harnessed and consolidated. We want to make better use of data and we have set up a 'Data Insight' unit to corporately ensure that we become a data driven authority.
- Furthermore, we are stepping up the use of data within our business planning.

❖ **What and how can we do better?**

- For the PSB's second well-being Plan (undertaken every five years) we will:-
 - Develop a task and finish-based approach to making progress against the Well-being Objectives identified in the Plan.
 - make better use of data with our new data insight unit leading this development across the Authority.

To continue to develop the Corporate Data Suite to support the Corporate Strategy for 2022-2027 and key policy areas.

To iteratively develop a comprehensive and balanced set of performance measures, indicators and information across all services supporting the Transformation - Service Design and Improvement Workstream.

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

❖ **How we do it**

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

Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place, it is about considering how effective these arrangements are and how they can be improved.

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.

Corporate Strategy 2022/27

Well-being Objective 1

Enabling our children and young people to have the best possible start in life (Start Well)

- **Thematic Priority: Healthy Lives – prevention /early intervention**
- Service Priority: Early years
- Service Priority: Education

Well-being Objective 2

Enabling our residents to live and age well (Live & Age Well)

- **Thematic Priority: Tackling Poverty**
- Service Priority: Housing
- Service Priority: Social Care

Well-being Objective 3

Enabling our communities and environment to be healthy, safe and prosperous (Prosperous Communities)

- **Thematic Priority: Economic Recovery and Growth**
- **Thematic Priority: Decarbonisation & Nature Emergency**
- **Thematic Priority: Welsh Language & Culture**
- **Thematic Priority: Community Safety, Resilience and Cohesion**

- Service Priority: Leisure & Tourism
- Service Priority: Waste
- Service Priority: Highways & Transport

Well-being Objective 4

To further modernise and develop as a resilient and efficient Council (Our Council)

- Thematic Priority: Organisational Transformation

Service Enablers

Core business enabler functions support the above.

	Core Business enablers (Not a Well-being Objective)
a	Information and Communication Technology (ICT)
b	Marketing & Media including customer services
c	Legal
d	Planning
e	Finance
f	Procurement
g	Internal Audit
h	People Management (Human Resources, Learning & Development, Occupational Health)
i	Democratic Services
j	Policy & Performance
k	Electoral Services & Civil Registration
l	Estates & Asset Management
m	Risk Management
n	Business Support

Well-being Statement

We welcome our duties under the Well-being of Future Generations Act. We have already addressed much of the Act's requirements but recognise that we can do more.

1. 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 and focuses on the areas that we can influence and shape in order to improve well-being in a systematic way.
2. These Well-being Objectives have been identified following consultation and feedback with a range of stakeholders and developed alongside a basket of different sources of information focusing on the needs of our population, performance data and regulatory feedback. In developing delivery plans to achieve these objectives we will involve all relevant stakeholders with an interest in achieving them.
3. The steps we take to achieve the Well-being Objectives (through our delivery plans) will look to ensure that the 5 ways of working (long term, preventative, integrated, collaborative and involvement) are fully embraced and embedded in the way that we deliver.
4. Each Cabinet portfolio holder/s will have defined accountability for their relevant Well-being Objectives.
5. To ensure that we deliver the steps for each Well-being Objective we will implement our Performance Management Framework. All the delivery plans

will be monitored and reported on a quarterly basis to Departmental Management Teams, Corporate Management Team and Cabinet. 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.

6. The content of delivery plans to achieve the Well-being Objectives will need to be adequately resourced. To achieve these objectives services will integrate and collaborate with partners and fully involve citizens in all their diversity.
7. Our Objectives are long term, but our action plans will include milestones that will enable monitoring and assurance of progress.
8. 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.
9. The requirements of the Local Government and Elections Act 2021 Governance and Performance requirements will also be embedded within this approach.

❖ **How well are we doing and how do we know?**

Annual Report on 2021/22

In January 2023 we published an Annual Report on 2021/22. It was produced by the Council because we believe we should provide comprehensive and balanced information to the public about our services, so that they can see how we are performing and the challenges we are facing.

- We used a range of information to inform our self-assessment of each Well-being Objective and triangulate evidence to make a judgement on progress.

❖ **What and how can we do better?**

- We need to continue to promote the Well-being of Future Generations Act and the sustainable development principle and when we reset our Corporate Strategy and Well-being Objectives following Local Government elections we will undertake a full promotional campaign and ensure that the organisation fully aligns to the delivery of our plans.

To develop a toolkit to promote the Sustainability Principle and the 5 Ways of Working and see 3.3.2.4 ensuring effective external communication.

3.3.3.3 Local Government and Elections Wales Act 2021

❖ **How we do it**

The Local Government and Elections Wales Act 2021 provides for the establishment of a new and reformed legislative framework for local government elections, democracy, governance and performance. It replaces the Local Government Measure 2009. Part 6 of the Act outlines new duties in respect of Performance and Governance of Principal Councils and includes specific duties for the Council:

- Duty to keep performance under review;
- Duty to consult on performance;
- Duty to report on performance – based on self-assessment approach;

- We must set out conclusions on the extent to which we have met the performance requirements and any actions we plan to take or have taken to increase the extent to which we are meeting these performance requirements.
- Duty to arrange a panel performance assessment.
- Duty to respond to a panel performance assessment report.

The performance requirements are the extent to which:

- We are exercising our functions effectively.
- We are using our resources economically, efficiently, and effectively.
- Our governance is effective for securing the above.

❖ **How well are we doing and how do we know?**

Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place it is about considering how effective these arrangements are and how they can be improved.

Our Annual Self-Assessment of these Performance Requirements will consist of a self-assessment by each division against the requirements, with self-scoring in terms of meeting the expectations. This self-assessment will be moderated by an 'Engagement and Assurance' process.

Engagement and Assurance Panel

Area of Corporate Change	Panel Member
1. Corporate Planning	Head of ICT & Corporate Policy
2. Performance Management	Head of ICT & Corporate Policy
3. Financial Planning	Head of Finance
4. Workforce Planning	Assistant Chief Executive
5. Procurement	Head of Revenues & Financial Compliance
6. Risk Management	Head of Revenues & Financial Compliance
7. Assets	Head of Regeneration
8. Corporate Communication	Marketing & Media Manager
9. Climate Change & Nature Emergency	Head of Place & Infrastructure

The role of the AGS in self-evaluation

Considering the extent to which the council is meeting the performance requirements is a corporate, organisational assessment rather than an assessment of individual services. For example, it should consider the role of leadership, and the effectiveness of the relationship between the political leadership and senior officers in the council, in ensuring the council is able to respond to the changing environment in which it operates. It is about a council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve how it manages delivery of services and performs as the custodian of the area. Para 2.7 of the Statutory guidance.

Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more

than stating what arrangements are in place it is about considering how effective these arrangements are and how they can be improved (Para 2.6)

- Clearly this AGS document evaluates the Corporate Governance arrangements of the Council and needs to go beyond stating what arrangements were in place to considering how effective these arrangements are. Therefore, we are taking this Approach. How well are we doing? How do we know? What and how can we do better?

❖ **What and how can we do better?**

We will continue to enhance the use of information and intelligence from a range of sources to inform quarterly Performance Management Monitoring Reports.

We will ensure the Council fully embeds the requirements relating to performance and governance of the Local Government and Elections Act and align them to our current duties relating to the Well-being of Future Generations Act

Data Insight Team to support in the development and analysis of consultation activity arising from the Local Government and Elections Act (specifically with residents, businesses, trade unions and staff).

The above actions are included in the ICT and Corporate Policy Service Delivery Plan and will be monitored quarterly.

3.3.3.4 Leader's Annual Report and Five-Year Plan

❖ **How we do it**

Following local government elections in May 2022 the administration published its Cabinet Vision Statement for 2022-27 in July.

This Vision Statement guided the development of the new Corporate Strategy and Well-being Objectives.

❖ **How well are we doing and how do we know?**

The 113 commitments are being tracked.

❖ **What and how can we do better?**

All Cabinet Vision Statement commitments will be embedded in Service Delivery Plans and will be monitored on the PIMS system.

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

❖ How we do it

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 Cabinet Members examine performance on 'Dashboards'.

Scrutiny committees receive quarterly Performance Management reports 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 on Sickness absence and wellbeing are reported in Q2 and Q4.

We have adopted a pre-decision scrutiny model which enables Scrutiny Committees to request sight of information on anything on the Forward Work Programme at a time of the Committee's suiting, so that it can input at an early or appropriate time.

❖ How well are we doing and how do we know?

During 2021/22 a new Performance Management Framework was introduced.

This framework sets out the Council's approach to monitoring and managing the performance of the Council's services and responds to the performance and governance requirements of the Local Government and Elections (Wales) Act 2021. The aim of this Performance Management Framework is to keep the Council on track and focused on delivery of its key priorities, by providing councillors, managers and staff with the information and tools they need to deliver high-quality and high-performing services which help to achieve good outcomes for residents.

Following Local government elections in May 2022 Members received an induction session on the new framework.

Integrated Quarterly Monitoring Reports

- Previously our monitoring reports tended to monitor the actions and targets we set ourselves in business plans to deliver our Well-being Objectives. We only looked at much wider evidence in our end of year Annual Reporting. This was missing the opportunity of giving a more rounded picture of performance throughout the year.
- We are continuing to develop more integrated performance monitoring reports. These analytical reports built on the information outlined in dashboard reports and added ongoing Member feedback and Task and Finish Scrutiny investigations, Customer feedback (complaints and compliments) Financial, Internal and external audit findings, risk, people management, asset, risk, latest news and other relevant data to build up a more rounded picture of progress.


Quarterly monitoring reports made available to Scrutiny

All service business plans are aligned to the strategy and the actions and targets set to deliver the strategy are monitored quarterly and reports tailored to each Scrutiny remit are made available quarterly.

Annual Reporting

We produce an Annual Report that looks at how we are progressing our Well-being Objectives and meeting our 'Performance Requirements'.

As there was an overlap in Strategy coverage, we monitored the existing strategy until the new strategy was approved and then reset the actions and targets underway to the new Corporate Strategy as best we could to report Q4 performance and the Annual Report for 22/23. This was more difficult to do as the PIMS monitoring was set to the previous strategic content, but the reset was worthwhile as the new focus was on the new Well-being Objectives and gave a baseline to build on.

				Overlap year				
2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Old Corporate Strategy 2018-23								
With 13 Well-being objectives 22/23 performance against the old strategy will be assessable from our PIMS system. We have reported Quarterly Performance throughout the year to Scrutiny.								
				New Corporate Strategy 2022-27 With 4 Well-being objectives				
								
				Our Annual Report for 2022/23 will be based on the four new Well-being objectives				

❖ What and how can we do better?

We will continue to enhance the use of information and intelligence from a range of sources to inform quarterly Performance Management Monitoring Reports

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 2022 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

❖ How we do it

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

❖ How we do it

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.

Our Staff are encouraged to develop, and this is consistent with our objectives as an organisation that has been accredited with **Investors in People. (Gold Standard)**.

The management of attendance and supporting the wellbeing of staff is a high priority for the Council, for which we recently maintained the Corporate Health Standard (Platinum Award). 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.

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. Any pay gaps are generally because of occupational segregation of the sexes 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 regarding 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 continues to support its lowest paid employees and workers by continuing to pay the Real Living Wage supplement to ensure that our lowest paid receive the equivalent of £10.90 per hour (including fixed allowances).

The COVID19 pandemic accelerated a move to hybrid working especially remote and 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 closer to their homes. This will impact on accommodation requirements and contribute to the environmental agenda by reducing the need to travel. The Staff Travel Policy was reviewed and agreed in January 2023 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.

During 2022 the council agreed a new Transformation Strategy. Our workforce is integral to the delivery of that strategy, and so a Workforce Transformation Workstream has been established to take forward the key workforce priorities/projects, which is monitored by the Transformation Board.

A new draft Workforce Strategy has been developed and (at the time of writing this report) has been considered prior to wider consultation.

During 2023 we will also agree a new Learning & Development policy that ensures fair access to learning for all our staff.

Safeguarding in employment continues to be a high priority and related policies and guidance are being reviewed and revised to ensure that our recruitment and ongoing employment processes are as robust as possible.

❖ How well are we doing and how do we know?

Investors in People Accreditation

We have been an Investor in People since 2009 and it has been a vital tool to measure the impact of our investment in our people. Our last full review was in 2022, when we achieved the Gold award, over 40% of the indicators were placed in the platinum (High Performing) category, which puts us in a strong position for achieving the full Platinum award at our next full review.

Audit Wales Review of Workforce Management undertaken early 2022 - "Overall, the review found that:

The Council is improving the strategic planning for its workforce and is taking action to address staff capacity issues in key service areas but recognises that performance monitoring of workforce management needs strengthening.

This conclusion was reached because:

The Council is taking action to improve strategic workforce planning but needs a greater focus on its workforce requirements over the longer-term.

The Council is working to address strategic risks it has identified in relation to workforce capacity, and to strengthen its staff engagement arrangements.

The Council recognises that its corporate arrangements for monitoring performance in relation to its workforce need improving."

Attendance Monitoring Reports - CMT / Cabinet / Scrutiny Committee monitors performance on a regular basis. Also, Heads of Service have access to real time data in relation to attendance (developed during the pandemic to track covid absences).

H&S Annual Report – CMT monitoring report

Corporate Health Standard – An externally validated award undertaken by Public Health Wales. The national quality framework and award for employers to improve health and well-being in the workplace. We retained the recognition in March 2023 and have been awarded the Platinum standard - "the beacon for exemplar employers who demonstrate sustainable business practices and take full account of their corporate social responsibilities".

Employee Wellbeing Annual Report - CMT monitoring report

Employee Engagement Annual Survey – during 2022 the Council held its first employee engagement survey. In the main the results were positive, highlights included:

- Most people agreed that they were up to speed on what was happening in their team or work location, but fewer people felt they knew what was happening across the organisation.
- The majority said that they were proud to work for Carmarthenshire County Council and would recommend us as an employer.
- Many said that they felt their wellbeing is important to the Council, and that equality in the workplace is supported, allowing them to be themselves and speak openly.
- Many told us that they are encouraged to make suggestions and challenge the way things are done, and that their opinions are listened to and used to improve things.
- Most people also felt that they have the right skills to do their job and many stated that they are able to perform to the best of their ability.
- In terms of developing new skills, many stated that they are encouraged to learn and grow and that they had been given the opportunity to do so during the last year.

- The majority also stated that they can access learning opportunities in their preferred language.
- Most felt that their job makes an important contribution to the council, they were also clear about what is expected of them and what they could expect from their manager.
- Many said that someone had talked to them about their progress during the previous year and that they regularly receive recognition from others for doing a good job.

❖ **What and how can we do better?**

Further improve the way we attract, recruit, and retain talent.

- Create a strategy to attract, recruit and retain talent in the context of a contracting workforce.
- Develop options and timetable to review our Pay Model for agreement by the Pay Policy Advisory Panel.
- Introduce the new integrated recruitment IT system.
- Introduce new competency framework aligned to our core values.
- Reviewing and simplifying our existing recruitment processes
- Reduce our reliance on agency workers and exploring the benefits of an in-house agency.
- Review the end-to-end induction and on-boarding process including the launch of a new corporate induction.
- Work with Welsh Government, Public Service partners and Trade Unions in further progressing the Real Living Wage agenda.
- Develop and implement a new Learning & Development Policy
- Launch a staff benefits awareness campaign.
- Complete a council wide digital skills audit.

Continue to Grow Outstanding Leaders

- Further develop a framework for the Council's Leadership and Management framework to support the workforce to transform and deliver.
- Fully implement the new Learning Management System.
- Provide a range of development opportunities for new and existing employees to improve their Welsh language skills.

Further improve workforce engagement

- Raise awareness of the opportunities for staff to participate in, or lead on, Transformation related projects.
- Develop a new Internal Communications Strategy.
- Conduct an annual employee engagement survey.
- Develop online participation forum.
- Establish a staff forum.
- Review current appraisal / supervision framework and ensure it is embedded in our management development programme and induction process.
- Further develop existing reward and recognition frameworks.
- Develop an employee relations strategy embracing the principles of social partnership.

Develop a High Performance, Innovative, and Achievement Culture

- Establish clear leadership behaviours and expected management competencies via the introduction of a new competency framework aligned to our core values.
- Provide the organisation with relevant, accurate people-related data via the development of a people data dashboard through the development of a Workforce Data Framework.
- Create a strategy to attract, recruit and retain talent in the context of a contracting workforce.
- Fully roll out our Digital Skills Framework

Further Develop and Maintain a Safe and Healthy Workplace.

- Produce an annual Health & Wellbeing monitoring report for Corporate Management Team (CMT) consideration.
- Continue to use the Health & Safety Leadership Board to challenge and ratify key decisions.
- Senior leaders / managers to continue to model the stated / appropriate behaviours.
- Support services to ensure the management of all Health & Safety risks across the authority.
- Ensure the Health & Safety training programme is in place and regularly promoted.
- Develop and implement a health and wellbeing plan and programme.
- Continue to source initiatives that support the financial, mental, and physical wellbeing of our people.
- Monitor the demands for occupational health services relative to capacity within the OH team and report to CMT.
- Develop strategies to respond to reduced capacity within the OH team and increasing demand.
- Monitor the effectiveness of our health and wellbeing activities to demonstrate return on investment and report to CMT (part of Annual Report).
- Continue to update our Intranet pages to ensure the content is fit for purpose in terms of employee health and wellbeing.
- Continue to promote health and wellbeing events that are inclusive to maximise attendance.
- Continue to promote the benefits of a healthy lifestyle via our Health & Wellbeing Champions network, news articles.
- Ensure the Corporate Health & Safety team is integral to key decisions.

3.3.5.3 Scheme of Delegation to Officers

❖ How we do it

The Scheme of Delegation itemises the decisions which are delegated to officers, whether by the Council or by the Cabinet. 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.

❖ How well are we doing and how do we know?

Each Department will carry its own records of delegated decisions made by officers.

The more significant decisions are published and made available for call in before they can be implemented.

❖ What and how can we do better?

The Scheme of Delegation is a living document and needs to be kept under review. It was last updated in County Council on the 9th February 2022.

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

❖ How we do it

The Authority has a Risk Management Steering Group which reports its activity to the Governance and Audit Committee by presenting for information, the minutes of the group. The Risk Management Steering Group comprises Cabinet Member Risk Champion (Cabinet Member for Resources), Departmental Risk Champions and is chaired by a Head of Service.

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. All Departments have direct inputting access for the Corporate Risk Register.

The Corporate Risk Register is reported to the Governance and Audit Committee on a six-monthly basis, following bi-monthly review and critical assessment of the risks by Corporate Management Team (CMT).

❖ How well are we doing and how do we know?

A TIC review that concluded in December 2021 noted that ‘Although the Covid-19 pandemic initially impacted on the ability to progress the recommendations contained within the WAO Office Review and follow-up Internal Audit Review, a number of key actions have now been implemented and good progress has been made across the action plan in general.

One TIC priority was to ensure that all departments move to direct inputting of risk information as early in 2022 as possible – this has already been actioned.

Workshops have been held with CMT and Heads of Service to develop a Risk Appetite Statement, this has now concluded, and the Statement was presented for review by Pre-Cabinet on 3rd July 2023 and the Governance and Audit Committee on 14th July 2023.

❖ **What and how can we do better?**

Continue to implement the action plans developed in response to the WAO/Internal Audit Review, with priority to be given to ensuring that the Risk Toolkit is formally adopted and used to inform development sessions for managers at a divisional level and dedicated development sessions for Departmental Risk Champions. Develop a risk appetite statement.

Ascertain where training / awareness sessions are required in relation to Risk. Training session arranged for Cabinet and Governance and Audit Committee members 27th June 2023.

Review the Corporate Risk Register and improve on the reporting of corporate risks.

3.3.6.2 Risk Management Steering Group

❖ **How we do it**

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

❖ **How well are we doing and how do we know?**

TIC's December 2021 review concluded that 'The Terms of Reference of the Risk Management Steering Groups and its various sub-groups have recently been reviewed. This will allow the Strategic Group to adopt more of a strategic approach to its consideration of risk management issues, such as undertaking regular reviews of the Corporate Risk Register.'

❖ **What and how can we do better?**

The Steering Group's role in allocating the £250k of risk management funding could be strengthened by introducing clearer criteria for how this funding is prioritised and spent on an annual basis.

3.3.6.3 Scrutiny Committees

❖ **How we do it**

The Authority has 5 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 Cabinet collectively or by individual Cabinet Members on their own portfolio areas. In order to allow call in to be exercised no decision taken by the Cabinet or Cabinet 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.

❖ **How well are we doing and how do we know?**

The Chairs and Vice-Chairs of Scrutiny Forum meets on a quarterly basis to discuss and propose improvements to the scrutiny function for consideration by the Authority's Constitutional Review Working Group; to put forward items for discussion at the biannual meetings with the Cabinet; and acts as a forum for sharing scrutiny good practice.

In July 2022 Audit Wales published its "Follow UP Review: Overview and Scrutiny – Fit For The Future ?" in relation to the Council. The Report concluded that "overall the Council had made some progress in addressing their previous proposals for improvement" finding that of the 6 recommendations made in its 2018 Report 2 had been met, 3 partially met and one not met.

In relation to the 2 recommendations found to have been fully met Audit Wales found that the Authority

- had changed its Constitution in 2020 and clarified the role of Cabinet Members at Scrutiny Committees, and they had seen evidence of Cabinet Members routinely attending Scrutiny Committees, presenting reports and answering questions, and.
- produced a "forthcoming items for next meeting" report for each Scrutiny Committee meeting, along with Guidance for the Committee to consider whether a topic was suitable for scrutiny.

❖ **What and how can we do better?**

The Audit Wales Follow Up Report mentioned above found that the review of the scrutiny committee structure had only been partially met. The full review has since been conducted and the remits of the Scrutiny Committees were aligned with the Cabinet Members portfolios in September 2022.

The Report also recommended that reports to Scrutiny Committees be more specific as to why they were receiving the information and how it related to the role of the Committee. This has been addressed, with more emphasis now being put on pre-decision scrutiny and input into policy making by the Committees. The Constitutional Review Working Group has also reminded all Scrutiny Committees to use the Gateway Document to assist with this task.

Another recommendation of the Report was that ways be identified and implemented to encourage greater public involvement in scrutiny. This challenge is not unique to Carmarthenshire and is an issue most, if not all, Welsh Authorities encounter. The Authority does have arrangements in place for the public to involve themselves in Council

business and the democratic service will work with the Marketing and Media Team to further promote the ways in which the public can get involved. The Authority has also published a statutory Public Participation Strategy during 22/23.

The recommendation from the 2018 Report found not to have been met was the one requiring arrangement to be put in place for assessing the effectiveness and impact of scrutiny. A self- assessment was undertaken in 2019 but due to the low level of responses a further survey is to be undertaken.

3.3.6.4 Financial Administration (Section 151 Officer)

❖ How we do it

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 Governance and Audit Committee.

❖ How well are we doing and how do we know?

Internal Audit's overall opinion reported in July 2022 to the Governance and Audit Committee: 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.

Financial Procedure Rules and Corporate Procurement Rules are regularly reviewed and updated when appropriate. They will be presented to Governance and Audit Committee in July 2022 for changes to be approved.

In October 2022, Audit Wales issued an unqualified audit report in respect of our 2021-22 Statement of Accounts. These again included a significant number and value of additional Covid related funding from many different grants. Following late changes to accounting / audit requirements, Carmarthenshire was able to adapt to these amendments and was one of the earliest Local Authorities in Wales to have its 2021-22 Accounts signed off.

Residents Survey 2,195 responses	Average Index Score
The Council makes good use of the financial resources available to them	-0.33
Investment is focused in the correct areas	-0.41

During the year a new regional Corporate Joint Committee was created, with Carmarthenshire providing the S151 Officer as well as financial support functions. In line with expectations, the S151 service to the Fire Authority was reduced and ceased during the year.

❖ **What and how can we do better?**

Following several years of disruption, Audit Wales have issued guidance that draft accounts preparation and audited accounts signoff will revert to 30th June and 30th September respectively. We need to adjust our processes to ensure we can meet these deadlines – this includes both the desktop valuation of the majority of property assets (now an annual requirement) as well as the introduction of IFRS16 (Leases).

The scores from our residents' survey suggest that more work is needed either to engage residents to understand how the council uses financial resources, and to seek their views on what or how we could do better.

3.3.6.5 Dyfed Pension Fund Committee

❖ **How we do it**

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 2022/23 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 Pension 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 Levelling Up, Housing and Communities. 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.

Carmarthenshire County Council has continued as the Host Authority providing administrative and secretarial support and implementing decisions made by the Joint Governance Committee.

The Authority for 2022/23 has produced a separate Annual Report and Accounts 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.

❖ **How well are we doing and how do we know?**

There has been a significant increase in the level of engagement related to climate change, which the fund has proactively engaged in with various organisations. The fund has recognised climate related risk within its investment performance and established a responsible investment policy.

❖ **What and how can we do better?**

The Fund's pension committee acknowledged the continued excellent work on Responsible Investing in conjunction with the Wales Pension Partnership and requested that communication continued on this matter at a local and national level.

3.3.6.6 The City Deal

❖ **How we do it**

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 have been approved by both UK and Welsh Government and will be delivered in collaboration with the three other constituent authorities under the Swansea Bay City Deal.

During 2021/22, the Welsh Government Integrated Assurance Hub conducted an Office of Government Commerce (OGC) Gateway Review at a City Deal portfolio (Gate 0) level. This will assure successful progression and overall delivery, while supporting the SRO in the successful discharge of their duties. The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Seventeen 'conversations' were held with stakeholders between 19th-21st July 2021 together with a workshop session with the four local authority Leaders.

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 Joint Committee 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). The 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 (Pembrokeshire County Council) prepares an annual report for consideration by the Joint Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

❖ **How well are we doing and how do we know?**

The SBCD Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating. The summary finding of the Review were made four recommendations, three of which have been achieved as at 31st March 2022.

The internal audit report has determined an audit assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives. This report was presented to the Joint Committee within the 2022/23 financial year and was subject to delay in financial year 2021/22 due to the COVID-19 crisis and local elections.

❖ **What and how can we do better?**

The Welsh Cities and Growth Implementation Board were very complimentary in respect of the progress the Swansea Bay City Deal has made and acknowledged that the Portfolio is in full delivery.

The Conclusions from the reports and reviews noted above will strengthen governance arrangements and support best practise to ensure the successful the delivery of programmes and projects. Recommendations will be reviewed and implemented within portfolio management, governance and control activities and monitored in line with governance arrangements.

3.3.6.7 PARTNERIAETH

❖ **How we do it**

The Joint Committee between Carmarthenshire, Swansea, and Pembrokeshire – “Partneriaeth” - has by now been established, and the relevant staff transferred from the predecessor ERW to Partneriaeth. This framework will deliver some of the objectives that were previously being provided by ERW namely professional development of the school workforce and the design and development of a new curriculum.

❖ **How well are we doing and how do we know?**

The Partneriaeth Risk Register is reviewed regularly by the Joint Committee and on an annual basis there will be a Welsh Government Challenge and review session as well as ESTYN thematic studies / reviews. The quality of professional learning/support will be evaluated by participants and an annual survey conducted to ensure that Partneriaeth meets the needs of our schools.

❖ **What and how can we do better?**

Outcomes from the reports, reviews and annual survey noted above will identify areas of success and areas to develop. These will be incorporated into subsequent business plans and monitored in line with the governance structure.

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



3.3.7.1 Governance and Audit, Standards and Democratic Services Committees

❖ How we do it

The Governance and 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 Governance and 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 **Governance and 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 independent External Voting Members on the Audit Committee.

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.

❖ How well are we doing and how do we know?

During 2022/23, appointments were confirmed for three of the lay members, and by the end of the year, an applicant to fill the remaining vacancy had been selected and appointed by full Council on the 19th April 2023.

Governance and Audit Committee agree on their development needs and a training programme agreed.

The Governance and Audit Committee have a Self-Assessment session arranged for May 2023, this will ensure that the improvement and development plan in place is up to date and reflects the needs of the Committee, but also contribute towards the Authority's self – assessment.

❖ What and how can we do better?

The Governance and Audit Committee should conduct a self-assessment of its role and responsibilities to ascertain where further improvements are required, this is planned for May 2023.

Following the self-assessment, a clear action plan for improvement needs to be developed.

3.3.7.2 Internal Audit

❖ How we do it

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 is required to undertake their work in accordance with the standards as set out in the **Public Sector Internal Audit Standards (PSIAS)**. The 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 Governance and 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 Governance and Audit Committee annually and regular reports are made to the Governance and 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 Governance and 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. In 2022/2023 a review was conducted, as the previous review was carried out 5 years ago.

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. An independent assessment completed in 2022/23 comprised a desktop review of the self-assessment and supporting evidence and discussions with the Principal Auditor and Head of Revenues

and Financial Compliance, who consulted with the Section 151 Officer and Chair of the Governance & Audit Committee as part of the process, to gain insight and views on the operation of the Internal Audit Team and conformance with the Standards. The external assessor concluded that, there are 304 best practice lines within the PSIAS and results of the validation found that the Internal Audit Service of Carmarthenshire Council is currently conforming to 300 of the requirements, with partial conformance in three areas and non-conformance in one area.

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.

❖ **How well are we doing and how do we know?**

- Strategic and Annual Audit Plans presented to Governance and Audit Committee in the March meetings.
- Quarterly updates are provided on the work carried out and Annual Report is presented every July.
- Actions to deliver recommendations made in 2022/2023 External Quality Assessment have all been completed. All changes have already been implemented including the one standard deemed 'non-compliant'. The concern was in relation to the standards: 'Independence or Objectivity' - The requirement is for someone outside Internal Audit to have oversight of audit engagements in areas managed by the CAE (Chief Audit Executive), in this case the head of Revenues and Financial Compliance. The Principal Auditor's independence may be perceived to be compromised because their line manager is the person responsible for the operational management of a small proportion of areas being audited. A means of providing appropriate external oversight needed to be devised to demonstrate conformance with this Standard. Therefore, as accepted by the External Assessor, with immediate effect The Head of Financial Services, who is outside the Internal Audit activity, now has oversight of audit engagements in areas managed by the CAE.
- Client feedback surveys have been introduced during the year, which assist us to know how we are doing. From the results so far, we have received positive affirmations (Excellent or Good) to over 90% of the questions. Results of the surveys are used as a discussion basis to improve our performance.

❖ **What and how can we do better?**

- Review the effectiveness of the new performance indicators introduced in 2022/2023 to ensure that the aim of assisting the service in becoming more efficient is delivered.
- Review the results of surveys to assist service improvement.
- Review and update the Internal Audit Charter.

3.3.7.3 External Regulators

❖ How we do it

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 the Governance and Audit Committee.

❖ How well are we doing and how do we know?

We track Audit Wales and Care Inspectorate Wales National and Local Regulatory report recommendations and report on them quarterly. We also submit an annual report to the Governance and Audit Committee.

We expect all reports that are going to be reported to the Governance and Audit Committee to go via CMT.

- During the year we have agreed that Estyn national report recommendations will be addressed by the newly created Focus Groups set up to support The future direction of Education Services in Carmarthenshire 2022 – 2032 key themes and high level priorities.

As outlined in Para 3.3.4.1 we have included regulatory report findings in new Integrated Performance Monitoring reports.

❖ What and how can we do better?

To liaise with Audit Wales and other regulatory bodies on their local and national audit programmes.

3.3.7.4 Information Assets

❖ How we do it

The Council's Head of ICT & Policy acts as the Authority's **Senior Information Risk Owner**. A Corporate Information Governance Group (CIGG) 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).

❖ How well are we doing and how do we know?

There had been 39 personal data breaches reported this year, which have been discussed at the CIGG.

Details of reported breaches are logged, with a incident report being sent onto the responsible Head of Service for the division along with details and remedial action taken. Two breaches were escalated and reported to the ICO, one by the Council and another by the data subject.

There were 24 breaches reported in the previous year with 2 being referred to the ICO, therefore there has been an increase in the number of breaches being reported.

There were 3 cyber incidents reported this year. None of the incidents had caused the loss or destruction of data and it was likely that all three incidents were random and not targeted specifically at the Authority.

❖ What and how can we do better?

It was noted at CIGG that a high number of the reported breaches had involved personal data being emailed to the incorrect email recipient in error.

We will implement warnings to the email system to reduce the human error factor. Breach reports will be added to the PIMS system to increase visibility within each service area.

We will specifically look at high risk service area and look to disable the email auto complete facility which contributes to this type of breach.

We will continue to educate staff highlighting the potential that cyber criminals can steal sensitive information via phishing emails.

We will ensure a robust approach to Cyber security and sustainable solutions are implemented for Information Governance.

We will fulfil our statutory obligation under the Data Protection Act and ensure we are up to date with revisions in law being introduced in the UK.

Further increase our use of the latest digital technology to further transform the services delivered by the Council.

Continue to embrace and promote agile working, hybrid meetings and new ways of working across the organisation.

We will in line with our Digital Transformation Strategy 2021-2024, continue to engage, prioritise and implement department needs to allow them to deliver effective services.

3.3.7.5 Review of Effectiveness

❖ How we do it

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

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

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

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

❖ How well are we doing and how do we know?

Internal Audit view for 2021/22 assessed the process and supporting evidence for the Annual Governance Statement as adequate.

Annual Governance Statement produced timely in line with the closure timetable.

In the Internal Audit Annual Report for 2022/23 based on the programme of audit work undertaken to assess the framework and application of governance, risk management and control, the annual opinion for 2022/23 is ACCEPTABLE. 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 framework of governance, risk management and control.

❖ **What and how can we do better?**

Improve on the completion timetable for the Annual Governance Statement to ensure that it aligns with the earlier closure of accounts timetable, as it is included in the Statement of Accounts.

3.3.7.6 Council

❖ **How we do it**

The Council meets on a monthly basis and takes decisions on Council functions. Its meetings are held on a hybrid basis with members – and the public – given the choice of attending in person or online.

Agendas are published at least 3 clear days in advance of meetings, and meetings are open to the public (subject to exemptions) and webcast. Minutes are published and are available to the Public.

❖ **How well are we doing and how do we know?**

The enforced move to online meetings did not inhibit the democratic process and the provision of training enabled all members to be able to attend meetings and participate online.

All our meetings are webcast, thus allowing the public to be able to hear and follow proceedings.

❖ **What and how can we do better?**

We need to encourage members who attend meetings online to switch their cameras on in order that they may be seen.

3.3.7.7 Leadership / Cabinet

❖ **How we do it**

The Cabinet 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.

3.3.7.8 Cabinet Members

❖ How we do it

The Cabinet 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).

3.4 Corporate Governance following the COVID19 Pandemic

Prior to the COVID19 Pandemic, the Council held physical meetings, including those of the Full Council, the Cabinet individual Cabinet 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.

During the initial phase of the Pandemic, democratic meetings were suspended and senior officers of the authority adopting the Gold/Silver Command structure under the Civil Contingencies Act 2004 and Council buildings were closed to the public.

In the absence of any formal meetings of the Cabinet and Full Council, senior officers 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 were necessary for the functioning of the Council and its response to the pandemic.

Records were 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 Cabinet held on 1st June 2020. Remote meetings continued during the year with the resumption of the Governance and Audit Committee in July 2020 and Scrutiny Committees from November 2020. The Local Government and Elections (Wales) Act 2021 allows remote meetings to continue but also provides for hybrid meetings to be held. This has now been implemented as standard practice across all Committees, with Councillors free to choose whether to attend meetings virtually or in person.

As restrictions were eased on a more permanent basis during Spring 2022, this permitted increased office working, with many council staff and teams embedding hybrid working arrangements, retaining the operational efficiencies and reactivity which was realised through remote working with the benefits of face-to-face interaction.

3.5 Governance issues to be addressed

We propose over the coming year to take steps to address the Governance issues that need to be considered and addressed during the next 12 months to further enhance our Governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached in Appendix 2, along with outstanding actions from previous years which are summarised in Appendix 1. 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**18 October 2023****Leader of Council****Chief Executive**

APPENDIX 1

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2020/21 No.2	Implement The Local Government and Elections (Wales) Act requirements.	Corporate	May 2022	The elements that have not been implemented to date have a timetable that needs to be met to deliver the Act's requirement / timescale. Elements of performance & governance implemented. Elections – in hand	Ongoing Parts of the Legislation that needed to be implemented have been completed. Self-assessment element has been incorporated. Awaiting guidance from WLGA re: peer assessment. Part completed – performance element completed.
AGS 2021/22 No.1	Develop recruitment strategy and workforce plan alongside implementation of new recruitment software to ensure recruitment service can be streamlined and maintained.	People Services Manager	March 2023	In progress – new software in place – testing system and rolling out training – from March 2023 Strategy will follow once system in place.	Commenced. Testing complete and post test updates to the system underway. (May 2023). Workforce strategy to CMT 30 March Dedicated workforce related CMT meeting on 4 th May and progress on new software Strategy to Pre cabinet on 18 th May
AGS 2021/22 No.4	Develop an Engagement and Consultation plan for the local authority.	Media and Marketing Manager	March 2023	Work has commenced – reflecting on the staff survey findings and IIP	Commenced Engagement with TU – introduced a joint consultancy forum – group leaders and Chief also attends. Aim to improve engagement and consultation Staff feedback completed

**UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN
PREVIOUS ANNUAL GOVERNANCE STATEMENTS**

SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2021/22 No.5	Further development work on handling complaints and investigating complaints.	Head of ICT and Policy	March 2023	Piece of work being carried out on the resource needed to investigate complaints. Triangulate this with FOIA and Member enquiry	Commenced Review of handling of complaints has been completed. Next piece of work to review the investigation process at stage 2 for consistency in approach and standards needed.
AGS 2021/22 No.6	Review the customer service that we as a Council provide and how we can further improve the customer journey.	Media and Marketing Manager	March 2023	From 1 st December 2022 – Development of Hwbs – more access to customers – thematic days introduced.	Commenced Falls into the Digital Customer Transformation workstream – which monitors the progress. SPFunding – Hwb Fach y Wlad – to be implemented
AGS 2021/22 No.8	Establish clear governance mechanism to drive progress against each Well-being Objective and identify priority themes and service areas to support delivery of the well-being objectives.	Head of ICT and Policy	March 2023	Governance mechanisms now in place – completed. Four well-being objectives identified and thematic priorities and service priorities framework in place. Divisional plans format issued w/c 5 December 2022.	Commenced Delivery plan of Corp strategy all going through Scrutiny process at the moment. Governance mechanism has been established.

*UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN
PREVIOUS ANNUAL GOVERNANCE STATEMENTS*

SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2021/22 No.12	Review the Governance arrangements for both Local Authority Trading Companies (LATC) with a view to aligning the arrangements and clarifying the roles of Members and Scrutiny Committees in relation to the LATCs.	Direct of Corporate Services Head of Legal and Administration	March 2023	Monitoring Officer review carried out and completed. Report is being finalised. CWM taking a governance review report to the CWM Board.	Commenced Update: Monitoring Officer Governance update review carried out and completed. Report is being finalised. CWM has taken a governance review report to the CWM Board. – Cwm action Complete

APPENDIX 2

GOVERNANCE ISSUES ACTION PLAN			
NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT			
ISSUE REF	ACTION	RESPONSIBLE OFFICER	TARGET DATE
AGS 2022/23 No.1	To embed the governance arrangements around the New corporate strategy and Well-being objectives 2022-27.	Corporate Policy - Performance	31 March 2024
AGS 2022/23 No.2	We will ensure that Corporate Performance Management and Internal Audit work together, to ensure that the Annual Governance Statement plays its part in the Overall Council's Self-Assessment.	Corporate Policy – Performance	31 July 2023
AGS 2022/23 No.3	Data Insight Team to support in the development and analysis of consultation activity arising from the Local Government and Elections Act (specifically with residents, businesses, trade unions and staff).	Corporate Policy – Data Insight	31 March 2024
AGS 2022/23 No.4	Governance and Audit Committee Annual Report to be produced and consideration given as to whether the annual report be presented to full Council.	Governance & Audit Committee & Corporate Services – Head of Revenues & Financial Compliance	30 June 2024

APPENDIX 3

2021/2022 GOVERNANCE ISSUES - ACTIONS COMPLETED	
ISSUE REF	ACTION
AGS 2021/22 No.2	Set up governance group to oversee development of Reward and Benefit hub.
AGS 2021/22 No. 3	Review employment safeguarding framework and develop training programme for recruiting managers.
AGS 2021/22 No.7	Review and reinvigorate our Corporate Strategy and Well-being Objectives.
AGS 2021/22 No.9	Continue to develop the new integrated Performance Management quarterly monitoring reports.
AGS 2021/22 No.10	Develop a new Transformation strategy; ensure that Learning & Development priorities and programmes are fully aligned with corporate priorities and needs.
AGS 2021/22 No.11	Refresh the council's Core Values. Communicate to the workforce the Chief Executive's vision for the Council.

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

Opinion on financial statements

I have audited the financial statements of Carmarthenshire County Council for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view, and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Carmarthenshire County Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- obtaining an understanding of Carmarthenshire County Council's framework of authority as well as other legal and regulatory frameworks that Carmarthenshire County Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Carmarthenshire County Council.
- obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Carmarthenshire County Council's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Carmarthenshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales

2 November 2023

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4BZ

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)

2022-23	Difference between Council Fund (CF) and Housing Revenue Account (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (CIES) (Surplus)/Deficit		
	Net Expenditure Chargeable to the CF and HRA £'000	Total Adjustments £'000	Net Expenditure in the CIES £'000
Department			
Chief Executive	9,481	9,924	19,405
Education & Children	179,869	28,327	208,196
Corporate Services	24,489	(315)	24,174
Communities	117,732	21,158	138,890
Environment	58,253	10,851	69,104
Housing Revenue Account	(9,160)	29,318	20,158
Insurance & Corporate	3,945	(3,216)	729
Net Cost of Services	384,609	96,047	480,656
Other Income & Expenditure	(380,460)	(51,873)	(432,333)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	4,149	44,174	48,323
Transfers to/(from) earmarked reserves	(540)		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	3,609		
CF & HRA Balance at 31st March 2022:	(35,363)		
(Surplus)/Deficit	3,609		
CF & HRA Balance at 31st March 2023:	(31,754)		
2021-22			
Department			
Chief Executive	6,471	7,172	13,643
Education & Children	151,357	24,000	175,357
Corporate Services	18,167	549	18,716
Communities	99,371	15,422	114,793
Environment	52,015	10,862	62,877
Housing Revenue Account	(17,035)	(17,402)	(34,437)
Insurance & Corporate	6,676	(6,006)	670
Net Cost of Services	317,022	34,597	351,619
Other Income & Expenditure	(353,368)	(73,755)	(427,123)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	(36,346)	(39,158)	(75,504)
Transfers to/(from) earmarked reserves	32,461		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	(3,885)		
CF & HRA Balance at 31st March 2021:	(31,478)		
(Surplus)/Deficit	(3,885)		
CF & HRA Balance at 31st March 2022:	(35,363)		

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)

2021-22	2021-22	2021-22		2022-23	2022-23	2022-23
Total Gross Expenditure £'000	Total Gross Income £'000	Total Net Expenditure £'000		Total Gross Expenditure £'000	Total Gross Income £'000	Total Net Expenditure £'000
			Department			
24,394	(10,751)	13,643	Chief Executive	32,739	(13,334)	19,405
243,343	(67,986)	175,357	Education and Children	266,327	(58,131)	208,196
61,999	(43,283)	18,716	Corporate Services	61,785	(37,611)	24,174
210,926	(96,133)	114,793	Communities	221,915	(83,025)	138,890
86,822	(23,945)	62,877	Environment	90,636	(21,532)	69,104
9,136	(43,573)	(34,437)	Housing Revenue Account	65,330	(45,172)	20,158
672	(2)	670	Insurance & Corporate	726	3	729
637,292	(285,673)	351,619	Net Cost of Services	739,458	(258,802)	480,656
			Precepts and Levies:			
		152	Brecon Beacons National Park			152
		10,737	Mid & West Wales Fire Authority			11,170
		0	South West Wales Corporate Joint Committee			155
		6,863	Community Councils			7,001
		20,509	Dyfed Powys Police Authority			21,675
		(190)	(Gains)/losses on the disposal of non-current assets			(227)
		(319)	(Surpluses)/Deficits on Trading Activities not included in Net Cost of Services		Note 6.6	168
		37,752	Other Operating Expenditure			40,094
		16,676	Interest Payable and Similar Charges			16,416
		12,090	Net interest on the net defined benefit liability (asset)			13,486
		(304)	Interest and Investment Income			(3,196)
		(618)	Income and expenditure in relation to investment properties and changes in their fair value		Note 6.11	498
		(282)	Other income			(308)
		27,562	Financing and Investment (Income) and Expenditure			26,896
		(225,743)	Revenue Support Grant		Note 6.35	(243,380)
		(916)	General Government Grants		Note 6.35	0
		(129,997)	Council Tax		Note 6.7	(133,648)
		(62,757)	Net Proceeds of Non-Domestic Rates		Note 6.8	(68,223)
		(73,024)	Capital Grants and Contributions		Note 6.35	(54,072)
		(492,437)	Taxation and Non-specific Grant Income			(499,323)
		(75,504)	(Surplus)/Deficit on Provision of Services			48,323
		(153,696)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(87,588)
		(108,880)	Remeasurement of the net defined benefit liability/(asset)			(610,433)
		(262,576)	Other Comprehensive (Income) and Expenditure			(698,021)
		(338,080)	Total Comprehensive (Income) and Expenditure			(649,698)

5.3 MOVEMENT IN RESERVES STATEMENT

	Council Fund Balance £'000	Earmarked Council Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
Balance at 31 March 2021	(12,034)	(122,071)	(19,444)	(7,842)	(15,104)	(176,495)	(384,460)	(560,955)
Movement in reserves during 2021/22								
(Surplus) or deficit on the provision of services	(29,492)	0	(46,012)	0	0	(75,504)	0	(75,504)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(262,576)	(262,576)
Total Comprehensive Income and Expenditure	(29,492)	0	(46,012)	0	0	(75,504)	(262,576)	(338,080)
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(4,190)	0	43,348	(2,771)	(13,498)	22,889	(22,889)	0
Net (Increase)/Decrease before Transfers to/from Earmarked Reserves	(33,682)	0	(2,664)	(2,771)	(13,498)	(52,615)	(285,465)	(338,080)
Transfers to/(from) Earmarked Reserves(Note 6.22)	32,248	(32,461)	213	0	0	0	0	0
(Increase)/Decrease in Year	(1,434)	(32,461)	(2,451)	(2,771)	(13,498)	(52,615)	(285,465)	(338,080)
Balance at 31 March 2022	(13,468)	(154,532)	(21,895)	(10,613)	(28,602)	(229,110)	(669,925)	(899,035)
Movement in reserves during 2022/23								
(Surplus) or deficit on the provision of services	28,779	0	19,544	0	0	48,323	0	48,323
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(698,021)	(698,021)
Total Comprehensive Income and Expenditure	28,779	0	19,544	0	0	48,323	(698,021)	(649,698)
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(29,388)	0	(14,786)	(892)	11,101	(33,965)	33,965	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(609)	0	4,758	(892)	11,101	14,358	(664,056)	(649,698)
Transfers to/(from) Earmarked Reserves(Note 6.22)	(679)	540	139	0	0	0	0	0
(Increase)/Decrease in Year	(1,288)	540	4,897	(892)	11,101	14,358	(664,056)	(649,698)
Balance at 31 March 2023	(14,756)	(153,992)	(16,998)	(11,505)	(17,501)	(214,752)	(1,333,981)	(1,548,733)

5.4 BALANCE SHEET

31/03/22			31/03/23
£'000			£'000
		Notes	
1,405,896	Property, Plant & Equipment	6.9	1,487,195
232,255	Infrastructure Assets	6.9	255,373
2,432	Heritage Assets	6.10	2,527
26,770	Investment Property	6.11	26,213
1,107	Long Term Investments	6.12	1,071
4,896	Long Term Debtors	6.13	4,947
1,673,356	Long Term Assets		1,777,326
85,525	Short Term Investments	6.14	62,935
2,061	Inventories	6.15	2,063
105,322	Short Term Debtors	6.16	106,653
31,319	Cash and Cash Equivalents	6.17	49,439
224,227	Current Assets		221,090
(12,793)	Short Term Borrowing	6.18	(13,001)
(89,727)	Short Term Creditors	6.19	(94,390)
(1,044)	Provisions	6.20	(1,140)
(282)	Donated Inventories Account	6.15	(114)
(103,846)	Current Liabilities		(108,645)
(1,915)	Provisions	6.20	(1,511)
(390,681)	Long Term Borrowing	6.21	(400,234)
(502,106)	Other Long Term Liabilities	6.42	60,707
(894,702)	Long Term Liabilities		(341,038)
899,035	Net Assets		1,548,733
13,468	Council Fund		14,756
21,895	Housing Revenue Account	7.2	16,998
139,327	Earmarked Council Fund Reserves	6.22	142,868
15,205	Council Fund Reserves Held by Schools under LMS	6.22	11,124
10,613	Capital Receipts Reserve	6.23	11,505
28,602	Capital Grants Unapplied	6.24	17,501
229,110	Usable Reserves		214,752
475,815	Revaluation Reserve	6.25	548,398
703,212	Capital Adjustment Account	6.26	732,439
(521)	Financial Instruments Adjustment Account		(498)
332	Deferred Capital Receipts Reserve		332
(502,106)	Pensions Reserve	6.27	60,707
(6,807)	Accumulated Absences Account	6.28	(7,397)
669,925	Unusable Reserves		1,333,981
899,035	Total Reserves		1,548,733

5.5 CASH FLOW STATEMENT

2021-22 £'000	Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow	Note	2022-23 £'000
(75,504)	Net (Surplus)/Deficit on the provision of services	5.2	48,323
	Adjustments to net surplus or deficit on the provision of services for non-cash movements		
(45,322)	Depreciation		(51,783)
36,443	Impairment & downward valuations		(27,014)
256	Movement in market value of investment properties		(534)
(50,528)	Pension fund adjustments		(47,620)
1,225	Movement in provisions		308
(2,180)	Carrying amount of non-current assets sold		(725)
101	Other non cash movement		0
(7,255)	Movements in revenue debtors, creditors, inventories etc.		5,245
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
2,429	Proceeds from sale of property, plant and equipment, investment property and intangible assets		963
73,024	Capital Grants		54,072
(67,311)	Net cash flow from operating activities		(18,765)
	INVESTING ACTIVITIES		
69,739	Purchase of property, plant & equipment, investment property & intangible assets		89,921
745,500	Purchase of short term & long term investments		869,500
5,793	Other payments for investing activities		6,077
(2,488)	Proceeds from the sale of property, plant & equipment, investment property & intangible assets		(973)
(686,148)	Proceeds from short term & long term investments		(892,090)
(62,632)	Capital grants received		(62,029)
69,764	Net cash flow from investing activities		10,406
	FINANCING ACTIVITIES		
(2,692)	Cash receipts of short-term & long-term borrowing		(20,000)
15,831	Repayments of short-term & long-term borrowing		10,239
13,139	Net cash flow from financing activities		(9,761)
15,592	NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		(18,120)
46,911	Cash & cash equivalents at the beginning of reporting period	6.17	31,319
31,319	Cash & cash equivalents at the end of reporting period	6.17	49,439
(15,592)	INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		18,120

The cash flows for operating activities include the following items:

2021-22 £'000		2022-23 £'000
16,713	Interest Paid	16,487
(248)	Interest Received	(2,430)

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 2022/23 financial year and its position at the year ended 31st March 2023.

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 2022/23 and the Service Reporting Code of Practice 2022/23, 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. Revaluations are effective from the 1st April each year.

The programmed 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 members of the Royal Institution 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.

In addition to the programmed valuations, an assessment was undertaken to determine whether a material change had occurred as a result of fluctuations in build rates & market values. As a result of the assessment, it has been necessary to carry out a desktop exercise in 2022/23 to update the value of HRA dwellings and assets valued on a DRC method. These desktop updates allow for current building cost information only. The updates assume the same land values and associated fees. The HRA update is based on Land Registry data for the County and is applied across all housing types.

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:

- 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
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. However, a finance lease

relating to a property has been identified together with a few small equipment leases that could be reclassified as finance leases. The reclassification adjustments would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Authority.

The Authority as Lessee – operating leases

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

The Authority as Lessor – operating leases

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

6.1.11 Financial Liabilities

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

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

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

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

6.1.12 **Financial Assets**

Loans and Receivables

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

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

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

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

Under IFRS 9 Financial Instruments, classification of financial assets are now based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income

6.1.13 **Inventories and Long Term Contracts**

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

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

6.1.14 **Cost of Support Services**

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

6.1.15 **Provisions**

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

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

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

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

6.1.16 **Reserves**

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

6.1.17 **Employee Benefits**

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension 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 assets 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 net pensions asset 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 positive 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 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 Ltd

Carmarthenshire County Council is sole shareholder of CWM Environmental Ltd. 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 6.36 (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 Cabinet in January 2018. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions).

Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Cabinet Member for Climate Change, Decarbonisation and Sustainability is a board member. 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 Cabinet. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions). No business activity was undertaken during the year.

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 identified that the following could fall within the above definition for accounting purposes:

Partneriaeth (previously ERW)
Wales Pension Partnership
Swansea Bay City Region
South West Wales Corporate Joint Committee

It has previously been identified that the Authority retains a financial stake in the West Wales Crematorium. Further information is provided at note 6.37 (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, particularly given the significant increase in inflation
- Possible changes to future governance arrangements brought about by the introduction of Corporate Joint Committees.

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, where 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 Asset.

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

6.4 Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2022-23	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(35,863)	(15,920)	0	0	51,783
Revaluation gains/(losses) on Property Plant and Equipment	(5,739)	(21,275)	0	0	27,014
Movements in the market value of Investment Properties	(534)	0	0	0	534
Capital grants and contributions applied	38,780	10,401	0	0	(49,181)
Revenue expenditure funded from capital under statute	(1,154)	(1)	0	0	1,155
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	(401)	(324)	0	0	725
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	10,194	4,589	0	0	(14,783)
Capital expenditure charged against the Council Fund and HRA balances	6,188	9,218	0	0	(15,406)

	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2022-23	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,863	28	0	(4,891)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	15,992	(15,992)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	626	327	(953)	0	0
Statutory Capital Receipts	10	0	(213)	0	203
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	274	0	(274)
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				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2022-23	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	23	0	0	0	(23)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.42)	(75,352)	(2,853)	0	0	78,205
Employer's pensions contributions and direct payments to pensioners payable in the year	29,533	1,052	0	0	(30,585)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(562)	(28)	0	0	590
Total Adjustments	(29,388)	(14,786)	(892)	11,101	33,965

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2021-22	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(32,405)	(12,917)	0	0	45,322
Revaluation gains/(losses) on Property Plant and Equipment	8,608	27,835	0	0	(36,443)
Movements in the market value of Investment Properties	256	0	0	0	(256)
Capital grants and contributions applied	31,692	21,123	0	0	(52,815)
Revenue expenditure funded from capital under statute	(2,249)	0	0	0	2,249
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	(2,180)	0	0	0	2,180
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	11,858	4,683	0	0	(16,541)
Capital expenditure charged against the Council Fund and HRA balances	8,413	3,624	0	0	(12,037)

	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2021-22	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	19,734	475	0	(20,209)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	6,711	(6,711)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,370	0	(2,370)	0	0
Statutory Capital Receipts	59	0	(1,460)		1,401
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,059		(1,059)
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				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2021-22	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	77	0	0	0	(77)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 6.42)	(76,506)	(2,202)	0	0	78,708
Employer's pensions contributions and direct payments to pensioners payable in the year	27,429	751	0	0	(28,180)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,346)	(24)	0	0	1,370
Total Adjustments	(4,190)	43,348	(2,771)	(13,498)	(22,889)

6.5 Note to the Expenditure and Funding Analysis

2022-23	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes £'000	Net Changes for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Department				
Chief Executive	6,292	3,701	(69)	9,924
Education & Children	15,855	11,635	837	28,327
Corporate Services	(589)	299	(25)	(315)
Communities	10,942	10,312	(96)	21,158
Environment	6,121	4,752	(22)	10,851
Housing Revenue Account	27,977	1,311	30	29,318
Insurance & Corporate	(3,216)	0	0	(3,216)
Net Cost of Services	63,382	32,010	655	96,047
Other Income & Expenditure	(67,395)	15,610	(88)	(51,873)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	(4,013)	47,620	567	44,174
2021-22				
Department				
Chief Executive	2,894	4,154	124	7,172
Education & Children	10,338	12,929	733	24,000
Corporate Services	11	493	45	549
Communities	3,492	11,645	285	15,422
Environment	5,590	5,172	100	10,862
Housing Revenue Account	(18,541)	1,115	24	(17,402)
Insurance & Corporate	(6,006)	0	0	(6,006)
Net Cost of Services	(2,222)	35,508	1,311	34,597
Other Income & Expenditure	(88,757)	15,020	(18)	(73,755)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	(90,979)	50,528	1,293	(39,158)

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 2022/23 was 74,698.57 (74,425.19 for 2021/22).

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	19	5,060	16,281	14,502	13,144	14,837	8,722	3,388	546	116

Analysis of the net proceeds from Council Tax:

	2021-22	2022-23
	£'000	£'000
Council Tax Collectable	130,719	134,764
Movement in Impairment Allowance	(722)	(1,116)
Net Proceeds from Council Tax (including Precepts)	<u>129,997</u>	<u>133,648</u>

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 2022/23, 53.5p for 2021/22).

The total non-domestic rateable value at 31st March 2023 was £120,427,892 (£120,370,324 at 31st March 2022).

6.9 Property, Plant & Equipment

Movements in 2022-23	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 01/04/22	468,550	817,491	25,727	7,005	21,213	91,635	1,431,621
Additions	22,483	17,475	7,231	1,238	363	29,766	78,556
Revaluation Increases Recognised in the Revaluation Reserve	18,391	79,928	0	340	560	0	99,219
Revaluation Losses Recognised in the Revaluation Reserve	(4,291)	(3,874)	0	0	(2,845)	0	(11,010)
Revaluation Increases Recognised in the Provision of Services	6,176	8,061	0	0	655	0	14,892
Revaluation Losses Recognised in the Provision of Services	(22,238)	(11,765)	0	(3)	(2,061)	0	(36,067)
Derecognition of Disposals	(327)	0	(191)	0	0	0	(518)
Reclassifications: to & from Assets Held for Sale	0	0	0	0	(350)	0	(350)
Reclassifications: to & from Investment Properties	0	(1,498)	0	0	101	1,410	13
Reclassifications: from Assets Under Construction	22,430	18,195	0	0	0	(53,704)	(13,079)
Reclassifications: PPE	0	(983)	0	63	910	10	0
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(17,830)	(28,166)	(1,963)	(67)	(26)	0	(48,052)
Gross Book Value 31/03/23	493,344	894,864	30,804	8,576	18,520	69,117	1,515,225
Accumulated Depreciation and Impairment at 01/04/22	(5,704)	(8,026)	(11,430)	(549)	(16)	0	(25,725)
Depreciation Charge	(15,907)	(25,189)	(2,897)	(55)	0	0	(44,048)
Depreciation Written Out to Revaluation Reserve	17,830	28,166	1,963	67	26	0	48,052
Derecognition of Disposals	3	0	146	0	0	0	149
Other Movements in Depreciation and Impairments	(5,202)	(651)	(598)	0	(7)	0	(6,458)
Cumulative Depreciation to 31/03/23	(8,980)	(5,700)	(12,816)	(537)	3	0	(28,030)
Net Book Value at 31/03/23	484,364	889,164	17,988	8,039	18,523	69,117	1,487,195

Movements in 2021-22	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Value 01/04/21	374,626	739,254	28,422	5,760	23,557	73,034	1,244,653
Additions	16,575	11,287	2,566	364	4	33,012	63,808
Revaluation Increases Recognised in the Revaluation Reserve	51,931	113,931	0	206	742	0	166,810
Revaluation Losses Recognised in the Revaluation Reserve	(582)	(10,034)	0	0	(979)	0	(11,595)
Revaluation Increases Recognised in the Provision of Services	36,525	15,603	0	0	11	0	52,139
Revaluation Losses Recognised in the Provision of Services	(5,067)	(6,962)	0	(1)	(32)	0	(12,062)
Derecognition of Disposals	0	0	(76)	0	(1,831)	0	(1,907)
Reclassifications: to & from Assets Held for Sale	0	0	0	0	(205)	0	(205)
Reclassifications: to & from Investment Properties	0	(127)	0	4	(58)	125	(56)
Reclassifications: from Assets Under Construction	1,113	11,156	0	0	0	(14,536)	(2,267)
Reclassifications: PPE	230	(560)	0	738	248	0	656
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(6,801)	(56,057)	(5,185)	(66)	(244)	0	(68,353)
Gross Book Value 31/03/22	468,550	817,491	25,727	7,005	21,213	91,635	1,431,621
Accumulated Depreciation and Impairment at 01/04/21	5,205	(41,198)	(13,786)	(589)	(241)	0	(50,609)
Depreciation Charge	(12,917)	(22,310)	(2,858)	(27)	0	0	(38,112)
Depreciation Written Out to Revaluation Reserve	6,801	56,057	5,185	66	244	0	68,353
Derecognition of Disposals	0	0	28	0	0	0	28
Other Movements in Depreciation and Impairments	(4,793)	(575)	1	1	(19)	0	(5,385)
Cumulative Depreciation to 31/03/22	(5,704)	(8,026)	(11,430)	(549)	(16)	0	(25,725)
Net Book Value at 31/03/22	462,846	809,465	14,297	6,456	21,197	91,635	1,405,896

All assets reclassified as Held for Sale were sold during the year.**Statement of Non-Current Assets Carried at Current Value 2022/23**

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 Institution of Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	TOTAL £'000
Movement in fair value as at:					
Previous Years	350,999	806,581	22,682	27,085	1,207,347
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
31 March 2022	93,924	78,237	(2,695)	(2,344)	167,122
31 March 2023	24,794	77,373	5,077	(2,693)	104,551
Gross Book Value at 31/03/23	493,344	894,864	30,804	18,520	1,437,532

Infrastructure Assets

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

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2022 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

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

	2021-22 £'000	2022-23 £'000
Net Book Value at 1st April	226,283	232,255
Net additions	12,981	30,854
Net depreciation charge	(7,009)	(7,736)
Total Net Movements	5,972	23,118
Net Book Value at 31st March	232,255	255,373

Reinforced Autoclaved Aerated Concrete (RAAC)

In relation to recent events with Reinforced Autoclaved Aerated Concrete (RAAC), a cross-departmental RAAC Task Force has been established. A focused programme of physical surveys is being undertaken. As at October 2023 no RAAC presence has been detected in any of the surveyed properties.

Capital Commitments

As at 31st March 2023 the Council was contractually committed to outstanding capital works which amounted to approximately £97.2 million (£27.2 million as at 31st March 2022).

	£'000
Council Dwellings	4,952
The main contracts include:	
<i>Wainiago House, Carmarthen</i>	1,093
<i>5-8, Spilman Street, Carmarthen</i>	1,961
Education and Children	5,347
The main contracts include:	
<i>Pembrey School</i>	3,632
Culture, Sport and Tourism	1,928
The main contracts include:	
<i>Amman Valley 3G Pitch</i>	1,910
Regeneration / Economic Development	84,927
The main contracts include:	
<i>Pentre Awel Zone 1</i>	79,767
<i>Former YMCA Building, Llanelli</i>	1,103
<i>Cross Hands East Plot 3</i>	4,057
Total	<u>97,154</u>

6.10 Heritage Assets

Heritage Assets with a net carrying amount of £2,527k were held as at 31 March 2023 (£2,432k as at 31 March 2022). £95k of works were carried out at Kidwelly Quay and Industrial Museum. Further details of the Council's Heritage Assets, classed as Museum Exhibits, can be obtained from the County Museum's Curator at Carmarthenshire County Council.

6.11 Investment Properties

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

	2021-22	2022-23
	£'000	£'000
Rental income from Investment Properties (including loss of income funding from Welsh Government)	(1,125)	(887)
Direct operating expenses arising from Investment Property	475	563
Net (gain)/loss	(650)	(324)
Indirect Expenditure	288	288
Net (Gains)/Losses from Fair Value adjustments	(256)	534
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	(618)	498

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

	2021-22	2022-23
	£'000	£'000
Balance at start of year	25,110	26,770
Additions:		
Enhancements	1,397	12
Disposals:	(16)	(5)
Net Gains/(Losses) from fair value adjustments	256	(534)
Revaluation Losses Recognised in the Revaluation Reserve	(25)	0
(To)/From Property, Plant and Equipment	48	(13)
(To)/From Infrastructure	0	(17)
	26,770	26,213

Fair Value Measurement of Investment Properties

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

Recurring Fair Value measurements using:	31st March 2022		31st March 2023	
	Significant unobservable inputs (level 3) Fair Value		Significant unobservable inputs (level 3) Fair Value	
	£'000	£'000	£'000	£'000
Commercial Properties	10,146	10,146	9,934	9,934
Garages	39	39	40	40
Land Assets	16,538	16,538	16,192	16,192
Residential Properties	47	47	47	47
Total	26,770	26,770	26,213	26,213

6.12 Long Term Investments

	31 March 2022 £'000	31 March 2023 £'000
Cwm Environmental Ltd.	329	329
Egni Sir Gar Cyfyngedig	778	742
	1,107	1,071

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

CWM Environmental Ltd

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

The company was vested with the Welsh Office on 10 March 1997 and the following represents the Authority's Interest at 31st March 2023:

	£'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 audited accounts for the year and net assets as at 31st March 2023:

	Year ended 31 March 2023
	£'000
Turnover	14,335
Less: Cost of Sales	<u>(10,298)</u>
Gross Profit	4,037
Overheads	<u>(4,088)</u>
Net Profit/(Loss) before taxation	(51)
Taxation on loss / profit	<u>0</u>
Retained Profit/(Loss)	<u>(51)</u>
Net Assets as at 31 March 2023	<u><u>3,010</u></u>

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

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

Llesiant Delta Wellbeing Ltd

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

The company is required to produce audited accounts for the year ended 31st March 2023 which are submitted to Companies House. Detailed below is a summary of the draft audited accounts for the year and net assets as at 31st March 2023.

	Year ended 31 March 2023
	£'000
Turnover	7,338
Less: Cost of Sales	<u>(6,351)</u>
Gross Profit	987
Overheads	<u>(2,135)</u>
Net Profit/(Loss) before taxation	(1,148)
Taxation on loss / profit	(11)
Changes in defined pension liabilities	<u>4,918</u>
Retained Profit/(Loss)	<u>3,759</u>
Net Assets/(Liabilities) as at 31 March 2023	<u>345</u>

Cartrefi Croeso

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

The company is required to produce audited accounts for the year ended 31st March 2023 which are submitted to Companies House. There was no business activity during the year. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2023.

	Year ended 31 March 2023
	£'000
Turnover	0
Less: Cost of Sales	<u>0</u>
Gross Profit	0
Overheads	<u>0</u>
Net Profit/(Loss) before taxation	0
Taxation on loss / profit	<u>0</u>
Retained Profit/(Loss)	<u>0</u>
Net Assets/(Liabilities) as at 31 March 2023	<u>(607)</u>

Egni Sir Gar

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

within the Council's portfolio. Carmarthenshire County Council are 100% shareholders of Egni Sir Gar Cyfyngedig.

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

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

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

	£'000
Ordinary 'A' Shares	100
Ordinary 'B' Shares	642
Total Share Capital	<u>742</u>

Each share has a nominal value of £1.00 each.

6.13 Long Term Debtors

	31 March 2022	31 March 2023
	£'000	£'000
Home Improvement Loans Longer than One Year	835	738
Charges against estates of persons in residential homes (Carmarthenshire County Council)	357	598
Charges against estates of persons in residential homes (External Providers)	1,264	1,326
Capital Contribution to the loans of 1st time homebuyers	1,039	885
Car Loans	37	17
Loan Towy Community Church	145	106
Loan for Town Centres	242	386
Loan Cartrefi Croeso	2	2
Loan Town and Community Councils	498	498
Loan Cwm Environmental	387	315
Other	90	76
	<u>4,896</u>	<u>4,947</u>

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.

A 15 year annuity loan of £270k at a variable interest rate of 2.5% above base rate was entered into with the Towy Community Church in December 2012 to assist in the implementation of the Xcel project.

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 2022 £'000	31 March 2023 £'000
Banks and Debt Management Account Deposit Facility	68,518	27,693
Local Authorities	17,007	35,242
	85,525	62,935

6.15 Inventories

	2021-22 £'000	2022-23 £'000
Balance at start of year	2,013	2,061
Purchases	7,456	7,807
Recognised as an expense in the year	(7,403)	(7,800)
Written off balances	(6)	(5)
Other net movements in year	1	0
Balance at year end	2,061	2,063

Donated Inventories Account

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

2021-22		2022-23
£'000		£'000
(432)	Balance as at 1 April	(282)
(875)	Received	(200)
1,025	Utilised	368
<u>(282)</u>	Balance as at 31 March	<u>(114)</u>

The Authority distributed £1.104 million of Personal Protective Equipment and £183k of lateral flow tests in its capacity as agent to external organisations during the year. £5k of Personal Protective Equipment is held on behalf of external organisations as at 31 March 2023.

The figures above do not include lateral flow tests provided directly to schools by Welsh Government, as figures are not available. The provision of these items could be classed as agency.

6.16 Short Term Debtors

	31 March 2022	31 March 2023
	£'000	£'000
HM Revenue & Customs	5,656	5,535
Central Government	50,512	40,621
Police, Fire, National Park and Local Authorities	5,583	9,545
NHS Bodies	14,742	18,183
Council Tax Payers	4,728	5,105
Housing Tenants	1,781	2,011
Other	22,320	25,653
	<u>105,322</u>	<u>106,653</u>

* Included in Other is a loan of £2.62m to Llanelli Rugby Football Club Limited (the club), which is now due to be repaid in 2023/24.

6.17 Cash and Cash Equivalents

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

2021-22		2022-23
£'000		£'000
69	Cash held by the Authority	70
(8,922)	Bank current accounts	(3,207)
	Short-term deposits with banks, money market funds and debt management account deposit facility	
25,166		47,567
15,006	Short-term deposits with Local Authorities	5,009
31,319	Total Cash and Cash Equivalents	49,439

6.18 Short Term Borrowing

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

	31 March	31 March
	2022	2023
	£'000	£'000
Public Works Loan Board	12,563	12,649
Market Loan	64	64
Salix & Invest 2 Save	166	288
	12,793	13,001

6.19 Short Term Creditors

	31 March	31 March
	2022	2023
	£'000	£'000
HM Revenue & Customs	(5,967)	(5,461)
Central Government	(7,844)	(7,154)
Police, Fire, National Park and Local Authorities	(6,556)	(4,667)
NHS Bodies	(3,647)	(2,470)
Housing Tenants	(699)	(687)
Council Tax Payers	(3,234)	(3,774)
Employee Related	(8,889)	(11,363)
Dyfed Pension Fund	(5,589)	(7,723)
Trust Funds	(6,262)	(6,501)
Other	(41,040)	(44,590)
	(89,727)	(94,390)

* This represents funds held on client's behalf.

6.20 Provisions

The summary below shows the movement in the level of provisions during 2022/23:

	1 April				31 March
	2022	Reversal	Addition	Utilisation	2023
	£'000	£'000	£'000	£'000	£'000
Corporate Services Department	81	(40)	30	0	71
Place & Infrastructure Department	117	0	0	0	117
Education & Children Department	40	0	0	(40)	0
Communities Department	1,468	0	0	(175)	1,293
Municipal Mutual Insurance (MMI)	117	0	1	0	118
Landfill Site - Aftercare Provision	410	0	0	(94)	316
Insurance	726	0	10	0	736
	2,959	(40)	41	(309)	2,651

	Current	Long	
	Liabilites	Term	
	(< 1 year)	Liabilites	Total
	£'000	(> 1 year)	£'000
Balances as at 31 March 2023			
Corporate Services Department	71	0	71
Place & Infrastructure Department	103	14	117
Education & Children Department	0	0	0
Communities Department	143	1,150	1,293
Municipal Mutual Insurance (MMI)	0	118	118
Landfill Site - Aftercare Provision	87	229	316
Insurance	736	0	736
	1,140	1,511	2,651

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.

Place & Infrastructure Department

The total includes £14k for remedial works due to subsidence in Crown Park, £69k bad debts – trade waste, £8k for approved asset transfer payments and £26k for a Software Contract entered into for a 3 year period.

Education & Children's Services

Provision of £40k was made at year end in 2021/22 for legally committed inter-agency adoption fees to be paid in 2022/23 due to delays in final sign off of adoption cases. The provision was fully utilised in 2022/23 and no further provision is required. Closing provision balance is therefore zero.

Communities Department

Provision of £1,106k to meet the requirements of UK digital switchover, £143k for the backlog of Statutory Assessments and £44k for legal/barristers costs for prosecutions relating to trading standards & animal health.

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	31st March	Maturity Dates
	2022	2023	
	£'000	£'000	
Sources of Borrowing			
Public Works Loan Board	377,607	387,449	2023-2072
Market Loans (Note i)	3,113	3,112	2023-2055
Interest Free Loans (Note ii)	9,961	9,673	2023-2037
	390,681	400,234	

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

(ii)

Interest Free Loans

Total Outstanding as at	31st March	31st March
	2022	2023
	£'000	£'000
SALIX	2,606	2,318
Home Improvement Loans Scheme	1,292	1,292
Town Centre Loans	6,063	6,063
	9,961	9,673

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.

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 2037, with advances to third parties repayable interest free.

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 2021 £'000 (Restated)	Transfers In £'000	Transfers Out £'000	31 March 2022 £'000 (Restated)	Transfers In £'000	Transfers Out £'000	31 March 2023 £'000
Insurance	12,906	1,577	(947)	13,536	1,249	(1,130)	13,655
Major Development Fund	38,999	2,421	(5,757)	35,663	3,735	(736)	38,662
MEP Capital Funding	11,643	2,761	(3,802)	10,602	2,657	(380)	12,879
Development Fund	659	75	0	734	16	0	750
Schools Development Fund	281	18	0	299	15	0	314
City Deal/Pentre Awel	4,785	6,439	(556)	10,668	2,500	(2,199)	10,969
Public Lighting Invest 2 Save	1,301	0	0	1,301	0	0	1,301
Salix Fund	31	75	(26)	80	301	(166)	215
Corporate Retirement Fund	5,276	919	(25)	6,170	71	0	6,241
Redundancy	1,072	216	(30)	1,258	3	(326)	935
IT Infrastructure	441	0	(108)	333	0	0	333
Financial Management System	317	0	0	317	0	0	317
Parc Dewi Sant/St David's Park	1,300	0	(8)	1,292	0	(89)	1,203
Joint Ventures	1,428	184	(73)	1,539	203	(129)	1,613
Externally Funded Schemes*	1,234	1,275	(680)	1,829	1,356	(1,166)	2,019
Llanelly House	142	0	0	142	0	0	142
Community Asset Transfer Fund	54	0	(5)	49	0	(12)	37
Fleet Management	1,785	57	(433)	1,409	354	(464)	1,299
Highways Capital Funding	1,181	58	0	1,239	58	0	1,297
Council Tax/Housing Benefit	880	0	0	880	0	0	880
Housing Services Schemes	2,830	476	0	3,306	2,066	(459)	4,913
Work Ready Programme	401	0	(119)	282	0	(47)	235
Brexit	200	0	0	200	0	0	200
Tour of Britain	350	0	(300)	50	0	(50)	0
Departmental Reserves*	16,220	9,486	(2,529)	23,177	3,620	(4,970)	21,827
Resetting Services (Post COVID19)	2,000	400	0	2,400	0	(1,000)	1,400
COVID19 Hardship	3,933	458	0	4,391	0	0	4,391
Economic Recovery	450	0	0	450	0	0	450
County Council Election costs	350	0	(61)	289	0	(116)	173
Nantycaws Recycling Centre	1,000	700	0	1,700	0	0	1,700
Schools HWB Sustainability Scheme	676	794	(719)	751	1,038	(999)	790
School Organisation Fund	475	250	0	725	183	(908)	0
Urdd National Eisteddfod	0	120	0	120	0	(31)	89
Carmarthen Hwb	0	200	0	200	0	(100)	100
Waste Strategy	0	1,000	0	1,000	0	(748)	252
Decarbonisation	0	500	0	500	0	0	500

Continued overleaf

	1 April 2021 £'000	Transfers In £'000	Transfers Out £'000	31 March 2022 £'000	Transfers In £'000	Transfers Out £'000	31 March 2023 £'000
	(Restated)			(Restated)			
Levelling Up Bid Match Funding	0	2,500	0	2,500	1,000	0	3,500
Inflationary Risks	0	1,537	0	1,537	0	0	1,537
Revenue Support Grant (RSG)	0	3,680	0	3,680	0	(605)	3,075
Cost of Living Discretionary Scheme	0	1,871	0	1,871	0	(1,105)	766
Targeted Regeneration Investment	0	71	0	71	13	0	84
Residential Home Room Refurbishment	0	513	0	513	0	(15)	498
Deprivation of Liberty Safeguards (DoLS)	0	0	0	0	123	0	123
Kidwelly Town Hall	0	0	0	0	1,000	0	1,000
Other	205	132	(63)	274	64	(134)	204
	114,805			139,327			142,868
Held by Schools under LMS	7,266	8,363	(424)	15,205	909	(4,990)	11,124
	7,266			15,205			11,124

* Reclassification between Externally Funded Schemes and Departmental Reserves

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/Pentre Awel

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 streetlamps to dimmable LED lighting. The initiative will deliver a legacy of reduced energy costs and associated carbon taxes achieved through a 3 year programme of converting approximately 12,000 sodium lantern units to lower energy consumption LED units which will incorporate part-night dimming regimes.

Salix Fund

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

Corporate Retirement Fund

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

Redundancy

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

IT Infrastructure

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

Financial Management System

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

St David's Park

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 & Afghan Resettlement schemes and the Private Rental Sector leasing scheme.

Work Ready Programme

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

Economic Recovery

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 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. This reserve was fully utilised in 2022/23, partly as a contribution towards closed schools' costs, with the remaining balance transferred back into the revenue accounts to support Departmental overspend.

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.

Revenue Support Grant

Specific reserve set up to manage additional funding received from Welsh Government through the Revenue Support Grant at the end of financial year 2021/22.

Urdd National Eisteddfod

Reserve established to assist with costs associated with hosting the Urdd Eisteddfod in Llandoverly.

Levelling Up Match Funding

Reserve established to provide match funding required for Levelling Up Bids.

Inflationary Risks

Reserve established to respond to inflationary pressures over and above those already budgeted for.

Cost of Living Discretionary Scheme

Welsh Government funding provided for the purposes of developing a local scheme to assist with the cost of living increase in Carmarthenshire.

Targeted Regeneration Investment

Reserve established to hold surpluses achieved from TRI schemes for the purpose of reinvesting as per agreement with Welsh Government

Decarbonisation

Funding set aside as part of 2022/23 budget process to accelerate decarbonisation plans.

Waste Strategy

Funding for one off costs of implementing the waste strategy over the coming years.

Carmarthen Hwb

Funding set aside as part of 2022/23 budget process to cover Carmarthen Hwb holding costs pending construction works.

Residential Home Room Refurbishment

Reserve established to assist with the refurbishment of Residential Home rooms.

Deprivation of Liberty Safeguards (DoLS) Grant

Reserve established to assist with the backlog of statutory assessments and reviews.

Kidwelly Town Hall

Reserve established to provide for emergency works required to Kidwelly Town Hall.

6.23 Capital Receipts Reserve

	2021-22	2022-23
	£'000	£'000
Opening Balance	7,842	10,613
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,370	953
Statutory Capital Receipts	<u>1,532</u>	<u>285</u>
	11,744	11,851
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,059)	(274)
Repayment of Long Term Loan	(72)	(72)
Closing Balance	<u>10,613</u>	<u>11,505</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 Government was applied in full during the year. There was no balance carried forward in respect of this grant.

6.24 Capital Grants Unapplied

	2021-22	2022-23
	£'000	£'000
Opening Balance	15,104	28,602
Additions	<u>20,209</u>	<u>4,891</u>
	35,313	33,493
Grants and Contributions applied	(6,711)	(15,992)
Closing Balance	<u>28,602</u>	<u>17,501</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.

2021-22		2022-23
£'000		£'000
334,778	Balance at 1 April	475,815
166,861	Upward revaluation of assets	99,219
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(11,631)
<u>(13,166)</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	87,588
153,695	Difference between fair value depreciation and historical cost depreciation	(15,052)
<u>(1,886)</u>	Accumulated gains on assets sold or scrapped	<u>47</u>
(12,658)	Amount written off to the Capital Adjustment Account	(15,005)
<u>475,815</u>	Balance at 31 March	<u>548,398</u>

6.26 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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

2021-22		2022-23
£'000		£'000
615,843	Balance at 1 April	703,212
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(34,550)	Charges for depreciation and impairment of non-current assets	(36,731)
36,443	Revaluation gains/(losses) on Property, Plant and Equipment	(27,014)
(2,249)	Revenue expenditure funded from capital under statute	(1,155)
	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
<u>(2,180)</u>		<u>(725)</u>
613,307		637,587
<u>1,886</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(47)</u>
615,193	Net written out amount of the cost of non-current assets consumed in the year	637,540
(1,401)	Additional in Year Movements	(203)
1,059	Use of the Capital Receipts Reserve to finance new capital expenditure	274
52,815	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	49,181
6,712	Application of grants to capital financing from the Capital Grants Unapplied Account	15,992
16,541	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	14,783
12,037	Capital expenditure charged against the General Fund and HRA balances	15,406
<u>702,956</u>		<u>732,973</u>
256	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	(534)
<u>703,212</u>	Balance at 31 March	<u>732,439</u>

6.27 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 credit balance on the Pensions Reserve shows a surplus in the benefits earned by past and current employees and the resources the Authority has set aside to meet them.

There has been a material reduction in the present value of benefit obligations to £1.3bn as at 31 March 2023 (£1.9bn as at 31 March 2022). This is predominantly due to an increase in the discount rate applied, which as prescribed by accounting standards is linked to AA rated corporate bonds.

2021-22		2022-23
£'000		£'000
(560,458)	Balance at 1 April	(502,106)
108,880	Remeasurements of the net defined benefit liability/(asset)	610,433
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services	
(78,708)	in the Comprehensive Income and Expenditure Statement	(78,205)
	Employer's pensions contributions and direct payments to pensioners payable in the year	
28,180		30,585
<u>(502,106)</u>	Balance at 31 March	<u>60,707</u>

6.28 Accumulated Absences Account

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

	2021-22	2022-23
	£'000	£'000
Balance 1st April	(5,437)	(6,807)
Settlement or cancellation of preceding year's accrual	5,437	6,807
Accrual for current year	<u>(6,807)</u>	<u>(7,397)</u>
Balance 31st March	<u>(6,807)</u>	<u>(7,397)</u>

6.29 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.

2021-22		2022-23
£'000		£'000
	Expenditure	
337,155	Employee Expenses	356,143
300,972	Other Service Expenses	311,388
31,512	Support Service Recharges	31,547
8,879	Depreciation & Similar Charges	78,797
55,504	Interest Payable & Similar Charges	68,991
38,261	Precepts & Levies	40,153
(190)	Gains/Losses on Disposal of Non Current Assets	(227)
772,093	Total Expenditure	886,792
	Income	
(159,218)	Fees, Charges & Other Service Income	(167,654)
(27,873)	Interest and Investment Income	(42,095)
(192,754)	Income from Council Tax & Net Proceeds from Non Domestic Rates	(201,871)
(467,752)	Grants and Contributions	(426,849)
(847,597)	Total Income	(838,469)
(75,504)	(Surplus)/deficit on the provision of services	48,323

6.30 Pooled Budgets

The Authority has entered into a pooled budget arrangement with Hywel Dda University 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 £175,748 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.

6.31 Members Allowances

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

	2021-22	2022-23
	£	£
Allowances	1,326,568	1,499,750
Expenses	16,703	26,112
Total	1,343,271	1,525,862

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

6.32 Employee Emoluments

The numbers of employees (which includes school based staff) whose remuneration excluding pension contributions was £60,000 or more were:

Remuneration Band	No. of Employees 2021-22	No. of Employees 2022-23	Left During 2022-23
£60,000 to £64,999	76	84	0
£65,000 to £69,999	41	42	0
£70,000 to £74,999	16	25	0
£75,000 to £79,999	16	18	1
£80,000 to £84,999	1	4	0
£85,000 to £89,999	4	3	0
£90,000 to £94,999	2	3	0
£95,000 to £99,999	18	3	0
£100,000 to £104,999	1	16	0
£105,000 to £109,999	1	1	0
£110,000 to £114,999	1	2	0
£115,000 to £119,999	1	1	0
Total No. of Employees	178	202	1

Remuneration value includes redundancy/termination payments.

Included in the bandings above are ten 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.

For 2022/23 if an employee is employed for fewer than the usual full-time hours but their grossed up remuneration exceeds £60,000 then they are also included in the bandings above.

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 £
Mrs S W Walters - Chief Executive & Returning Officer	21/22	156,137	28,227	0
	22/23	167,739	30,696	0

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

Post		Salary (including fees & allowances) £	Pension contributions £
Director of Environment (i)	21/22	139,857	18,079
Interim Director of Environment (and Head of ICT & Policy) (i)	21/22	101,982	18,663
	22/23	108,187	19,798
Interim Director of Environment (and Head of Waste & Environmental Services) Director of Place & Infrastructure (i)	21/22	101,982	18,663
	22/23	118,393	21,666
Director of Communities	21/22	147,802	27,048
	22/23	149,184	27,301
Director of Corporate Services	21/22	133,697	24,467
	22/23	135,622	24,819
Director of Education & Children's Services	21/22	133,697	24,467
	22/23	135,622	24,819

Included in the above are redundancy/termination payments. No 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 2022/23 (18.3% for 2021/22) of pensionable pay has been used.

(i). The previous Director of Environment ceased employment with the Authority in December 2021. The role was shared and undertaken by two individuals on an interim basis alongside their Head of Service roles until the 6th November 2022. Included above are the salaries for both Director and Heads of Service roles. The former Head of Waste & Environmental Services was subsequently appointed permanently to the Director of Place & Infrastructure (formerly known as Director of Environment) post on the 7th November 2022. The actual salary paid in 2022/23 for the two Head of Service roles was £103,619. The actual salary paid in 2022/23 for the Director of Place & Infrastructure was £122,961.

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

	2021/22	2022/23
Chief Executive's remuneration	154,247	156,172
Median remuneration of all employees	£24,688	£26,913
Ratio of the remuneration of the Chief Executive to the median remuneration of all employees	6.25 : 1	5.8 : 1

6.33 **Exit Packages**

During 2022/23 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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £	2022/23 £
£0 - £20,000	15	11	11	5	26	16	204,340	112,814
£20,001 - £40,000	3	0	5	0	8	0	214,652	0
£40,001 - £60,000	1	0	1	0	2	0	104,099	0
£60,001 - £80,000	1	0	0	1	1	1	70,000	61,398
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	1	0	1	0	106,942	0
Total	20	11	18	6	38	17	700,033	174,212

6.34 **Audit Costs**

In 2022/23 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

	2021-22	2022-23
	£'000	£'000
Financial Audit Services	191	217
Local Government Measure	100	110
Certification of Grant Claims & Returns	29	13
Burry Port Harbour Inspection	1	1
Total	321	341

6.35 Grant Income

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

	2021-22	2022-23
	£'000	£'000
Credited to Services		
Education & Children's Services:		
DCELLS Post 16 & ACL Funding	7,011	7,442
Children and Communities Grant	5,966	6,748
Regional Consortia School Improvement Grant (RCSIG)	11,370	7,629
Pupil Development Grant (PDG)	5,956	6,818
All Wales Play Opportunity Grant	0	514
Intermediate Care Fund	2,404	0
Regional Integration Fund	0	37
European Social Fund	431	209
LA Education Grant	5,700	5,299
Youth Support Grant	687	576
Adult Social Services & Housing:		
Supporting People	7,966	8798
Social Care Workforce Development Programme Grant	457	505
Syrian Resettlement Scheme	658	0
Continuing Health Care Grant	812	812
Wanless Grant	451	466
Violence Against Women, Domestic Abuse & Sexual Violence	643	867
Intermediate Care Fund	1,845	0
Regional Partnership Fund (RPF)	0	627
Regional Integration Fund	0	4,975
General Capital Grant	952	2,831
West Wales Care Partnership Regional Transformation Fund	6,887	8
Workforce and Sustainability Grant	3,024	2,716
Transformation Scaling Fund	774	0
Highways & Transport Services:		
Concessionary Fares Subsidy	2,177	1,613
Local Transport Services Grant	849	1,215
Rural Development Plan	325	482
Cultural, Environmental, Regulatory & Planning Services:		
Sustainable Waste Management Grant	1,492	769
European Regional Development Fund ERDF	573	714
European Social Fund	1,124	2,008
Rural Development Plan	742	1,009
UK Community Renewal Fund	0	2,207
Children and Communities Grant	301	321
Sports Council for Wales	531	532
Central Services to the Public:		
Housing Benefit	38,239	35,840
COVID19 Hardship	20,576	0
COVID19 Loss of Income	4,739	0
COVID19 Business Grant Administration	311	0
COVID19 WG Other	8,967	0
COVID19 WG Education & Children's Services Grants	8,346	4,412
COVID19 Other	2,319	0

Continued overleaf

	2021-22 £'000	2022-23 £'000
Ukrainian Re-settlement Scheme	0	2,490
Education & Children's Services (cost of living)	0	108
Education & Children's Services (FSM Holiday Payments)	0	1,716
Winter Fuel Administration Grant	0	150
Unpaid Carers Administration Grant	0	28
Other Grants - WG funded	8,457	8,738
Other Grants	3,938	7,168
Total	168,000	129,397

	2021-22 £'000	2022-23 £'000
Revenue Support Grant	225,743	243,380
General Government Grants	916	0
COVID19 Loss of income re Investment Properties	69	0
Capital Grants and Contributions		
21st Century Schools Grant/School Building Improvement Grant	5,026	5,419
Major Repairs Allowance	14,185	8,366
Transport Grants	7,863	12,394
Highways Improvement Fund	1,498	0
General Capital Grant	9,660	1,264
Rural Development Plan	604	0
Intermediate Care Fund	1,000	0
ERDF	1,356	3,780
Schools Maintenance Capital Grant	3,275	2,978
Tourism Grant	745	456
Coastal defence grant	398	520
Strategic Waste Management Grant (SWM)	0	1,020
Levelling Up Fund	7,374	1,133
Swansea Bay City Region	6,957	6,233
Other Grants & Contributions	13,083	10,509
Total	73,024	54,072

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 2022 £'000	31 March 2023 £'000
Revenue Grants Receipts in Advance		
Communities various	334	263
Environment various	604	572
Education various	2,105	216
Chief Executive various	1,500	904
	4,543	1,955

Principal vs Agency Grants

As stated in Note 1.2.2 the value of additional funding streams providing a range of support payments is summarised in the following tables:

Principal in Nature

	Expenditure	Welsh Government Income
2022/23	£'000	£'000
Education & Children's Services (covid)	4,412	(4,412)
Education & Children's Services (cost of living)	108	(108)
Education & Children's Services (FSM Holiday Payments)	1,716	(1,716)
Cost of Living Discretionary Grant	1,063	
Winter Fuel Administration Grant		(150)
Unpaid Carers Administration Grant		(28)
Ukrainian Re-settlement Scheme	2,490	(2,490)
TOTAL	9,789	(8,904)

Agency in Nature

	Expenditure	Welsh Government Income
2022/23	£'000	£'000
Self Isolation grant	1,043	(1,043)
Social Care Workforce Payment Scheme Tranche 3 £1,498	8,700	(8,700)
COVID-19 Statutory sick pay enhancement scheme - social care	133	(133)
Cost of Living Support Grant	9,326	(9,326)
Unpaid Carers Support Grant	1,376	(1,376)
Ukrainian Re-settlement Scheme	286	(286)
Alternative Fuel Payment (£400)	112	(112)
Winter Fuel Support	3,997	(3,997)
TOTAL	24,973	(24,973)

6.36 **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 6.35.

Mid and West Wales Fire and Rescue Authority

Carmarthenshire County Council's Director of Corporate Services fulfilled the Section 151 Officer duties for Mid and West Wales Fire and Rescue Authority under a Service Level Agreement up to 31st July 2022. The Section 151 Officer duties transferred to the Fire Authority appointed officer on 1st August 2022. In addition, the Council provided a number of other financial and ICT support services. Mid and West Wales Fire and Rescue Authority levied £11.2m (£10.7m in 2021/22) 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:

	2021-22	2022-23
	£'000	£'000
Income	193	145
	2022	2023
Balances outstanding at 31st March:	£'000	£'000
Debtor	95	75

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 6.42. The Council charged the Pension Fund an amount of £1.2m (£1.1m in 2021/22) in respect of administration and support during 2022/23. Short Term Creditors (Note 6.19) includes an amount of £7.7m owed to the Dyfed Pension Fund at 31st March 2023 (£5.6m at 31st March 2022).

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 Place & Infrastructure 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 Cabinet Member for Transport, Waste and Infrastructure.

CWM Environmental charged the Council an amount of £11.35m (£11.12m in 2021/22) in respect of waste services 2022/23 including £9k for Circular Economy grant funded works. Short Term Creditors (Note 6.19) includes an amount of £1.07m owed to CWM Environmental at 31st March 2023 (£1.67m at 31st March 2022).

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 Cabinet Member for Climate Change, Decarbonisation and Sustainability is a board member. Details of investments are included in Note 6.12 under Long Term Investments.

National Botanic Garden of Wales

The loan from Carmarthenshire County Council was repaid in full in 2021/22 and consequently the related party status ceased.

Cartrefi Croeso Cyfyngedig

Cartrefi Croeso Cyfyngedig is a housing company wholly owned by Carmarthenshire County Council. In previous years, the company had three directors, appointed by the Chief Executive in consultation with the Leader of the Council. In September 2021, Cabinet agreed to bring in-house all projects under development by the company and implement the legal process for the company to cease trading but be retained as a "dormant" company. This process has now been effected, all directors have now resigned and been replaced by the Council's Head of Housing for administrative purposes only.

During the year Cartrefi Croeso decreased the balance of expenditure funded by the council by £2k. The revised balance outstanding to the Council at 31st March was £607k.

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, Cabinet Members and other Councillors.

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

	2021-22	2022-23
	£'000	£'000
Expenditure	4,942	6,358
Income	344	951
	2022	2023
Balances outstanding at 31st March:	£'000	£'000
Creditor	567	1,831
Debtor	104	629

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 the West Wales Care Partnership Regional Integration Fund as well as other projects with local partners.

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 2022/23 is shown in Note 6.31.

The Authority paid grants totalling £119k to organisations in which seventeen members had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Officers' Interests

Chief Executive

A close family member of the Chief Executive is working with W B Griffiths & Sons. During 2022/23, the Authority spent a total of £303k with the contractor (£601k in 2021/22). There was no outstanding creditor balance as at 31st March 2023 (£44k as at 31st March 2022).

Director of Community Services

From 1st April 2022, a close family member of the Director of Community Services became part of the Senior Management Team of Partneriaeth, which provides education services to Carmarthenshire. Details of Carmarthenshire's share of the Jointly Controlled Operation can be found in note 6.37 to the accounts.

6.37 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 £151k (£147k in 2021/22) in respect of administration and support during 2022/23.

	WPP
	2022-23
	Total
	£'000
Expenditure	1,264 *
Income	(1,264)
(Surplus)/Deficit for the year	0
Current Assets	730
Current Liabilities	(730)
Total assets less liabilities	0

* 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

Partneriaeth (formerly ERW)

Partneriaeth is an alliance of local authorities in South West Wales working to improve the standards of education of children and young people with the region, and is the successor organisation following the decision to dissolve ERW, its predecessor. The decision to establish Partneriaeth was taken in July 2020 and it was formally established April 2022 and operational from September 2021:

At the time of publication, the 2022/23 figures are not yet available.

	ERW	
	2021-22	
	Total	CCC Share
	£'000	£'000
Expenditure	(501)	(160)
Income	(390)	(124)
Net Pensions Interest	6	2
(Surplus)/Deficit for the year	<u>(885)</u>	<u>(282)</u>
Current Assets	4,955	1,580
Current Liabilities	(3,320)	(1,059)
Long Term Liabilities	(641)	(204)
Total assets less liabilities	<u>994</u>	<u>317</u>
Reserves	<u>(994)</u>	<u>(317)</u>
Total Financing	<u>(994)</u>	<u>(317)</u>

Swansea Bay City Region (SBCR)

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

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

Detailed below is a draft summary of the Income and Expenditure Account and Balance Sheet for the year ended 31st March 2023:

	SBCR	
	2022-23	
	Total	
	£'000	
Expenditure	1,590	
Income	(1,523)	
(Surplus)/Deficit for the year	<u>67</u>	
Current Assets	57,134	
Current Liabilities	(5,957)	
Total assets less liabilities	<u>51,177</u>	
Reserves	<u>51,177</u>	
Total Financing	<u>51,177</u>	

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

West Wales Crematorium (Parc Gwyn, Narberth)

During 2020/21, it came to light that the Authority retains a financial stake in the West Wales Crematorium, operated by Pembrokeshire County Council. 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.

South West Wales Corporate Joint Committee

The Local Government and Elections (Wales) Act 2021 ("the LGE Act") created the framework for a consistent mechanism for regional collaboration between local government, namely Corporate Joint Committees (CJCs).

The South West Wales Corporate Joint committee (SWWCJC) is intended to enable selected functions to be delivered more effectively and strategically at a regional level, making more efficient use of valuable resources. The SWWCJC has functions relating to strategic development planning and regional transport planning. They are also able to do things to promote the economic well-being of their areas. The SWWCJC was formally established on the 13th January 2022.

On 25th January 2022 the SWWCJC approved the 2022/23 budget which was set at £575,411 with a levy from each of the constituent authorities: Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. In respect of some functions, both Pembrokeshire National Park and Brecon Beacons National Park are also members.

Detailed below is a draft summary of the Income and Expenditure Account and Balance Sheet for the year ended 31st March 2023:

	SWWCJC
	2022-23
	Total
	£'000
Expenditure	190
Income	(575)
(Surplus)/Deficit for the year	<u>(385)</u>
Current Assets	367
Current Liabilities	<u>18</u>
Total assets less liabilities	<u>385</u>
Reserves	<u>385</u>
Total Financing	<u>385</u>

6.38 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.

	2021-22	2022-23
	£'000	£'000
Capital Investment		
Property, Plant and Equipment	63,808	78,556
Infrastructure	11,527	17,759
Investment Properties	1,397	12
Heritage Assets	0	95
Long Term Loans	0	144
Revenue Expenditure Funded from Capital under Statute	6,008	4,689
	<u>82,740</u>	<u>101,255</u>
Sources of Finance		
Capital Receipts	1,059	274
Government grants and other contributions	56,574	52,715
Grants unapplied reserve	6,711	15,992
Sums set aside from revenue	4,539	4,177
Direct revenue contributions	7,498	11,229
Borrowing	6,359	16,868
	<u>82,740</u>	<u>101,255</u>
Opening Capital Financing Requirement	503,887	493,633
Explanation of Movements in Year		
Increase in underlying need to borrow (supported by government financial assistance)	3,066	2,935
Increase in underlying need to borrow (unsupported by government financial assistance)	(13,320)	(922)
Increase/(decrease) in Capital Financing Requirement	<u>(10,254)</u>	<u>2,013</u>
Closing Capital Financing Requirement	<u>493,633</u>	<u>495,646</u>

6.39 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:-

	2021-22 £'000	2022-23 £'000
Not later than one year	599	696
Later than one year and not later than five years	1,889	2,097
Later than five years	2,953	3,303
	<u>5,441</u>	<u>6,096</u>

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

	2021-22 £'000	2022-23 £'000
Minimum Lease payments	1,005	922

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:

	2021-22 £'000	2022-23 £'000
Not later than one year	1,452	1,427
Later than one year and not later than five years	3,464	3,602
Later than five years	<u>22,985</u>	<u>24,714</u>
	<u><u>27,901</u></u>	<u><u>29,743</u></u>

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

In 2022/23 £5,866 contingent rents were receivable by the Authority (£4,807 in 2021/22).

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.

6.40 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.

6.41 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 2022/23, £16.5m was payable by Carmarthenshire County Council to the Department for Education in respect of teachers' pension costs, which represents 23.68% of teachers and lecturers pensionable pay. The figures for 2021/22 were £15.7m and 23.68%. There was £1.4m remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £16.9m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2022/23 these amounted to £0.3m.

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.

6.42 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:

	2021-22 £'000	2022-23 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	66,412	64,489
Past Service Costs	40	68
Settlements and Curtailments	166	162
Financing and Investment Income and Expenditure		
Net Interest Expense	12,090	13,486
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	78,708	78,205
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	(65,694)	81,768
Experience gain on liabilities	4,638	128,850
Actuarial gains and losses arising on changes in demographic assumptions	(14,725)	(52,697)
Actuarial gains and losses arising on changes in financial assumptions	(33,099)	(768,354)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(30,172)	(532,228)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for Provision of Services for Post Employment Benefits in the accordance with the code	(78,708)	(78,205)
Actual amount charged against the Council Fund Balance for pensions in the year:		
Employers' Contributions payable to Scheme	28,180	30,585

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

Change in plan assets during year to 31 March 2023:

	2021-22	2022-23
	£'000	£'000
Balance as at 1 April	1,304,924	1,392,785
Interest on plan assets	27,355	39,698
Experience gain on assets	65,694	(81,768)
Administration expenses	(617)	(609)
Settlements	0	0
Employer contributions	28,180	30,585
Contributions by scheme participants	8,931	9,844
Benefits paid	(41,682)	(44,143)
Balance as at 31 March	<u>1,392,785</u>	<u>1,346,392</u>

Change in benefit obligation during year to 31 March 2023:

	2021-22	2022-23
	£'000	£'000
Balance as at 1 April	(1,865,382)	(1,894,891)
Current Service Cost	(66,412)	(64,489)
Interest cost	(38,828)	(52,575)
Contributions by scheme participants	(8,931)	(9,844)
Experience gain on liabilities	(4,638)	(128,850)
Actuarial gains and losses arising on changes in demographic assumptions	14,725	52,697
Actuarial gains and losses arising on changes in financial assumptions	33,099	768,354
Curtailments	(166)	(162)
Settlements	0	0
Benefits paid	41,682	44,143
Past service costs	(40)	(68)
Balance as at 31 March	<u>(1,894,891)</u>	<u>(1,285,685)</u>
Net Scheme (Liabilities)/Assets	<u>(502,106)</u>	<u>60,707</u>

The Dyfed Pension Fund assets comprised:

		Quoted	31 March 2022	31 March 2023
			£'000	£'000
Equities	UK	Yes	260,731	256,891
	Global	Yes	433,156	550,001
	US	Yes	91,088	0
	Canada	Yes	6,128	0
	Japan	Yes	53,483	47,528
	Pacific Rim	No	2,228	0
	Emerging Markets	No	109,751	108,519
	European ex UK	Yes	50,001	38,641
Bonds	UK Index linked	Yes	18,524	7,271
	Global Credit	Yes	110,587	95,325
Property	Property Funds	No	182,037	181,090
Alternatives	SAIF	No	51,394	51,432
Cash	Cash accounts	Yes	23,677	9,694
Total			<u>1,392,785</u>	<u>1,346,392</u>

Scheme History

	2018-19	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities in the Local Government Pension Scheme	(1,527,290)	(1,559,351)	(1,865,382)	(1,894,891)	(1,285,685)
Fair value of assets in the Local Government Pension Scheme	1,121,653	1,031,889	1,304,924	1,392,785	1,346,392
Surplus/(deficit) in the scheme	<u>(405,637)</u>	<u>(527,462)</u>	<u>(560,458)</u>	<u>(502,106)</u>	<u>60,707</u>

The assets show the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The total net asset of £61m has an impact on the net worth of the Authority as recorded in the balance sheet.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2024 is £27.8m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, returns on investments, future inflation etc. The Fund's assets and liabilities within the Balance Sheet and the current and past service costs included within the Comprehensive Income and Expenditure Statement have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2022.

The main assumptions used in its calculations are shown below:

	2021-22	2022-23
	%	%
Financial Assumptions:		
Rate of CPI inflation	3.3	2.7
Rate of increase in salaries	4.8	4.2
Rate of increase in pensions	3.4	2.8
Rate for discounting Fund liabilities	2.8	4.8
	2021-22	2022-23
	%	%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.0	21.9
Women	24.9	24.1
Longevity at 65 for future pensioners:		
Men	24.4	23.3
Women	27.1	26.0

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

	<u>Impact on the Defined</u>	
	<u>Benefit Obligation of the</u>	
	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease of 1 year)	26,436	(26,436)
Rate of inflation (increase or decrease by 0.25% p.a.)	56,265	(56,265)
Rate of increase in salaries (increase or decrease by 0.25% p.a.)	10,193	(10,193)
Rate of increase in pensions (increase or decrease by 0.25% p.a.)	56,265	(56,265)
Rate for discounting scheme liabilities (increase or decrease by 0.5% p.a.)	(103,877)	103,877

6.43 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. As at 31st March 2023 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.

At the year-end there were a small number of employment claims against the authority that were unresolved. It is not possible to reliably estimate either the likelihood or value to the authority. 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.

6.44 Financial Instruments

Disclosure Notes for Financial Liabilities, Financial Assets and Risk

Financial Instruments Balances

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

	Long Term		Current	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Financial liabilities (principal amount)	390,568	400,122	10,168	10,447
Accrued Interest	0	0	2,625	2,554
Other accounting adjustments	113	112	0	0
Financial liabilities at amortised cost				
Total borrowings	390,681	400,234	12,793	13,001
Loans and receivables (principal amount)	0	0	85,500	62,500
Accrued Interest	0	0	25	435
Investments at amortised cost	0	0	85,525	62,935
Equity at Fair Value through other comprehensive income				
Unquoted equity investment at cost	1,107	1,071	0	0
Total investments	1,107	1,071	85,525	62,935

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			
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Interest expense	(16,676)	(16,416)	0	0	(16,676)	(16,416)
Impairment losses	0	0	0	0	0	0
Interest payable and similar charges	(16,676)	(16,416)	0	0	(16,676)	(16,416)
Interest Income	0	0	304	3,196	304	3,196
Interest and investment income	0	0	304	3,196	304	3,196
Net gain/(loss) for the year	(16,676)	(16,416)	304	3,196	(16,372)	(13,220)

Employee Car Loans

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

Employee Car Loans	31 March	31 March
	2022 £'000	2023 £'000
Opening Balance	48	37
New Loans	17	0
Loans repaid	(28)	(20)
Closing Balance	37	17

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 2022		31 March 2023	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
PWLB Debt	390,171	561,998	400,098	420,616
Non - PWLB debt	13,304	13,915	13,137	10,889
Total Financial Liabilities	403,475	575,913	413,235	431,505

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 2022		31 March 2023	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Money market loans < 1year	85,525	85,525	62,935	62,935
Money market loans > 1year	0	0	0	0
Total investments	85,525	85,525	62,935	62,935
Trade Debtors	26,329	26,329	30,652	30,652
Total Loans and Receivables	111,854	111,854	93,587	93,587

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 £420.616m 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 £400.098m would be valued at £370.750m.

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values.

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

Fair Value of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2022	31 March 2023
			£'000	£'000
Fair Value through Other Comprehensive Income				
Equity shareholding in CWM Environmental Ltd	Level 3	At cost	329	329
Equity shareholding in Egni Sir Gar Cyfyngedig	Level 3	At cost	778	742
Total			1,107	1,071

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value.

Recurring fair value measurements using:	31 March 2022		31 March 2023	
	Other significant observable inputs (Level 2) £'000	Total £'000	Other significant observable inputs (Level 2) £'000	Total £'000
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB	561,998	561,998	420,616	420,616
NON PWLB	13,915	13,915	10,889	10,889
Total	575,913	575,913	431,505	431,505
Financial assets				
Loans and Receivables	85,525	85,525	62,935	62,935
Total	85,525	85,525	62,935	62,935

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 2nd March 2022 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 £52k 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 2023 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
<u>Deposits with banks and financial institutions</u>			
AAA rated counterparties	40,000	0.04	16.0
AA rated counterparties	60,000	0.02	12.0
A rated counterparties	48,500	0.05	24.0
Trade debtors	30,652	3.50	1,073.0
	<u>179,152</u>		<u>1,125.0</u>

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any other losses from non-performance by any of its counterparties in relation to deposits and bonds.

Trade Debtors

The trade debtors figure of £30.652m shown above includes £20.433m which is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2022 £'000	31st March 2023 £'000
Less than three months	1,754	5,450
Three to six months	1,027	1,487
Six months to one year	2,525	2,018
More than one year	8,801	11,478
	<u>14,107</u>	<u>20,433</u>

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31st March 2023 was £1.796m.

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.

	2021-22			2022-23		
	Approved Maximum	Approved Minimum	31st March 2022	Approved Maximum	Approved Minimum	31st March 2023
	Limit	Limit	£'000	Limit	Limit	£'000
Less than one year	15	0	13,793	15	0	10,844
Between one and two years	15	0	7,290	15	0	11,447
Between two and five years	50	0	27,841	50	0	24,685
Between five and ten years	50	0	36,616	50	0	34,451
More than ten years	50	0	317,935	50	0	331,809
			403,475			413,236

The maturity analysis of financial assets is as follows:

	2021-22 £'000	2022-23 £'000
Less than one year	85,525	62,935
Greater than one year	0	0
	85,525	62,935

All trade and other payables are due to be paid in less than one year and trade debtors of £30.652m 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	(644)
Increase in Government grant receivable for financing costs	194
Impact on Surplus or Deficit on the Provision of Services	(450)
Share of overall impact debited to the HRA*	436
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	(14)
 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)	 (54,428)

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.

6.45 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 is deferred until 1st April 2024 which will impact the financial statements for year end 2024/25.

6.46 Events after the Reporting Period

There are no events after the reporting period to report.

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

2021-22 £'000		Note	2022-23 £'000
	Expenditure		
	Repairs and Maintenance		
4,262	- Responsive		4,879
4,108	- Planned/Cyclical		5,081
4,427	- Voids		4,467
9,647	Supervision and Management		11,615
1,428	Central Support Charges		1,530
660	Rents, Rates Taxes and other charges		645
1	Movement in the allowance for Bad Debts		335
(14,918)	Depreciation and Impairment of non current assets	8.7	37,194
	Revenue Expenditure funded from Capital under		
0	Statute		1
38	Debt Management Costs		39
<u>9,653</u>	Total Expenditure		<u>65,786</u>
	Income		
(41,739)	Dwelling rents	8.1	(43,505)
(121)	Non-Dwelling Rents		(128)
(28)	Leaseholders		(26)
(814)	Service Fees	8.2	(775)
(506)	Grants		(538)
(845)	Other Income		(577)
(340)	Commission - Water Rates	8.5	(394)
<u>(44,393)</u>	Total Income		<u>(45,943)</u>
	Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement		19,843
(34,740)			
303	HRA services' share of Corporate and Democratic Core		315
(34,437)	Net (Income)/cost for HRA Services		20,158
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
0	(Gain) or loss on the sale of HRA Non Current		(3)
9,705	Interest Payable and similar charges		9,681
(18)	Interest and Investment Income		(353)
336	Net interest on the net defined benefit liability (asset)		490
<u>(21,598)</u>	Capital grants and contributions receivable		<u>(10,429)</u>
<u>(46,012)</u>	(Surplus) or Deficit for the year on HRA Services		<u>19,544</u>

7.2 Movement on the HRA Statement

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2021-22 £'000		Note	2022-23 £'000	2022-23 £'000
(19,444)	Balance on the HRA at the end of the previous year			(21,895)
(46,012)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		19,544	
43,348	Adjustments between accounting basis and funding basis under statute	7.3	(14,786)	
(2,664)	Net Increase or (decrease) before transfers to or from reserves		4,758	
213	Transfers (to) or from reserves	7.4	139	
(2,451)	(Increase) or decrease in year on the HRA			4,897
(21,895)	Balance on the HRA at the end of the current year			(16,998)

7.3 Adjustments between accounting basis and funding basis under statute

2021-22 £'000		2022-23 £'000
0	Amortisation of Premiums and Discounts	0
(24)	Transfers to / (from) Accumulated Absences Account	(28)
0	Gain or loss on sale of HRA noncurrent assets	3
(1,451)	HRA share of contributions to or from the Pensions Reserve	(1,801)
3,624	Capital expenditure funded by the HRA	9,218
41,199	Transfer to / from the Capital Adjustment Account	(22,178)
43,348		(14,786)

7.4 Transfers to or (from) Earmarked Reserves

2021-22				2022-23		
£'000	£'000	£'000		£'000	£'000	£'000
Trfs from	Trfs to	Net		Trfs from	Trfs to	Net
(12)	225	213	Insurance Reserve	(54)	193	139
(12)	225	213		(54)	193	139

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 2022/23 this totalled £43.5m (£41.7m for 2021/22). At the 31st March 2023 2.83% of lettable properties were vacant (4.07% at 31st March 2022). Average rents were £93.82 a week in 2022/23 (£91.35 in 2021/22).

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 9,234 dwellings during 2022/23 (9,152 in 2021/22). The stock at 31st March was as follows:

	2021-22	2022-23
Houses	5,044	5,135
Flats / Maisonettes / Bedsits	1,951	1,996
Bungalows	2,169	2,172
	9,164	9,303

The change in stock can be summarised as follows:

	2021-22	2022-23
Opening Stock as at 1 April	9,139	9,164
Sales	0	(1)
Demolitions/Deactivated	(19)	(2)
New Building/Acquisitions/Conversions	44	142
Closing Stock as at 31 March	9,164	9,303

8.4 Rent Arrears

	As at 31 March 2022 £'000	As at 31 March 2023 £'000
Arrears	2,267	2,644
Arrears as a percentage of Gross Rent Income	5.22%	5.87%

There is a 0.6% 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 3.6%. There is a 0.07% year on year increase in former tenants rent arrears as a percentage of gross collectable rent debit. This is 0.22% decrease after allowing for the £184k write-offs.

Provision for Bad Debts at 31st March 2023 was £1,176,162 for rent (£1,286,970 inclusive of water rates). The comparative figures for 2021/22 are £1,082,489 for rent (£1,185,640 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 2022/23 this amounted to £394k (£340k in 2021/22) net of void loss on properties. The value of water rates was £3.5m in 2022/23 (£3.4m in 2021/22).

8.6 Capital Expenditure

Capital Expenditure in 2022/23 on HRA land and dwellings totalled £26.428m (£26.558m in 2021/22).

	2021-22	2022-23
	£'000	£'000
Funded by :		
Major Repairs Allowance	6,225	6,196
Borrowing	0	6,061
Capital Receipts - Sales of Dwellings/Land	0	386
External Funding	16,383	4,263
Section 106 Income	326	304
Direct Revenue Financing	3,624	9,218
	26,558	26,428
Spent on:		
Dwellings	25,655	25,785
Land	0	0
Other	903	643
	26,558	26,428

8.7 Depreciation

Depreciation and Impairment losses have been debited to the Income and Expenditure Statement in accordance with the general provisions of the Code and reversed out in the Movement on the HRA Balance. The depreciation charge has then been replaced with the HRA Minimum Revenue Provision via a credit from the Capital Adjustment Account to avoid having an effect on rent levels.

HRA dwellings are revalued on a 5 year cycle, which was last undertaken on the 1st April 2020. An exercise was undertaken as at the 31st of March 2023 to review whether the carrying amount was materially different from the current value at the year end. Adopting the Land Registry index which showed an increase of 3% for Carmarthenshire, resulted in a material change. This percentage has therefore been applied across all housing types.

Depreciation and Impairment Losses:

	2021-22	2022-23
	£'000	£'000
Depreciation	12,917	15,919
Revaluation losses & impairments	(27,835)	21,275
	<u>(14,918)</u>	<u>37,194</u>

Revaluation losses and impairments were incurred on:

	2021-22	2022-23
	£'000	£'000
Dwellings	(29,446)	17,639
Land	12	306
Other	1,599	3,330
	<u>(27,835)</u>	<u>21,275</u>

9 DYFED WELSH CHURCH FUND ACCOUNT

The Dyfed Welsh Church Fund is a scheme that mainly awards grants towards the costs of maintaining places of worship. However, registered charities which benefit residents may apply for help towards running costs, or the cost of a specific project or purchasing a piece of equipment. Besides nationally recognised charities, the Fund supports local charities responsible for providing recreational facilities or other services which are of benefit to the Community.

At Local Government Reorganisation 1996 the fund was split among the new Unitary Authorities with the amount available to each new authority being calculated on the following agreed percentages:

Carmarthenshire County Council	41%
Ceredigion County Council	25%
Pembrokeshire County Council	34%

It was agreed that Carmarthenshire County Council would take responsibility for administering the investment portfolio.

Carmarthenshire's balance of the fund as at 31st March 2023 was £1.847m (£2.021m as at 31st March 2022).

10 TRUST FUNDS 2022/23

The Authority operates trust funds for Education Services, Cultural Services and Social Services. These represent total net assets of £868k as at 31st March 2023 (£823k as at 31st March 2022).

11 SOCIAL CARE / CHILDREN'S SERVICES – SAFEKEEPING, SAFE CUSTODY, AMENITY FUNDS & STAFF BENEFIT ACCOUNTS**11.1 Residents Safekeeping**

People in residential homes are allowed a personal allowance payable to them each week. If the resident does not wish to spend all of this allowance in any given week, the balance is paid into the Residents Safekeeping account. The balance as at 31st March 2023 was £619,078 (£540,424 as at 31st March 2022) and this reflects the amount of personal allowances held by the Authority on behalf of its residents.

11.2 Safe Custody Accounts

The Communities Department maintains individual Safe Custody accounts for service users living in the community who are unable to deal with their financial affairs due to their mental incapacity. The Director of Communities is appointee with The Department of Work and Pensions for each of these service users. The balance as at 31st March 2023 was £1,759,748 (£1,377,581 as at 31st March 2022) 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 2023 was £122,947 (£120,372 at 31st March 2022).

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. Accounts are managed by a team in the Communities Department providing support services and advice to recipients of direct payments including managed banking, and payroll services for the Personal Assistants providing care.

The balance on 31st March 2023 was £2,901,864 on behalf of service users. The balance on 31st March 2022 was £3,220,154.

12 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements. The section is split into General and those terms relating to the Pension Fund Accounts.

General

Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Assets Held for Sale

These are assets which are no longer being used to provide a service and are being actively marketed with the likelihood of sale being highly probable within 1 year.

Audit

An audit is an independent examination of our activities.

Balance

The surplus or deficit on any account at any point in time.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

Bid Price

The price that a third party would pay the scheme in an arm's length transaction for the investment.

Billing Authority

A local authority responsible for collecting the council tax and non-domestic rates.

Budget

A budget is a spending plan, usually for the following financial year.

Capital Expenditure

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

Capital Receipt

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

Council Fund

The main revenue fund of the local authority. Day to day spending on services is met from this fund.

Council Tax

The main source of local taxation to local authorities. Council tax is levied on households within its area by the Billing Authority and the proceeds are used to meet the Billing Authority's council tax requirement and to pay the precepting authorities.

Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

Current Assets

These are short-term assets that are available for the Authority to use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Authority in the following accounting year.

Debtor

A debtor is someone who owes money to the Authority at the end of the financial year.

Depreciation

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

Direct Revenue Financing

Resources provided from an authority's revenue budget to finance the cost of capital projects.

Earmarked Reserves

These are reserves that have been set aside for a specific purpose.

Fees And Charges

Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31st March in the following year.

Finance Leases

A means by which capital items are bought. (When the Authority uses finance leases it takes on most of the risks (and rewards) of owning the assets.)

Gross Expenditure

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

Heritage Assets

Heritage Assets are defined as those that are held and maintained principally for their contribution to knowledge and culture.

Housing Benefit

An allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the costs of the benefits and of the running costs of the service to local authorities. Benefit paid to the Authority's own tenants is known as 'rent rebate' and that paid to private sector tenants as 'rent allowance'.

Housing Revenue Account (HRA)

This account contains all our housing income and expenditure.

IFRS

International Financial Reporting Standard.

IFRIC

International Financial Reporting Interpretations Committee.

The above two are accounting standards which provide a guideline for financial accounting.

Investment Properties

These are properties that are being held solely to earn rentals or for capital appreciation or both, rather than for the provision of services

Liability

A liability is an amount due and payable at some time in the future.

Minimum Revenue Provision (MRP)

This is the amount the Authority has to set aside to repay loans.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

Net Realisable Value

The selling price of the asset reduced by the relevant costs of selling it.

Operating Leases

A means by which capital items are bought.

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

Pensions Assets/Liabilities (Notes to the Movement in Net Pension Liabilities)

The Current Service Costs - the value of the increase in liabilities for active members as a result of their service increasing by one year (i.e. from the start of the year to the end of the year), less any employee contributions.

Employer Contributions - The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

Past Service Costs - Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised, for example the creation of a pension benefit for a spouse where such a benefit did not previously exist or a grant of early retirement with added-on years of service.

Interest Costs - The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period. Another way of viewing the "interest on liabilities" is the unwinding of 1 year's discounting in relation to the liabilities.

Interest on Pension Assets – This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

Remeasurements (assets) – This is the return on plan assets net of administration expenses and interest income. It replaces actuarial gains and losses on assets. For the LGPS, any change as a result of reviewing an employer's allocation of assets as at an actuarial valuation will also be included within remeasurements.

Remeasurements (liabilities) – Remeasurements (liabilities) can be sub-divided into ‘Changes in actuarial assumptions’ and ‘Experience (gains) losses on liabilities’. ‘Changes in actuarial assumptions’ is not shown as its own separate entry but instead the changes in demographic and financial assumptions are shown separately.

Gains or Losses on Settlements or Curtailment - Where under the scheme rules the employees have the option to retire early or transfer out of the scheme, the resulting settlements and curtailments are allowed for in the normal demographic assumptions made by the actuary and any gains and losses arising are actuarial gains and losses. Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and recognised in the profit and loss account covering that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and recognised in the profit and loss account covering that date.

Pension Fund

The fund maintained to meet pension payments on the retirement of participants.

Precepting Authorities

Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rates. For Carmarthenshire County Council the precepting authorities are Dyfed Powys Police and the Town & Community Councils.

Precepts

This is the amount that the Authority levy/pay to a Non-Billing Authority (for example a Community Council) so that it can cover its expenses (after allowing for its income).

Property, Plant and Equipment

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Prudential Code

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

Public Works Loan Board (PWLB)

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

Reserve

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or ‘balances’) which every Authority must maintain as a matter of prudence.

Revenue Account

This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Revenue Support Grant

The main grant paid by Welsh Government to support the local authority budget.

Securities

These are investments such as stocks, shares and bonds.

SeRCoP

Service Reporting Code of Practice - establishes proper practices with regard to consistent financial reporting for services – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCoP as it defines best practice in terms of financial reporting.

Inventories

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

Subjective Analysis

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and transport expenses. Income includes government grants and fees and charges.

Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.

Wales Audit Office (Audit Wales)

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

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GOVERNANCE & AUDIT COMMITTEE 27TH OCTOBER 2023

CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT

Recommendations / key decisions required:

To receive the Audit Wales Audit of Financial Statements report for Carmarthenshire County Council for 2022/23.

Reasons:

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31st March 2023.

Cabinet Decision Required: No

Council Decision Required: No

CABINET MEMBER PORTFOLIO HOLDER:

Cllr. Alun Lenny (Resources)

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designations:

Director of Corporate Services

Tel No. 01267 224120

Email Address:

CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27TH OCTOBER 2023

CARMARTHENSHIRE COUNTY COUNCIL AUDIT OF FINANCIAL STATEMENTS REPORT

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Carmarthenshire County Council at 31st March 2023. This report summarises the findings from the audit undertaken.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

Legal

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee request for pre-determination

N/A

If yes include the following information: -

Scrutiny Committee

Date the report was considered:

Scrutiny Committee Outcome/Recommendations:

2. Local Member(s): N/A

3. Community / Town Council: N/A

4. Relevant Partners: N/A

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

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

Include any observations here

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

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

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Accounts and Audit (Wales) Regulations 2014 (as amended 2018)		Corporate Services Department, County Hall, Carmarthen
Code of Practice on Local Authority Accounting 2022/23		Corporate Services Department, County Hall, Carmarthen

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Audit of Accounts Report – Carmarthenshire County Council

Audit year: 2022-23

Date issued: October 2023

Document reference: 3870A2023

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

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

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

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

Contents

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

Audit of Accounts Report

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Director of Corporate Services and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £7.9 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Senior Staff Remuneration – £1,000
 - Related Party disclosures for officers and members – £10,000
- 6 The timetable for completion of the audited accounts is set out in **Exhibit 1**.

Exhibit 1: accounts timetable

Timetable	
	<ul style="list-style-type: none">• The deadline for completing your accounts was 31 July 2023.• We received the draft accounts on 5 July 2023.• Our deadline for completing the audit is 30 November 2023• We expect your audit report to be signed on 2 November 2023.

- 7 We have now substantially completed this year's audit but at the time of drafting this report, the following work is outstanding:
 - the final review of our audit file; and
 - our final review of the revised 2022-23 financial statements.
- 8 We will provide a verbal update on these outstanding items at the Governance and Audit Committee at its meeting on 27 October 2023.
- 9 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Proposed audit opinion

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

Significant issues arising from the audit

Uncorrected misstatements

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

Corrected misstatements

- 15 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.
- 16 In particular, the CIPFA Local Government Code requires that assets are revalued when they are first brought into use. Our testing of Property, Plant & Equipment identified 16 assets which were transferred from Assets Under Construction into use but had not been revalued. The assets were revalued and the financial statements were amended to reflect a decrease in asset valuations of £16.623m.

Other significant issues arising from the audit

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

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

27 October 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Carmarthenshire County Council for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:

- all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Carmarthenshire County Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 27 October 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Director of Corporate Services

Date:

Signed by:

Chair of the Governance and Audit Committee

Date:

Appendix 2

Proposed audit report

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

Opinion on financial statements

I have audited the financial statements of Carmarthenshire County Council for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Carmarthenshire County Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- obtaining an understanding of Carmarthenshire County Council's framework of authority as well as other legal and regulatory frameworks that Carmarthenshire County Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Carmarthenshire County Council.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Carmarthenshire County Council's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Carmarthenshire County Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
2 November 2023

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4BZ

Appendix 3

Summary of corrections made

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

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£16,623,000	<p>Balance Sheet and Property, Plant & Equipment (Note 6.9)</p> <p>Our testing of Property, Plant & Equipment identified 16 assets which were transferred from Assets Under Construction into use but had not been revalued.</p> <p>The CIPFA Local Government Code requires that assets are revalued when they are first brought into use.</p> <p>The assets were revalued and the financial statements were amended to reduce the asset valuation by £16,623,000.</p>	To ensure compliance with the Local Government Code.
£2,851,000 (No overall effect on the primary statements)	<p>Capital Commitments (Note 6.9)</p> <p>Our testing of the capital commitments note identified that one scheme included within the disclosure did not have a signed contract in place prior to 31st March 2023. As a result, capital commitments were overstated for this.</p> <p>The financial statements were amended to remove the scheme from the disclosure, resulting in a decrease of overall commitments of £2,851,000.</p> <p>As this is a disclosure note, there was no overall effect on the primary statements.</p>	To ensure the accuracy of the financial statements.
£1,058,000	<p>Balance Sheet and Creditors (Note 6.19) and Earmarked Council Fund Reserves (Note 6.22)</p>	To ensure the accuracy of the financial statements.

Value of correction	Nature of correction	Reason for correction
	<p>Audit testing identified capital expenditure of £1,058,000 which was paid in April 2023 but related to works performed in March 2023. As a result, creditors and capital expenditure were understated at the year end.</p> <p>The financial statements were amended to increase the 'Other' Short Term Creditors by £1,058,000, with Earmarked Council Fund Reserves (Note 6.22) decreasing by the same amount.</p>	
<p>£863,000 (No overall net effect on the primary statements)</p>	<p>Balance Sheet and Earmarked Council Fund Reserves (Note 6.22)</p> <p>Our testing of Reserves identified 2 reserves which had been classified as 'Externally Funded Schemes' but should have been classified as 'Departmental Reserves'.</p> <p>The financial statements were amended to move the £863,000 from Externally Funded Schemes Reserves to Departmental Reserves.</p> <p>There was no net effect of this amendment.</p>	<p>To correctly disclose the reserves.</p>
<p>Various (No overall effect on the primary statements)</p>	<p>A number of minor amendments were made to the financial statements relating to either revisions to disclosures of information or narrative changes.</p>	<p>To ensure the accuracy of the financial statements.</p>

GOVERNANCE & AUDIT COMMITTEE

27TH OCTOBER 2023

LETTER OF REPRESENTATION TO AUDIT WALES CARMARTHENSHIRE COUNTY COUNCIL

Recommendations / key decisions required:

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

Reasons:

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

Cabinet Decision Required: NO

Council Decision Required: NO

CABINET MEMBER PORTFOLIO HOLDER:

Cllr. Alun Lenny (Resources)

Directorate:
Corporate Services

Designation:

Tel No: 01267 224120

Report Author:
Chris Moore

Director of Corporate
Services

E Mail Address:

CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27TH OCTOBER 2023**

**LETTER OF REPRESENTATION TO AUDIT WALES
CARMARTHENSHIRE COUNTY COUNCIL**

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

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

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below
 Signed: C Moore Director of Corporate Services

1. Scrutiny Committee request for pre-determination	N/A
If yes include the following information: -	
Scrutiny Committee	
Date the report was considered:	
Scrutiny Committee Outcome/Recommendations:	

- 2. Local Member(s): N/A**
- 3. Community / Town Council: N/A**
- 4. Relevant Partners: N/A**
- 5. Staff Side Representatives and other Organisations: N/A**

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED - NO	Include any observations here
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Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report: THERE ARE NONE.

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Eich cyf / Your ref:

Gofynner am / Please ask for: Chris Moore

Fy nghyf / My ref:

Llinell Uniongyrchol / Direct Line: 01267 224120

Dyddiad / Date: 27th October 2023

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

Final letter of representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Carmarthenshire County Council for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Chris Moore FCCA

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

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



BUDDSODDWYR | INVESTORS
MEWN POBL | IN PEOPLE

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

You are welcome to contact me in Welsh or English

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Carmarthenshire County Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 27 October 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware

Signed by:

Signed by:

Director of Corporate Services

Chair of the Governance and Audit
Committee

Date: 27 October 2023

Date: 27 October 2023

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GOVERNANCE & AUDIT COMMITTEE

27TH OCTOBER 2023

AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT

Recommendations / key decisions required:

To approve the responses to the requests made of both management and the Governance & Audit Committee as detailed in the report.

Reasons:

To give Audit Wales assurance on a number of governance areas that impact on their audit of the financial statements.

Cabinet Decision Required: NO

Council Decision Required: NO

CABINET MEMBER PORTFOLIO HOLDER:

Cllr. Alun Lenny (Resources)

Directorate:
Corporate Services

Name of Director:
Chris Moore

Report Author:
Chris Moore

Designation:

Director of Corporate
Services

Tel No: 01267 224120

E Mail Addresses:

CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27TH OCTOBER 2023**

**AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT**

Audit Wales is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance. They are required to formally seek the Authority's documented consideration and understanding on a number of governance areas that impact on the audit of the financial statements. These considerations are relevant to both the Council's management and 'those charged with governance' (the Governance & Audit Committee).

The areas of governance on which they are seeking views:

1. Matters in relation to fraud.
2. Matters in relation to laws and regulations.
3. Matters in relation to related parties.

The information provided informs their understanding of the Council and its business processes and supports their work in providing an audit opinion on the 2022/23 financial statements.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

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

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

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

CONSULTATIONS

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

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

1. Scrutiny Committee request for pre-determination	N/A
If yes include the following information: -	
Scrutiny Committee	
Date the report was considered:	
Scrutiny Committee Outcome/Recommendations:	

- 2. Local Member(s): N/A**
- 3. Community / Town Council: N/A**
- 4. Relevant Partners: N/A**
- 5. Staff Side Representatives and other Organisations: N/A**

CABINET MEMBER PORTFOLIO HOLDER(S) AWARE/CONSULTED	Include any observations here
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
2022/23 accounts closure working papers		County Hall, Carmarthen
Corporate and HR Policies		

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1 Capital Quarter
Tyndall Street / Stryd Tyndall
Cardiff / Caerdydd
CF10 4BZ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

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

Reference: CCC 22-23

Date issued: 30 March 2023

Dear Chris

Audit enquiries to those charged with governance and management

- The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.
- This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Council and 'those charged with governance' (Governance & Audit Committee).

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

- Matters in relation to fraud
- Matters in relation to laws and regulations
- Matters in relation to related parties

The information you provide will inform our understanding of the Council and its business processes and support our work in providing an audit opinion on your 2022-23 financial statements.

I would be grateful if you could update the attached table in **Appendix 1** to **Appendix 3** for 2022-23.

The completed **Appendix 1** to **Appendix 3** should be formally considered and communicated to us on behalf of both management and those charged with governance by 30 June 2023. In the meantime, if you have queries, please contact Jason Blewitt on 07970737478 or jason.blewitt@audit.wales.

Yours sincerely



Derwyn Owen

Engagement Director

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2022-23 audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Council is the Governance & Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

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

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks, and the internal controls established to mitigate them.

Enquiries of management – in relation to financial reporting

Question	2022-23 Response
<p>Are there any significant matters or events which have occurred during the year which could influence our audit approach or the Council's financial statements?</p>	<p>No</p>
<p>What are your general views on the entity's risk assessment process relating to financial reporting?</p>	<p>We believe we have a robust approach to the identification and evaluation of risks across the council, with risks clearly owned by an individual senior officer or department, but underpinned by a collegiate approach which brings to the benefits of cross functional support and expertise. This is applied to financial reporting, whereby the process is a joint effort of financial services combined with service managers across all areas, supported by back office functions</p>
<p>Are you aware of significant transactions that are outside the normal trading activities of the business?</p>	<p>No</p>
<p>Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?</p>	<p>No. All surveys desktop reviews undertaken to date to identify RAAC have been negative (i.e. no RAAC identified)</p>

Enquiries of management – in relation to financial reporting

Question	2022-23 Response
<p>Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?</p>	<p>None other than those already disclosed to Audit Wales</p>
<p>Have there been any changes in accounting policies in relation to significant estimates?</p>	<p>No</p>
<p>Have there been any issues that may impact the preparation of the accounts identified so far?</p>	<p>Delays were encountered with enhanced requirements regarding the valuation of property assets to ensure that the carrying value was not materially different to the current value</p>
<p>Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity's ability to continue as a going concern?</p>	<p>No, though we recognise the ongoing financial pressures which Local Authorities have faced for more than a decade and we are acutely aware of the increasing number of English Local Authorities which have issued Section 114 notices and are monitoring these closely.</p>

Enquiries of management – in relation to fraud

Question	Response
<p>What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>It is management's opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place both inherent in processes as well as due to specific periodic activities such as the work carried out as part of the internal audit plan (e.g. identification of duplicate records in payroll or creditors).</p> <p>The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members</p> <p>The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>The Authority's Anti Fraud and Anti Corruption Strategy has been updated and was approved by the Audit Committee in October 2020 is available on the Authority's Intranet. The Anti Fraud and Anti Corruption Annual report was received</p>

Enquiries of management – in relation to fraud

Question	Response
	<p>and accepted by the Committee in September 2023. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training.</p> <p>The Authority participates in the "National Fraud Initiative", where data on Payroll, Creditors, Housing Benefit, Pensions, Insurance Claims, Blue Badges and VAT issues are matched nationally to identify potential individual frauds. The exercise reviewing data nationally across Local Authorities and other Public Sector Organisations was completed during 2022/2023.</p> <p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority.</p> <p>Internal Audit plan their work using risk assessment principles and taking into account changes in services. The adoption of a three year rolling programme provides assurance of the adequacy of audit coverage and allows the flexibility to deal with changes to systems within the Authority.</p> <p>During Autumn 2020, Fraud and Cyber Awareness training was provided by Dyfed Powys police for CMT, Executive Board Members and some Revenues & Financial Compliance staff. Internal Audit continues to provide training to a range of staff and awareness is raised on a</p>

Enquiries of management – in relation to fraud

Question	Response
	<p>regular basis including staff newsletters, screensaver promotions and dedicated fraud intranet page.</p> <p>Processes implemented to enable remote working have continued to operate securely and officers have reviewed their effectiveness.</p>
Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?	We are aware of a low number of either attempted/perpetrated fraud incidents. These are all of values below trivial and would not lead to misstatement. Further details can be found in the Anti Fraud and Anti Corruption Annual report presented to the Governance and Audit Committee on 29 September 2023.
What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?	Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas with the exception of "Benefit Fraud", which

Enquiries of management – in relation to fraud	
Question	Response
	<p>is a specialist Unit in the Revenues Unit of the Financial Services Division dealing with all Benefit Fraud.</p> <p>Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to all systems under review. All Internal Audit staff have received Fraud awareness training. Staff from Internal Audit and People Management meet quarterly to confidentially keep up to date on any staffing issues or internal investigations to better identify potential financial impropriety or possible fraud</p>
What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?	We have a fraud risk register which has assessed the financial systems and the potential for fraud and the controls that are in place to mitigate fraud.
Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?	The Standards Committee reviewed and confirmed the existing whistleblowing policy in June 2023. At the meeting, it was reported that during the financial year, 3 whistleblowing complaints had been received all of which had been investigated, and the investigations concluded.

Enquiries of management – in relation to fraud

Question	Response
<p>What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>The Authority's updated Anti Fraud and Anti Corruption Strategy was approved by Audit Committee in October 2020.</p> <p>The Authority has a whistleblowing policy and updated its Code of Conduct for Members and Staff in May 2021. Following County Council elections in May 2022, training was held for all members on Code of Conduct, Ethics, Standards, Legal Duties and Responsibilities.</p> <p>Following the appointment of new lay members and new councillors to the Governance and Audit Committee, dedicated training was provided in 2022 which also outlined their responsibilities. We have also run a "self assessment" session with committee members to help identify any knowledge gaps/training requirements.</p> <p>In September 2020, the Governance and Audit Committee received and approved updated Contract Procedure Rules and Financial Procedure Rules, which were further updated and approved in September 2022 and September 2023.</p>

Enquiries of management – in relation to fraud

Question	Response
What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	In addition to the response above: All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct, Officers have received communication regarding CPRs and FPRs.

Enquiries of those charged with governance – in relation to fraud

Question	Response
Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?	The Annual Report from the designated Head of Audit to Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases

Enquiries of those charged with governance – in relation to fraud

Question	Response
	<p>which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control measures either already put in place or to be put in place to minimise the risk of any recurrence.</p> <p>The authority produced an annual Anti-Fraud and Corruption Report covering the financial year 2022-23, which was presented to the Governance and Audit Committee in September 2023. The Authority has a zero tolerance stance to all forms of fraud, corruption and theft, both from within the organisation and from external sources.</p> <p>The Anti-Fraud and Anti-Corruption Report provides a summary of the activities of the Council’s Anti-Fraud functions for the financial year.</p>
<p>What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>Fraud is recognised as a specific risk within the Corporate Risk Register</p> <p>With the scale and breadth of the Council’s range of services, it is impossible to eliminate the risk of fraud completely. However the control environment provides a high degree of assurance, combined with the activities undertaken to investigate instances of potential fraud, which has led to the discovery of a</p>

Enquiries of those charged with governance – in relation to fraud

Question	Response
	small number of incidents which have themselves been subject to prosecution or other sanctions where appropriate.
<p>How do you exercise oversight of:</p> <ul style="list-style-type: none">• management's processes for identifying and responding to the risk of fraud in the audited body, and• the controls that management has established to mitigate these risks?	<p>The Anti-Fraud and Corruption Report is received and reviewed annually. All internal audit reports where there is low assurance are required to be presented to the Governance and Audit Committee. This includes provision for reports where there are weaknesses which could or have led to fraud being exempt and discussed in camera, to enable an open discussion where issues can be fully explored and departments held to account.</p> <p>The Governance and Audit Committee is required to approve any changes to the financial and contract procedure rules, which provides the committee and opportunity to oversee the controls in place.</p>

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Council is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
<p>What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?</p>	<p>Code of Practice on Local Authority Accounting 2022/23, LAAP Bulletins reviewed, CIPFA/IPF training Courses. Audit Wales findings, Wales Chief Accountants Working Group, Specialist advice from Treasury Management Advisors.</p>
<p>Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?</p>	<p>No</p>
<p>What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?</p>	<p>As part of the statement of accounts preparation process, consideration is given to all ongoing litigation claims and assessments. This process involves the following senior officers: Assistant Chief Executive - People Management, Monitoring Officer (and deputy) Section 151 Officer (and deputy)</p>
<p>Have there been any examinations or inquiries performed by licensing, tax or other authorities/regulators?</p>	<p>During the year, the following inspections were undertaken – all were part of the normal course of business and were not in response to any specific issue:</p>

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
	Estyn Local Government Education Services Inspection (July 2023) HMRC VAT Audit (concluded May 2023) Office of the Public Guardian – Deputyships inspection
Are there any potential litigations or claims that would affect the financial statements?	There is one matter which has already been discussed with Audit Wales that is subject to a legal process currently
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No

Enquiries of those charged with governance – in relation to laws and regulations

Question	2022-23 Response
Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No
How does the Governance & Audit Committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	<p>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.</p> <p>As Chief Legal Officer supported by the in-house legal team, the Monitoring Officer has access to all meetings of the Authority including the Cabinet 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.</p>

Enquiries of management – in relation to control environment and IT systems

Question	2022-23 Response
Have there been any changes to significant IT systems or applications in the period?	The organisation is in the process of implementing “Total Connect” which supports works across the council’s estate including administrative and operational buildings (including schools) and the council’s housing stock

Enquiries of management – in relation to risk and governance

Question	2022-23 Response
How do you communicate to those charged with governance regarding business risks including fraud?	Fraud training has been delivered to both the Corporate Management Team as well as the Governance and Audit Committee. It is also recognised as part of the Corporate Risk Register. Business risks are reported to the Governance & Audit Committee through the corporate risk register twice a year. The Corporate Management

Enquiries of management – in relation to risk and governance

Question	2022-23 Response
	<p>Team, Heads of Service and the Governance and Audit Committee also received training from an external provider on risk and risk appetite in Summer 2023. Cyber fraud / risk training was also delivered to members in November 2022.</p>
<p>What is the allocation of responsibilities between those charged with governance and management?</p>	<p>This is governed by the Council's constitution. Broadly, the separated in that it is Members who approve the Council's risk appetite, and then for officers who are responsible to implementing this in the business of the Council, and monitoring it, to then report back to Members.</p>
<p>What procedures are in place to ensure the compliance and completeness of Governance reports?</p>	<p>Preparation of the Annual Governance Statement is a collective effort of the Governance Group, comprising key senior officers as well as councillors in senior roles and is undertaken over a period of months. It is then considered in draft form by Chief Executive and members of the Governance and Audit Committee before presentation for approval</p>

Enquiries of management – in relation to risk and governance

Question	2022-23 Response
<p>What procedures are in place to ensure the compliance and completeness of Sustainability reports?</p>	<p>The Council declared a climate emergency in 2019, and committed to becoming a net zero authority by 2030. The Council since then has developed an action plan to respond to the emergency, and provides annual reports to Members outlining progress against the plan and towards delivering the Council's net zero ambition. A new cabinet portfolio of Climate Change, Decarbonisation and Sustainability has been created, who chairs the cross party climate change and nature advisory panel which provides oversight of the plan and advises Cabinet on its delivery.</p>

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions. The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

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

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2022-23 Response
<p>Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.</p>	<p>There is one change which relates to a close family member of the Deputy Chief Executive. This is reported in the Statement of Accounts</p>
<p>What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.</p>	<p>These have been disclosed in the Statement of Accounts</p>
<p>What controls are in place to identify, account for and disclose related party transactions and relationships?</p>	<p>An annual process is undertaken to identify related party transactions and relationships. This is led by the Head of Financial Services (Deputy Section 151 Officer).</p>
<p>What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none"> • with related parties, and • outside the normal course of business? 	<p>Where there is a related party identified, an approval is not undertaken by the officer affected. In very rare instances where there may be arrangements outside the normal course of business, it would be practice that the matter is escalated to a senior officer, and if significant, the relevant portfolio holder would be consulted. Advice would be sought from the Monitoring</p>

Enquiries of management – in relation to related parties

Question	2022-23 Response
	officer and Section 151 Officer on a case by case basis.

Enquiries of those charged with governance – in relation to related parties

Question	2022-23 Response
How does the Governance & Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?	In addition to the approval of the audited accounts as required in the council's constitution, the Governance and Audit Committee also holds a detailed accounts training session every year for members to go through the detailed updates of both the financial figures as well as the governance arrangements as set out in the Annual Governance Statement, and also received the draft accounts in formal committee. This member involvement creates a high level of engagement and discussion about updates which members may be aware of due to their other duties.

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

BURRY PORT HARBOUR FINANCIAL STATEMENT 2022-23		
Purpose: To present the audited Accounting Statement for 2022-23.		
Recommendations / key decisions required: To receive and approve the audited Accounting Statement for Burry Port Harbour Authority for 2022-23.		
Reasons: The Council is required to approve the 2022-23 post-audited accounts of the Harbour Authority, to comply with the Accounts and Audit (Wales) Regulations 2014. The Governance & Audit Committee have delegated powers to approve the Accounts in line with the Local Government Measure.		
Relevant scrutiny committee to be consulted NA		
Cabinet Decision Required		NO
Council Decision Required		NO
CABINET MEMBER PORTFOLIO HOLDER:- Cllr. Alun Lenny		
Directorate: Corporate Services Name of Head of Service: Randal Hemingway Report Author: Randal Hemingway	Designations: Head of Financial Services	Tel: 01267 224886 Email address: RHemingway@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

**BURRY PORT HARBOUR
FINANCIAL STATEMENT 2022-23**

Carmarthenshire County Council has been given a range of statutory powers and duties for the purposes of improving, maintaining and managing the Burry Port harbour through the Burry Port Harbour Revision Order 2000.

In accordance with the Harbours Act 1964, statutory harbour authorities are required to prepare annual statement of accounts relating to the harbour activities. In compliance with the Accounts and Audit (Wales) Regulations 2014, these accounts are in the form of a separate annual income and expenditure account and statement of balances.

From 1st April 2018, the Authority granted a long-term lease to The Marine & Property Group Ltd, who took over the running and management of Burry Port Harbour and consequently the activity on the statement is much reduced.

The net cost of the harbour activities in 2022-23 was £9k, (2021-22 £687k), and all activities are fully funded by Carmarthenshire County Council. This decrease in costs year on year of £678k consists of a decrease in capital works expenditure of £697k, together with a £19k reduction in income. Fixed assets held at 31st March 2023 total £867k.

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 2022-23 was £9k, which has been fully funded by Carmarthenshire County Council. Fixed assets held at 31st March 2023 total £867k.

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

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER 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.

1 Cwr y Ddinas / 1 Capital Quarter
Caerdydd / Cardiff
CF10 4BZ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

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

Reference: DO23-06

Date issued: 18 October 2023

Dear Chris

Burry Port Harbour 2022-23 Annual Return

In accordance with the requirements of Section 12 and Section 13 of the Public Audit (Wales) Act 2004 I am giving my report on the Burry Port Harbour Annual Return for the year ended 31 March 2023.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these procedures require us to consider whether the annual statement of accounts:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the constituent local authorities for the same reporting period); and
- casts correctly.

Audit report on the annual return relating to Burry Port Harbour for the period ending 31 March 2023:

Subject to the approval of the 2022-23 annual return by the Governance and Audit Committee which is due to be done at its meeting on 27 October 2023, we will be able to certify the annual return and issue our notice of completion of the audit and confirm the following:

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 Harbour's governance arrangements; and
- that the Harbour does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Other matters

We have no other matters we need to bring to your attention.

Yours sincerely



Derwyn Owen

for and on behalf of Adrian Crompton, Auditor General for Wales

Minor Joint Committees in Wales

Annual Return for the Year Ended 31 March 2023

Accounting statements 2022-23 for:

Name of body: Burry Port Harbour Authority

	Year ending		Notes and guidance for compilers
	31 March 2022 (£)	31 March 2023 (£)	
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	687,023	8,922	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	48,881	30,000	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	0	0	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	730,877	34,162	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	5,027	4,760	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).
Statement of balances			
8. (+) Debtors	135,688	145,028	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	(134,283)	(137,103)	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	1,405	7,925	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of (8+9-10).
12. Total fixed assets and long-term assets	900,600	867,319	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

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 2023, that:

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

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

Additional disclosure notes*

The following information is provided to assist the reader to understand the accounting statements 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 statements and/or the annual governance statement.

Committee approval and certification

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

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Committee, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2023.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Committee under minute reference:</p>
<p>RFO signature: </p>	<p>Minute ref:</p>
<p>Name: C MOORE</p>	<p>Chair of meeting signature:</p>
<p>Date: 08/08/23</p>	<p>Name:</p>
	<p>Date:</p>

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 2023 of:

Burry Port Harbour Authority

Auditor General's report

Audit opinion - Unqualified

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 Harbour's governance arrangements; and
- that the Harbour does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Other matters arising and recommendations

There are no further matters I wish to draw to the Harbour's attention.

<p>Name, Director, Audit Wales For and on behalf of the Auditor General for Wales</p>	<p>Date:</p>
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Annual internal audit report to:

Name of body: Burry Port Harbour Authority

The Committee's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2023.

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

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	BPH Authority was a service within Carmarthenshire CC, however from 1/4/2018 Burry Port Harbour was leased to Burry Port Marina LTD and The Marine & Property Group Limited.
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Testing of individual transactions concluded that all payments tested were accounted for in the correct period and were supported by documentation.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	As a service within Carmarthenshire CC, BPH Authority prepared and monitored business plans and included identified risks within the Authority's risk register. As from 1/4/2018 the Harbour has been leased to Burry Port Marina LTD.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	There is a budget monitoring process within Carmarthenshire CC in relation to the BPH LA Accounts.
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The authority has not received a copy of the Burry Port Marina LTD audited accounts for 2022/23 and therefore an estimate of £36k has been entered in the statement.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	There is no petty cash advance in relation to Burry Port Harbour.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Burry Port harbour has been leased to Burry Port Marina Ltd, therefore there are no employees employed at the

	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**	
					Harbour by Carmarthenshire County Council.
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Burry Port harbour has been leased to Burry Port Marina Ltd. There is no specific investment programme for BPH Authority. The Harbour is included on the Authority's Asset Manager system.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	BPH Authority was a service within CCC. A review of the bank reconciliations for CCC was undertaken and procedures were found to be satisfactory. The Harbour has now been leased to Burry Port Marina LTD.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Accounting Statements are prepared in line with the 2014 Code of Practice of Local Authority Accounting.

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

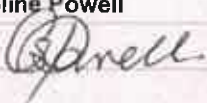
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
12. Insert risk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

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

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

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 2021-22 and 2022-23. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Caroline Powell
Signature of person who carried out the internal audit: 
Date: 8/8/2023

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

DYFED PENSION FUND ANNUAL REPORT AND ACCOUNTS 2022-2023		
Purpose: The Council is required to approve the 2022-2023 Annual Report and Accounts for the Dyfed Pension Fund		
Recommendations / key decisions required: To approve the Annual Report and Accounts 2022-2023 for the Dyfed Pension Fund post audit.		
Reasons: The Council is required to approve the Annual Report and Accounts 2022-2023 for the Dyfed Pension Fund to comply with the Accounts and Audit (Wales) Regulations 2014. The Governance and Audit Committee have delegated power to approve the Accounts in line with the Local Government Measure.		
Relevant scrutiny committee to be consulted NA		
Cabinet Decision Required		NO
Council Decision Required		NO
CABINET MEMBER PORTFOLIO HOLDER:- Cllr. Alun Lenny		
Directorate: Corporate Services Name of Head of Service: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel: 01267 224120 Email address: CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

**DYFED PENSION FUND
ANNUAL REPORT AND ACCOUNTS 2022-2023**

In line with the Accounts and Audit (Wales) Regulations 2014, the Dyfed Pension Fund Annual Report and Accounts is now presented to the Governance and Audit Committee for approval.

As noted in the Audit Wales report, minor amendments have been made to the accounts. These are the inclusion of a Post Balance Sheet Events Note which had no overall effect on the primary statements, a disclosure note on the movement of investments between Level 3 and 2 within note 13.5 and 13.6 of the statement of accounts and some other minor amendments.

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

The net assets of the scheme at 31 March 2023 were £3,143m (31 March 2022: £3,243m). The reduction in net asset value of £100m is mostly due to the value of the Fund's investments decreasing during the year. These are unrealised losses as the Fund did not dispose of these investments.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

Legal

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

Finance

The Net Asset Statement for the Dyfed Pension Fund at 31 March 2023 shows total net assets of £3,143m.

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER 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 (as amended 2018)		Corporate Services Department, County Hall, Carmarthen.



DYFED PENSION FUND

Annual Report & Accounts 2022-2023

Administered by:



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Chair's Foreword

It is with great pleasure that I present the 2022-2023 Annual Report and Accounts of the Dyfed Pension Fund.

This year's highlight was the results of the triennial actuarial valuation as at 31 March 2022. Over the three years since 31 March 2019 the funding level of the Fund has increased from 105% to 113%. This is obviously very pleasing and is primarily due to the strong investment returns achieved by the Fund. However, as we all know, the Fund takes a long-term approach and there is still a great deal of uncertainty with high inflation, the continuing Russia/Ukraine conflict, high interest rates, climate change and the slowdown of like expectancy improvements. A Strategic Asset Allocation review has commenced following this valuation and the outcome will be presented to the committee in September 2023.

Also, during the year, the committee was presented with the Fund's Carbon Footprint position of its equity portfolio as at 31 March 2022. It illustrated that the Weighted Average Carbon Intensity had reduced by 15% from September 2020. This demonstrates how seriously the committee takes this subject and is further exemplified by our decision to invest £150m in the Sustainable Equity fund which will be launched by the Wales Pension Partnership (WPP) in June 2023.

Moving on to the WPP, the Dyfed Pension Fund now has 39% invested across global equities and fixed income with a further 40% is invested in the jointly procured BlackRock pooled funds. The training that WPP provided during the year focused on Private Market Asset Classes & the role of the Allocator and the Governance & Administration of the pool, among other topics. This training is invaluable for pension committees, pension boards and officers in that it keeps us all "up to speed" on developments in the LGPS which is continually evolving.

Robeco is the voting and engagement provider for the pool and assists the WPP in formulating and maintaining a Voting Policy and Engagement Principles that are in keeping with the Welsh Constituent Authorities' membership of the Local Authority Pension Fund Forum ('LAPFF'). The Dyfed Pension Fund has been a member of LAPFF for many years and utilises its resources together with Robeco to ensure that our stock is voted on and we achieve the most effective engagement outcomes for our members.

The Pensions Administration team continued to work diligently during the year for all our employers and members. The team, amongst other projects, increased the number of registered 'My Pension On-line' users by actively encouraging scheme member take up, continued with the production of a more detailed and personalised update for each pensioner, continued with the GMP Reconciliation exercise and undertook a Data Quality exercise for the Local Government, Police and Firefighter Pension Scheme, reporting the findings to the pension committee and The Pensions Regulator.

The membership increased again in 2022-2023 to 54,555 with active members making up the majority and an even split between deferred and pensioners. This does not tell the whole story though as the workflow undertaken by the team includes actual retirements, retirement estimates, starters, transfers in, transfers out, aggregation and leavers which is a phenomenal amount of work.

There were no changes to the membership of the pension committee during the year but subsequently in May 2023 Cllr Denise Owen left the committee and Cllr Neil Lewis joined. I

would personally like to thank Denise for her contribution and wish her well for the future and welcome Neil.

I would like to thank the members of the Pension Committee who continue to rise to the challenge of providing governance, stewardship and direction for the Fund. My thanks also go to the senior managers and officers in the Administration and Investment teams for their commitment and hard work towards delivering a quality service during the year. I can assure you that the Fund recognises that the LGPS continues to be a high quality and highly valued defined benefit pension scheme for public sector workers.

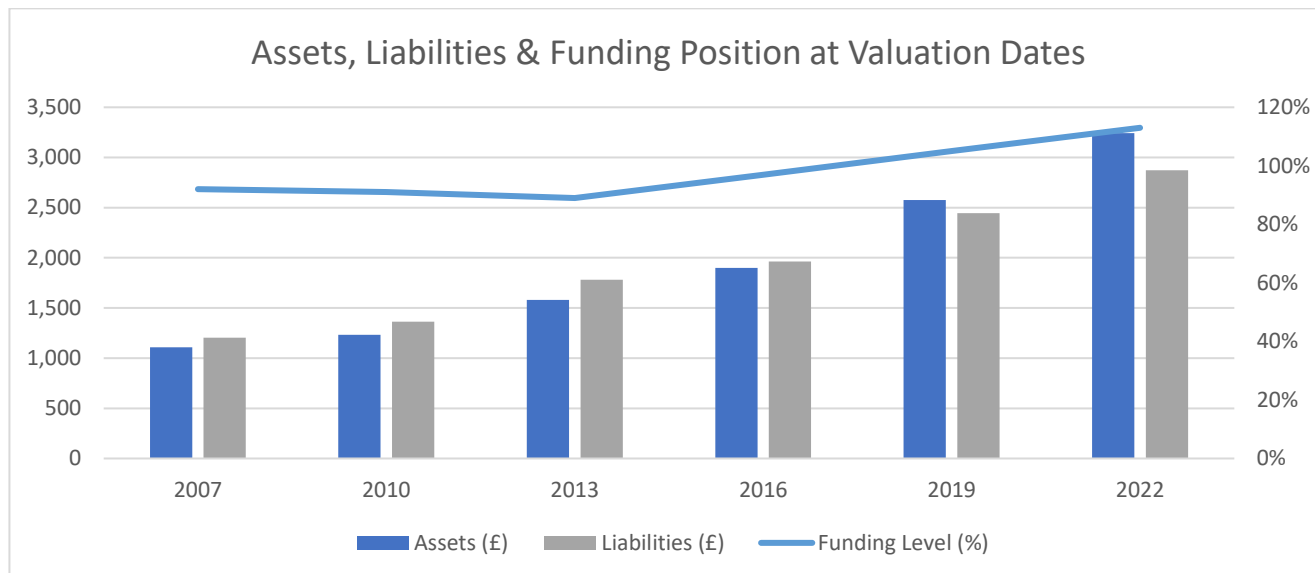
I hope this gives you a flavour for the progress of the Fund during the year and you enjoy reading the detail in the rest of this report.

Councillor Elwyn Williams
Chair of the Dyfed Pension Fund Committee



Introduction

The Chair, in his Foreword, has highlighted that the triennial actuarial valuation results were received during the year. I have set out below how the funding level has moved over the last few years:



The increase in the funding level over the years, and to 113% as at 31 March 2022, is obviously very pleasing but it is my responsibility, as Treasurer/Section 151 officer of the Dyfed Pension Fund, to ensure that we invest and manage the Fund's assets, set employer contribution rates, collect employer and employee contributions and pay pension benefits as they fall due. With this background in mind cash flow is very important for the Fund. We have a robust cash flow model which ensures that the £130m of expenditure and income during the year is managed effectively.

The Dyfed Pension Fund returned -2.9% during the year which was below the LA Universe and was a result of our low allocation to alternative assets. However, over the longer term it continues to perform well both in actual terms and relative to inflation:

	3 Year (%)	5 Year (%)	10 Year (%)	20 Year (%)
Fund	9.8	5.5	7.6	8.6
Average	9.5	5.9	7.3	8.4
CPI Inflation	6.0	4.3	2.8	2.7
Ranking	32	60	24	28

Perhaps I do not mention them often enough, but the Pension Board members provide a valuable service in their role as assisting Carmarthenshire County Council (as the scheme manager) in the management of the Fund, providing oversight and challenge and keeping the committee and officers "on their toes". The Pension Board is expertly chaired by John Jones and during the year offered challenge on issues as diverse as any breaches in service delivery,

the risk register, the performance of the pension administration service including examining workflow statistics and review and discussion on the decisions of the pension committee. They are also regular attendees at the virtual training sessions that are provided by the Wales Pension Partnership (WPP).

Carmarthenshire County Council's responsibility as the host authority for the WPP continues to provide an excellent service for the pool. During the year WPP launched the Infrastructure and Private Credit investment programmes and appointed Schroders Capital as the allocator for the Private Equity programme. The pool has also remained a signatory to the UK Stewardship Code. As the host authority we are involved in and provide support to all aspects of this work and will be extremely committed to working with all parties in the procurement of the operator contract in 2023-2024.

I would like to take this opportunity again this year to thank my pension teams and the Head of Financial Services for the commitment and hard work they have shown towards delivering an excellent service throughout the year. Despite the increasing workloads and the ever-changing pensions world staff continue to place the scheme members first and this is valued by our members and those responsible for the governance of the Scheme.

Chris Moore

**Director of Corporate Services
Carmarthenshire County Council**



Section 1 - Management & Financial Performance Reports

Fund Management & Advisers

The Dyfed Pension Fund is administered by Carmarthenshire County Council (the administering authority) and under the Council's constitution the Dyfed Pension Fund Committee has overall strategic responsibility for managing the Fund. The Fund's Governance Policy sets out the roles and responsibilities of the Committee.

During 2022-23 the Committee members were:

- Councillor Elwyn Williams - Chair of the Committee
- Councillor Dai Thomas - Committee Member
- Councillor Rob James - Committee Member
- Councillor Denise Owen - Substitute Committee Member

The following officers from Carmarthenshire County Council also attended Committee meetings and/or acted as advisers:

- Mr Chris Moore, FCCA - Director of Corporate Services
- Mr Randal Hemingway, CPFA - Head of Financial Services
- Mr Anthony Parnell, FCCA - Treasury and Pension Investments Manager
- Mr Kevin Gerard, MIPPM - Pensions Manager

The Dyfed Pension Fund Committee has adopted the Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The Code sets out the knowledge and skills needed for those involved with pension scheme governance as recommended by Lord Hutton in his report on public sector pensions.

The Committee and officers attended various training courses, seminars and conferences on administration and investment matters. These were provided by the investment managers, consultants, officers, national and local government associations. The meeting attendance and training events for each Committee member are shown below:

Meeting attendance and training events 2022-23	Cllr Elwyn Williams	Cllr Dai Thomas	Cllr Rob James	Cllr Denise Owen
Voting rights	✓	✓	✓	
2022-23 Meeting attendance:				
Committee Meeting 28 June 2022	✓	✓	✓	✓
Committee Meeting 11 October 2022	✓	✓	✓	
ACM 22 November 2022	✓	✓	✓	
Committee Meeting 23 November 2022	✓	✓	✓	
Committee Meeting 28 March 2023	✓	✓	✓	

2022-23 Training events:				
Business Meeting (LAPFF) July 2022		✓		
Schroders Briefing September 2022	✓	✓	✓	✓
Investment Summit (LGC) September 2022		✓		
WPP Training Session September 2022			✓	✓
AGM & Business Meeting (LAPFF) October 2022		✓		
WPP Training Session October 2022	✓			
Fundamentals Training October 2022			✓	✓
Baillie Gifford LGPS Seminar November 2022	✓		✓	
Russell Investments Summit November 2022	✓			
Fundamentals Training November 2022				✓
WPP Training Session December 2022	✓			
Fundamentals Training December 2022			✓	✓
Annual Conference (LAPFF) December 2022		✓		
Business Meeting (LAPFF) January 2023		✓		
WPP Training Session February 2023	✓			
Investment Seminar (LGC) March 2023	✓			

The Fund's Independent Investment Adviser: Mr Adrian Brown (MJ Hudson Investment Advisers/Apex Group plc) - Advises the Committee on all aspects of investment management at quarterly meetings and ad hoc meetings as necessary.

Investment Managers: BlackRock, Schroders, Partners Group, Wales Pension Partnership

Legal Advisers: Eversheds

Performance Measurement

Company: Local Authority Pension Performance Analytics (PIRC)

Fund Actuary: Mercer

Custodian: Northern Trust

Bankers: Barclays Bank Plc

AVC Providers: Prudential, Standard Life and UTMOST

External Auditor: Auditor General for Wales

Risk Management

Carmarthenshire County Council, the Administering Authority to the Dyfed Pension Fund, recognises the importance of effective risk management. Risk management is the process by which the council systematically identifies and addresses the risks associated with its activities.

Risk management is a key part of Carmarthenshire County Council's corporate governance arrangements and the council has a formal risk management strategy which is regularly reviewed and developed in response to changes within the council and the external environment.

As required by the risk management strategy the Fund uses the risk register tool to identify, prioritise, manage and monitor risks associated with the Dyfed Pension Fund. This register can be found on the Dyfed Pension Fund's website.

The Funding Strategy Statement (FSS) (Section 7) and the Investment Strategy Statement (ISS)(Section 8) explain the Fund's key risks and how they are identified, mitigated, managed and reviewed. Investment advice is received from Mr Adrian Brown, the Independent Investment Adviser, and the Dyfed Pension Fund Committee meet and review fund manager performance and activity at least quarterly.

Financial Performance

Income & Expenditure

The table below shows actual income and expenditure for 2022-23 against budget:

	Actual 2021-22 £'000	Budget 2022-23 £'000	Actual 2022-23 £'000	Variance 2022-23 £'000
Income				
Employee Contributions	22,847	23,045	24,686	1,641
Employer Contributions	66,168	68,339	71,231	2,892
Transfers In	4,196	3,000	4,999	1,999
Investment Income	32,138	16,898	27,472	10,574
Total Income	125,349	111,282	128,388	17,106
Expenditure				
Benefits Payable	(92,402)	(93,908)	(99,423)	(5,515)
Transfers Out	(3,534)	(3,120)	(4,530)	(1,410)
Management Expenses	(1,976)	(2,255)	(2,296)	(41)
Investment Management Expenses	(12,435)	(11,999)	(11,271)	728
Total Expenditure	(110,347)	(111,282)	(117,520)	(6,238)
Changes in the Market Value of Investments	178,055	-	(110,937)	-
Net Increase/(Decrease) in the fund	193,057	-	(100,069)	-

Section 2 - Investment Policy & Performance Reports

Fund Investments

Investment Policy

The Fund sets out a broad statement of the principles it has employed in establishing its investment and funding strategy in the Investment Strategy Statement (ISS) (Section 8). The ISS also sets out the Fund's policies in respect of responsible investment and other environmental or social issues.

The Investment Policy and the approach to the management of risk for the Fund as a whole and in respect of the investment managers is outlined in the ISS. The ISS has been developed alongside the Fund's funding strategy on an integrated basis taking into account the risks inherent in the Fund. The ISS document can be found on our [website](#).

Responsible Investment (RI) Policy

The Fund is a long-term investor aiming to deliver a sustainable pension fund for all stakeholders and has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members.

Responsible Investment is a fundamental part of the Fund's overarching investment strategy as set out in the Investment Strategy Statement. That is, to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long-term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance (ESG) factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Responsible Investment Policy can be found in Section 9 of this report or on the [website](#).

Membership of Pension Fund Institutions

The Fund subscribes to and is a member of Pension and Lifetime Savings Association (PLSA), Local Authority Pension Fund Forum (LAPFF), CIPFA Pension's Network, LGA Scheme Advisory Board (SAB) and LGA Local Government Pension Committee (LGPC).

Voting

Managers are instructed to vote the Fund's shares in companies in line with the Fund's Voting Policy and the PLSA voting guidelines. These guidelines set out principles that should be followed when voting.

Manager changes

There were no manager changes during the year.

Asset Allocation

Mandate	Approach	Manager	Benchmark (%)	Actual (%)
Equities		Allocation	65.00	74.62
Global	Active	Wales Pension Partnership		31.20
Japanese	Active	BlackRock		3.63
Other Regional	Passive	BlackRock		29.87
ACS Low Carbon	Passive	BlackRock		9.92
Fixed Interest		Allocation	10.00	7.57
Index Linked Gilts	Passive	BlackRock		0.34
Fixed Interest Bonds	Active	Wales Pension Partnership		7.23
Property		Allocation	15.00	12.99
Property	Active	Schroders		11.45
Property	Active	Partners Group		1.54
Infrastructure		Allocation	5.00	0.00
Infrastructure				0.00
Alternatives		Allocation	5.00	3.96
SAIF	Active	BlackRock		3.96
Cash		Allocation	0.00	0.86
Cash	Active	Various		0.86
Total			100.00	100.00

The table above shows that the Fund's actual allocation to equities is above the benchmark. The Pension Committee are reviewing the allocations with a view of rebalancing the investments in line with the benchmarks.

The table below shows the change in fund value from the beginning of the year to the end of the year and is broken down by asset class. The value of the Fund decreased by 3.1% from 2021-22 to 2022-23:

	Value as at 31/03/22	Value as at 31/03/23
	£'000	£'000
UK Equities	570,137	562,035
Global & Overseas Equities	1,778,321	1,778,461
Index Linked Gilts	31,515	10,781
Fixed Interest Bonds	247,621	226,700
Property	461,700	407,472
Alternatives (SAIF)	120,559	124,097
Cash	24,969	27,061
Accrued Income	1,855	73
Total	3,236,677	3,136,680

Investment Performance

Total Fund performance was below the LA Universe average over the one and five year periods and above the average over the three, ten, twenty and thirty year periods as shown below.

Periods to 31/03/23	Return (%)	LA Universe (%)	Out/(Under) Performance (%)	Ranking
1 year	(2.90)	(1.60)	(1.30)	47
3 years*	9.80	9.50	0.30	32
5 years*	5.50	5.90	(0.40)	60
10 years*	7.60	7.30	0.30	24
20 years*	8.60	8.40	0.20	28
30 years*	8.10	7.70	0.40	4

*Annualised Returns

Individual Managers' Performance

The following tables show the performance of each manager for the year ending 31 March 2023.

Partners Group

The performance of investments in private property is measured by Internal Rate of Return (IRR), a figure that will be volatile until the Fund reaches maturity. The current portfolio IRR is 6.5%. As a time-weighted return based on cash flows it is not a meaningful performance measurement until all capital contributed and earnings has been returned to the investor. Until then the IRR will peak and dip based on the timing of cash inflows and outflows. The portfolio of investments continue to meet Partners Group's expectations in terms of performance.

The table illustrates the cash flows as at 31 March 2023. The valuation of the property portfolio is above the original cost of investment:

Portfolio investments	
Committed	£100.45m
Commitment level - directs	24.66%
Commitment level - secondaries	31.69%
Commitment level - primaries	47.20%
Invested	£86.32m
Investment level	85.94%

Partners Group Red Dragon, L.P.	
Commitments	£97.00m
Capital contributions	£69.06m
Capital contributions (in % of commitments)	71.20%
Unfunded commitments	£27.94m
Distributions	£43.80m
Net asset value	£48.23m
Net return (1 year)	(2.70)%
Net return (inception to date)	6.50%

Schroders

The manager outperformed the benchmark over the one and three year periods by 2.60% and 0.20% respectively. The manager met the benchmark over the five year period.

Performance to 31/03/23	Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	(11.90)	(14.50)	2.60
3 years*	2.80	2.60	0.20
5 years*	2.50	2.50	0.00

*Annualised Returns

BlackRock

The manager outperformed the benchmark over the one, three and five year periods by 1.79%, 2.08% and 6.34% respectively.

Performance to 31/03/23	Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	0.06	(1.73)	1.79
3 years*	12.56	10.48	2.08
5 years*	6.34	0.00	6.34

*Annualised Returns

Wales Pension Partnership

Global Growth Fund

The Fund outperformed the benchmark over the one year period by 0.89%. The Fund underperformed the benchmark over the three year period by -0.20% and since its inception in February 2019 by -0.39%.

Performance to 31/03/23	Net Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	(0.54)	(1.43)	0.89
3 year	15.27	15.47	(0.20)
Inception to Date	9.40	9.79	(0.39)

Global Credit Fund

The Fund underperformed the benchmark over the one year period by -1.71%. The Fund has outperformed the benchmark since its inception in August 2020 by 0.15%.

Performance to 31/03/23	Net Return (%)	Benchmark (%)	Out/(Under) Performance
1 year	(8.27)	(6.56)	(1.71)
Inception to Date	(4.79)	(4.94)	0.15

BlackRock

Fund Returns 1 April 2022 to 31 March 2023

Returns %	12 Months to 31-Mar-23	
	Account (%)	Index (%)
Aquila UK Equity Index Fund	2.98	2.92
Aquila Life European Equity Index Fund ex UK	7.63	8.24
Ascent Life Japanese Equity Fund	3.93	1.95
iShares Emerging Market Index Sub Fund	-5.10	-4.91
ACS World Low Carbon Equity Tracker Fund	-1.46	-4.68
Total Fund	0.06	-1.73
Index Linked Gilt Portfolio	-30.42	-30.44
Total Fund including UK Index Linked Gilts	-1.00	-

Source: BlackRock 2023

BlackRock Performance

Over the last year, Dyfed Pension Fund's Main Portfolio returned 0.06% for the period compared to a composite index return of -1.73%, thereby outperforming the index by 1.79%. The passively managed funds tracked the indices they are managed against.

On the active side, the Japanese Equities outperformed the benchmark by 1.98%.

Outlook

We ended 2022 with a more positive outlook on market volatility, however, optimism for an economic restart in 2023 was dampened by the rise in inflation and gilt rates. We are closely monitoring inflation, the increases in rates, and the impact of these on the outlook for growth. We believe the Fund will benefit from inflation linkage, given c.68% of SAIF's exposure is explicitly (via contractual terms) or implicitly (via floating rate notes) linked to inflation. Should the economy slow down, we believe the Fund has a well-diversified portfolio of defensive assets that have stood the test of the pandemic and is well positioned to continue to deliver resilience, income security, and durability.

Environmental, Social and Governance (ESG)

At BlackRock, we have always focused on helping our clients try to reach their long-term investment goals through resilient and well-constructed portfolios. Our investment conviction is that ESG-integrated portfolios can provide better risk-adjusted returns to investors over the long term, and that ESG-related data provides an increasingly important set of tools to identify

unpriced risks and opportunities within portfolios. ESG is integrated across our active portfolios in both public and private markets. In index portfolios where the objective is to replicate a predetermined market benchmark, we engage with investee companies on ESG issues to enhance long-term value for our clients.

Responsible Investment

Proxy voting at BlackRock is centralized within the Investment Stewardship team of over 70 specialists. As a fiduciary to our clients, our firm is built to support the long-term value of assets our clients are invested in. From BlackRock's perspective, sound management of business-relevant sustainability issues can contribute to a company's sustainable long-term financial performance. Incorporating these considerations into the investment research, portfolio construction, and stewardship process can enhance long-term risk adjusted returns for our clients.

Voting is the most broad-based form of engagement we have with companies, providing a channel for feedback to the board and management about investor perceptions of their performance and governance practices.

BlackRock votes annually at more than 18,000 shareholder meetings, taking a case-by-case approach to the items put to a shareholder vote. Our analysis is informed by our internally developed proxy voting guidelines, our pre-vote engagements, research, and the situational factors at a particular company. We aim to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits.

Low Carbon Investment Stewardship Example

Dyfed Pension Fund is an investor in BlackRock's ACS World Low Carbon Equity Tracker Fund which tracks the MSCI World Low Carbon Target Reduced Fossil Fuel Select Index. The index aims to address two dimensions of carbon exposure – carbon emissions and fossil fuel reserves. The index is designed to achieve a target level of predicted tracking error while minimizing the carbon exposure and excluding companies with exposure to Fossil Fuels.

Annual to 31 March 2023, BlackRock's ACS World Low Carbon Equity Tracker Fund had 911 companies within the portfolio. Over the period, there were 1,058 company engagements and, of that, 590 individual companies were engaged. Regionally, this transpires to 55% of engagements occurring within the Americas, 32% within EMEA and 13% in APAC. In terms of voting statistics, BlackRock voted on 97.5% of the 963 votable meetings and 95.2% of the 13,555 proposals (management and shareholder).

Strategic Alternative Income Fund (SAIF)

2022 was a volatile year overall with heightened uncertainty rooted in persistence of inflation and the lagged impact of rate hikes, including the knock-on effects on banks, credit tightening and the economy. Against this backdrop, the Secure Alternative Income Fund ("SAIF", "the Fund") has continued to deliver resilience, weathering a volatile market, and providing security of income to our investors through a challenging time. SAIF's flexible, multi-asset approach, supported by BlackRock's broad and differentiated access across secure income markets, has enabled its investors to capitalise on attractive opportunities throughout various market regimes since the Fund's inception in 2017.

SAIF's highly diversified approach to investing spans cash flow types and duration, in addition to strategies and sectors. We continue to believe that a flexible and balanced approach allows

us to better capture relative value through the investment cycle while being more aptly suited to partially absorb the impact of higher rates and inflation.

Quarter over quarter, as of Q4'22, the Fund delivered a net total return of -2.9%, of which +1.2% was from income. During 2022, the Fund generated a net total return of -4.6%, of which +5.2% was from income. Q4'22 investment activity was relatively muted resulting in c.£22m or c.4.4% of the fourth and fifth close commitments being called. Subsequent to quarter end, however, investment activity increased resulting in £125m being called and the full deployment of fourth close capital commitments as well as 10% of the sixth and latest close (Q4'22) commitments being drawn.

The Fund's cash flows continue to have an estimated weighted average life in excess of 10 years and a tenor of c.10-15 years, c.82% of investments are UK based and c.38% are explicitly linked to UK inflation. SAIF is invested in five asset classes, spanning more than 20 sectors and has made selective use of its flexibility to invest in non-Sterling opportunities that are additive, differentiated, and offer attractive risk-adjusted returns. As of 31 December 2022, SAIF has made 186 investments on a look-through basis across 68 direct investments and two fund investments.

Deployment

SAIF held a sixth close in Q4'22, adding £175 million of incremental commitments and bringing total commitments to £1,737 million across 28 clients. During 2022, the Entity called approximately £260 million of commitments. By year end, contributed capital stood at £1,290 million. Investors in the first, second (including Dyfed) and third closes have fully deployed commitments. Fourth and fifth close (including Dyfed's additional commitment) commitments were 86% and 40% deployed, respectively.

During 2022, SAIF made around 13 investments, including funding existing commitments to several investments. In Q2'22 for example, SAIF invested c. \$43.5m in Project Dorset, a long-term refinancing (green bond) of the financing vehicle for the group that holds the Concession Agreement for the Channel Tunnel. Another example of SAIF's flexibility and focus on relative value is Project Jordaan, which provided debt financing to support the acquisition of a Dutch e-bike component manufacturer that develops and sells the transmission units for electronic bikes. This opportunity generates an attractive risk-adjusted return by investing e-bikes while also helping people transitioning away from using automobiles to alternative modes of transport.

As of March 2023, Dyfed's commitment to the second close (£120m) is 100% deployed and the more recent commitment to the fifth close (£30m) is 40% deployed, well ahead of straight-line deployment expectations. The investment pipeline remains strong with a healthy set of opportunities spanning multiple asset classes, sectors, and parts of the capital structure.

Gavin Lewis, Managing Director

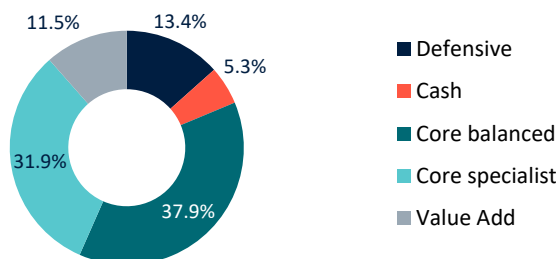
Schroders

Background

Schroders was appointed to manage a portfolio of indirect investments on behalf of Dyfed Pension Fund in March 2010. As at 31st March 2023 the value of the property portfolio stood at circa £386 million. The portfolio strategy has evolved over the last 13 years, from largely investing in balanced real estate funds (i.e. funds that invest in a selection of retail, office and industrial properties) to increasingly investing in sector specialist vehicles. This gives Dyfed access to best in class specialist managers and has given Dyfed exposure to emerging niche strategies such as retirement living and social supported housing. The strategy has also evolved to incorporate ESG into all aspects of the investment process, including the selection and monitoring of funds and reporting to clients.

The look-through sector structure of the UK portfolio is broadly in line with the Schroders House View i.e. underweight to retail compared to the benchmark and overweight to industrials and non-mainstream 'alternative' sectors. By fund style, approximately 37.9% of the portfolio by value is invested in UK core balanced strategies and 31.9% in core specialist strategies. 13.4% of the portfolio is now invested in defensive strategies such as convenience retail and real estate debt that provide downside protection. The exposure to value add strategies has increased substantially over the last year to 11.5%. We forecast these will be highly accretive to overall portfolio returns over the next three years.

Portfolio value by fund style (as at 31st March 2023)



Note: Chart includes cash held with client

The Task Force for Climate-Related Financial Disclosure (TCFD)

The Task Force for Climate-Related Financial Disclosure (TCFD) aims to mainstream reporting on climate-related risks and opportunities in organisations' annual financial filings. The TCFD framework is applicable to all sectors including real estate. The recommendations are structured around four sections: Governance, Strategy, Risk Management, and Metrics and Targets. Schroders publicly supported the TCFD's recommendations in 2017 along with over 100 other corporates. There are now over 1,000 supporters. Schroders has set out a Climate Transition Action Plan which can be accessed by clicking [here](#). We have a responsibility to manage the capital our clients entrust to us and to protect it from risks that climate change poses to support investment performance for the longer term.

When assessing how we approach the increasing risk of climate change impacts within real estate and in order for effective investment decision making, a number of advancements across the sector are required according to the latest insights from Schroders Capital Real Estate

Sustainability Team. These advancements are briefly set out below with more information available here.

- Engagement with insurers and valuation professionals to understand how building and city adaptation will impact values.
- Integration of energy & carbon impacts of future climatic scenarios into net zero strategies must be improved.
- Collaboration with local/regional public bodies to understand potential exposure/opportunities for assets and cities.
- Enhanced due diligence to require broader climate risk analysis.
- Greater understanding of connectivity and reliance upon at-risk infrastructure.

Moving forward, it is critical that climate mitigation efforts are considered in tandem with adaptation to physical risks, to avoid unwanted trade-offs or contradictions in efforts to achieve wider ESG ambitions. Effective adaptation will require early collaboration across multiple stakeholders. As part of Schroders ongoing commitment to climate change the Solutions Real Estate team continues to look for ways to reduce emissions from buildings, and increase the climate resilience of our portfolios.

Schroders Net Zero 2050 Commitment

Schroders Capital Real Estate has committed to achieving Net Zero Carbon by 2050. Our Pathway to Net Zero Carbon can be accessed by clicking [here](#). Our Net Zero Pathway builds on our existing programme to improve the sustainability credentials of our assets and supports the increased emphasis for reducing emissions to limit global warming to 1.50c, as set out in the 2015 Paris Agreement. The Pathway will evolve over time as Schroders and the wider industry develops its understanding of how to address the carbon impact of real estate activities and as regulatory initiatives develop. The multi-manager approach of the Schroders Capital Real Estate Solutions Team (the team that manages Dyfed's portfolio) to Net Zero requires active engagement with third party managers to encourage and influence their approach. We are in the process of ensuring these managers establish Net Zero Carbon Pathways that include setting interim targets. We will monitor their progress to assess that they are on track to achieve Net Zero emissions by 2050.

Carbon Footprint

The table below presents the carbon footprint of Dyfed's real estate portfolio composition as at 31st March 2023. We calculate the portfolio's carbon footprint by multiplying the percentage ownership of each fund by the respective fund's carbon emission output in tonnes as reported by the manager. The output of each fund is summed to create an emissions total for Dyfed's portfolio. The carbon footprint is then presented in terms of how many tonnes of carbon dioxide is emitted at portfolio level alongside a scope I, II and III emissions breakdown. Over the last year estimated emissions have increased from 6.3 carbon tonnes per £ million invested to 12.3. This is due to: 1) the fall in the value of the portfolio; and 2) an increase in investment in value add and real estate debt funds where carbon emissions data is not yet available. We are able to estimate emissions data across 76.8% of the portfolio. Data collection rates are improving across the industry however it will be a few years before landlords receive data from 100% of tenants. Until this time reported carbon emissions data may show some volatility. We continue to challenge the Managers of Dyfed's fund investments to provide increased transparency in the reporting of carbon emissions.

Dyfed Portfolio Value 31st March 2023		£386,205,581	Emissions Estimated	
% of portfolio where emissions have been reported	46.6%	% of portfolio covered via extrapolation	76.8%	
£ of portfolio where emissions have been reported	£170,638,001	£ of portfolio where emissions have been reported	£280,957,340	
Scope 1 GHG emissions (tonnes)	211	Scope1 (carbon tonnes)	316	
Scope 2 GHG emissions (tonnes)	408	Scope2 (carbon tonnes)	596	
Scope 3 GHG emissions (tonnes)	1,771	Scope3 (carbon tonnes)	2,545	
Total GHG emissions (tonnes)	2,390	Total carbon tonnes	3,457	
Total GHG emissions per £m	14.0	Carbon tonnes per £m	12.3	

Emissions not reported	
% of Dyfed portfolio not covered	23.2%
£ of portfolio where emissions have been reported	£84,927,041

Please note that our analysis relies on data reported to us by third parties and has not been audited.

Performance

The UK commercial market has seen a sharp correction in prices over the last twelve months to end March 2023. Driven by high inflation and rising interest rates, capital values have fallen by circa 21% from their peak in June 2022. This is the sharpest correction since the period following Lehman Brother's failure in 2008. An adverse shift in investor sentiment as higher interest rates impeded debt-backed buyers and the fall in equity and bond prices left some institutions over-allocated to real estate.

Although absolute returns from real estate of -14.5% over the last twelve months to March 2023 have been very weak, on a relative basis Dyfed Pension fund's real estate portfolio has fared well by outperforming its benchmark by +2.6% to deliver a total return of -11.9% over the same period. Over the last couple of years when UK real estate returns were high (and yields were low), we restructured the portfolio to include more defensive style strategies in anticipation of a market slowdown. As a result Dyfed's portfolio is outperforming its benchmark over all time periods, namely three months, twelve months, three years, five year and ten years. Absolute returns over a ten year period are 6.5% net of all fees and costs versus the benchmark return of 6.4% per annum.

UK Property Outlook

Looking at real estate from a 'fair value' perspective, the current gap between property yields and bond yields looks too narrow given the weak outlook for the economy. Commercial real estate values could fall further in the coming months unless we see a marked reduction in inflation and interest rate expectations. Investors remain focused on de-risking by rationalising portfolios to hold better quality assets and in sectors that are less sensitive to economic changes or driven by structural factors such as demographics and significant supply shortages.

The properties and sectors that we believe are likely to outperform over the next 12-24 months will be those with strong demand and supply fundamentals such as grocery and discount retail formats; and those with good prospects for rental income growth particularly those with inflation linked income streams such as student accommodation, healthcare, social supported housing and other residential formats such as hotels.

Portfolio Strategy

The current portfolio comprises several holdings that offer downside protection, such as convenience retail and real estate debt that enhance the risk adjusted returns and are providing resilience during this period of lower returns from the wider real estate market.

Going forwards, strong performance is expected to feed through from our three opportunistic strategies that have been in their deployment or 'J-curve' phases over the last three years; UK Retirement Living Fund, Social Supported Housing Fund and Schroders Special Situations Fund. Representing just under 16% of the portfolio when fully invested, there is significant embedded growth in these strategies.

We are holding higher than average levels of cash following receipt of redemption proceeds from relative weak performing funds that we viewed as being more vulnerable to a market slowdown. We plan to reinvest cash received from redemption proceeds into new value add strategies that reflect our view on current value and active management opportunities with a focus on delivering superior ESG credentials. Our timing for making these investments is in the second half of 2023 when we expect the market to have reached a floor enabling us to take advantage of distressed market pricing. We will continue to reduce our weighting to investments that are exposed to parts of the market that remain overpriced and are at risk from further capital and structural decline.

Naomi Green, Fund Manager

Partners Group

Overview

Partners Group Red Dragon LP invests in a wide range of European real estate opportunities which are accessed via primary, secondary, and direct investments. As of 30 June 2023, the unrealized portfolio comprised 8 direct investments, 12 secondary transactions and 12 primary commitments, demonstrating a diversified portfolio across investment types and sectors (see Figure 1). The portfolio is in value creation and realization mode and continues to distribute to Dyfed Pension Fund.

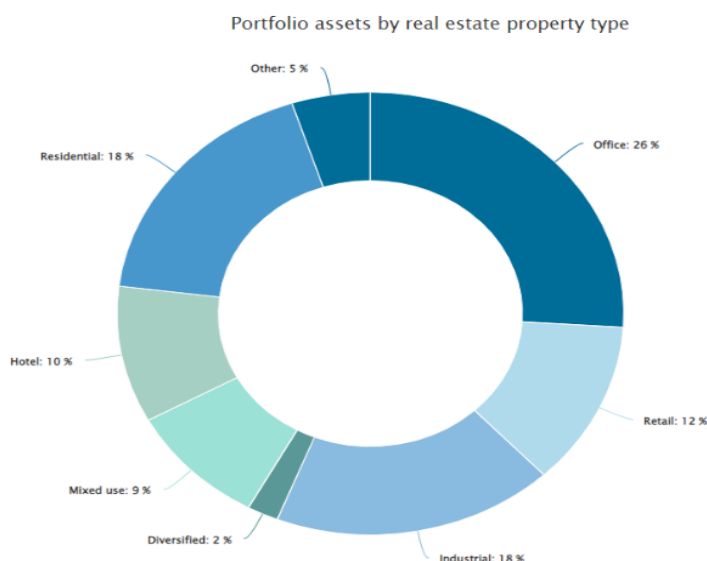


Figure 1

Exit activity

Over the previous 12 months, the program has made GBP 4.2 million in distributions. The most notable distribution was received during Q2 2023 from the divestment of the Manchester Logistics Portfolio (Ferguson), which was realized 2 years ahead of its underwritten exit date for an investment multiple of 1.58x.

New investments

The portfolio did not make any new commitments during the last 12 months. Underlying investments continue to draw upon previous commitments, consequently the program has called GBP 2.8 million in capital over the last 12 months. The most notable assets acquired was through Osae I Joint Investment Vehicle, which acquired several hospitality assets during Q3 2022 located in France.

Portfolio development

At 30 June 2023 the program NAV is GBP 42.7 million. Over the period, Partners Group Red Dragon's net investment multiple decreased from 1.36x to 1.31x reflecting the broader macro-economic challenges weighing on current valuations. Partners Group's prudent underwriting and active management continues to support the value creation in its portfolio investments, while continuously evaluating divestment opportunities.

Real Estate Market

Global investment activity has been muted during the year under review, with the number of real estate investments dropping to levels seen in the first year of COVID-19. The investment activity continued to decline during the first quarter of 2023, posting a year-on-year decline of 52% in investment volume to USD 211 billion.

Global uncertainty is likely to persist for the next 6+ months as the real economy absorbs the impact of monetary tightening. However, the approaching large wave of maturities, of which many will grapple with insufficient liquidity, should bring more previously hesitant owners to the table at attractive prices, introducing a highly conducive environment for long-term value creation across sectors.

Inflation rates in Europe, which have been lagging the US, remain elevated. This has resulted in multiple rate hikes to date may potentially result in further hikes. As such further repricing across sectors is anticipated. In the UK, monthly performance data show early signs that capital value correction is moderating.

ESG in Real Estate at Partners Group

Achieving net zero

Partners Group are committed to working towards net zero carbon emissions across the entire organization and managing the Red Dragon portfolio towards the Paris Agreement goal of achieving net zero by 2050. Partners Group has further committed to reducing the carbon emission intensity of the portfolio by 50% by 2035. Partners Group's Climate Change Strategy outlines the firm's approach towards achieving these goals. The strategy aligns with the Task Force on Climate-related Financial Disclosures' (TCFD) recommended disclosures.

Partners Group assesses ESG within real estate on an asset-by-asset basis, recognising that we will have a part to play in improving the asset throughout our ownership process whether this is direct or through a third-party real estate manager. In early 2023, the company established a real estate specific sustainability with 11 key targets along Environmental, Social and Governance topics. The company has also been a GRESB participant for the third year in a row.

Within the Red Dragon portfolio, the Rhino investment, an office portfolio of 11 assets located in Poland embodies well Partners Group's commitments to sustainability. All assets are certified BREEAM excellent, credentials that generate on average higher rents by attracting ESG-sensitive tenants. In 2022, 48% of the portfolio's electric consumption was generated by on-site photovoltaic arrays considerably reducing its reliance on the polish electric grid, which still heavily relies on carbon intense generation.

Another recent investment made in Poland was showcased in Partner's Group latest Corporate Sustainability Report (page 29-30).

ESG risk considerations

All investments are subject to ESG due diligence, which includes dedicated climate-related due diligence. These requirements are set according to the climate sensitivity of the property type, in line with the climate-related factors identified by the Sustainability Accounting Standards Board (SASB).

An additional risk that Partners Group considers is that of an asset becoming "stranded". This occurs when an older asset fails to adhere to changing regulations or becomes vulnerable in the face of environmental factors. Assets such as offices and residential buildings are increasingly vulnerable to changes in regulation such as minimum energy efficiency requirements, given the pace of change observed in the current market. Partners Group is currently assessing its portfolio against the CRREM, a widely-recognised tool to support decarbonization at asset level.

ESG: transformational investing in real estate

Partners Group focuses on transformational investing. Within real estate, our vision for transformation goes beyond the hardware upgrades and encompasses environmentally conscious and people-oriented building modernization. We view this as an opportunity to make meaningful contributions to global ESG efforts; our end products are not only sustainable but also promote the wellbeing and connectivity of end users.

Robert Evans, Client Solutions

Wales Pension Partnership

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea.

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP have made significant progress towards delivering on this objective. The launching of WPPs first three active equity sub-funds in 2019/20, five fixed income sub-funds in 2020/21 and the Emerging Markets equity sub-fund in 2021/22, alongside the Constituent Authorities existing passive investments, has meant that that the WPP has pooled 70% of assets.

As at 31 March 2023, the total assets of the eight Constituent Authorities was £22.5bn, £15.6bn of which is managed by the pool, see breakdown below:

Asset Class	Managed by	Launch Date	31 March 2023 £000	%
Global Growth Equity Fund	Link Fund Solutions	February 2019	3,274,153	14.6
Global Opportunities Equity Fund	Russell Investments	February 2019	3,269,124	14.6
UK Opportunities Equity Fund	Russell Investments	September 2019	760,143	3.4
Emerging Markets Equity Fund	Russell Investments	October 2021	354,601	1.6
Global Credit Fund	Russell Investments	July 2020	693,665	3.1
Global Government Bond Fund	Russell Investments	July 2020	481,417	2.1
UK Credit Fund	Link Fund Solutions	July 2020	520,721	2.3
Multi-Asset Credit Fund	Russell Investments	July 2020	655,191	2.9
Absolute Return Bond Fund	Russell Investments	September 2020	559,107	2.5
Passive Investments	BlackRock	March 2016	5,074,366	22.6
Investments not yet pooled			6,812,892	30.3
Total Investments across all 8 Pension Funds			22,455,380	100

The Dyfed Pension Fund's element of the table above are detailed below:

	31 March 2023 £000	%
Global Growth Equity Fund	978,714	31.20
Global Credit Fund	226,700	7.23
Passive Investments (BlackRock)	1,247,878	39.78
Investments not yet pooled	683,388	21.79
Total Investment Assets	3,136,680	100

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs (the running costs) are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to the Dyfed Pension Fund for the financial year ending 31 March 2023 was £158k.

2021-22 £000	WPP pooling costs	2022-23 £000
20	Host Authority Costs	21
115	External Advisor Costs	137
0	Transition Costs	0
135	Total	158

Ongoing Investment Management Costs

The table below discloses the investment management costs split between those held by the WPP (including the passive equities) and those held outside of the WPP:

	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £000s	Indirect £000s	Total £000s	bps	Direct £000s	Indirect £000s	Total £000s	bps	£000s	bps
Management Fees	143	3,716	3,859	16	1,209	1,663	2,872	42	6,731	58
Asset pool shared costs	158	0	158	1	0	0	0	0	158	1
Transaction costs	0	1,435	1,435	6	0	2,878	2,878	42	4,313	48
Custody	0	172	172	1	39	0	39	1	211	2
Other	0	16	16	1	0	0	0	0	16	1
Total	301	5,339	5,640	25	1,248	4,541	5,789	85	11,429	110

Asset Allocation and Performance

Asset Category	Opening Value		Closing Value		Performance (1 year)	Index
	£000s	%	£000s	%		
Pooled Assets						
UK Passive	570,137	17.6	562,035	18.0	3.00	2.92
European Passive	85,436	2.6	91,957	2.9	7.63	8.47
EM Passive	271,323	8.4	282,817	9.0	(5.36)	(4.91)
ACS World Low Carbon*	324,448	10.0	311,069	9.9	(4.12)	(0.99)
Equities Active	987,519	30.5	978,714	31.2	(0.89)	(1.43)
Fixed Income Active	247,621	7.7	226,700	7.2	(8.45)	(6.56)
Pooled Assets	2,486,484	76.8	2,453,292	78.2		
Assets not yet pooled						
Property	461,700	14.3	407,472	13.0	(8.77)	(14.49)
Alternatives	120,559	3.7	124,097	4.0	(7.84)	(24.41)

Active Equities	109,595	3.4	113,904	3.6	3.93	1.95
Cash	26,824	0.8	27,134	0.9	0.65	N/A
Index Linked	31,515	1.0	10,781	0.3	(30.38)	(30.44)
Non-Pooled Assets	750,193	23.2	683,388	21.8		
Total Assets	3,236,677	100	3,136,680	100		

Underlying Manager Fees

Reference is made under section 11.6 of the Statement of Accounts that underlying manager fees for the Global Credit Fund are not included within the investment manager fees of the Fund. During 2022-23 these underlying manager fees were £161k (2021-22: £179k).

Objectives 2023-24

Following the launch of a number of sub-funds to date, progress will continue to be made with significant rationalisation of the existing range of mandates. The operator / allocators will be developing and launching a further series of sub-funds which will collectively reflect the strategic asset allocation needs of the eight constituent funds and facilitate a significant move of the assets to be pooled.

In establishing the WPP pool, the prime focus has been on pooling the most liquid assets, namely equities and fixed income. In July 2021, the Joint Governance Committee appointed bfinance as WPP's Allocator Advisors and they have assisted the WPP with the identification of Private Markets Allocators for the Private Market Asset Classes. The Infrastructure, Private Credit and Private Equity allocators have been appointed and work is underway with Real Estate.

WPP's Infrastructure and Private Credit investment programmes have been launched with the Private Equity investment programme due to launch in 2023-24. No funds have yet transitioned into these programmes.

A transition timetable has been provided below:

Investment Portfolio	Timeline for Launch / Implementation
Sustainable Equities	Launch due mid-2023
Private Debt / Infrastructure	Investments to commence in 2023/24
Private Equity	Investments to commence in 2023/24

During 2022-23, the WPP published its second annual Stewardship Report, remaining a signatory to the 2020 UK Stewardship Code. This year has seen an enhanced approach as a responsible investor with the establishment of an engagement framework to review its engagement themes, enhanced reporting in accordance with the requirements of the UK Stewardship Code, and continued reviews of the existing sub-fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs. 2023/24 will see further enhancements, with the delivery of a WPP climate report, in preparation for the upcoming Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements. WPP is also working closely with its service providers to further its responsible-investment aims, including evolving its Voting Policy towards a more-encompassing Stewardship Policy, with plans to establish an appropriate Escalation Policy.

There will also be a focus on the review and development of additional WPP policies, as well as the provision of timely and relevant training facilitated by the pool for the benefit of its wider stakeholder groups.

Securities Lending

Securities lending commenced in March 2020. Revenue is split on a 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. Total revenue of LF Wales Revenue during 2022-23 was £1,328,759 (gross) / £1,129,506 (net) with £454,055,992 out on loan as at 31 March 2023.

More detailed information can be found in WPP's Annual Return which is published on the WPP website - [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://www.walespensionpartnership.org)

PIRC

2022-23 Performance

- The Fund, with a return of -2.9% ranked in the 47th percentile.
- All top three funds this year were in LPPI.
- London funds performed relatively poorly with all but one underperforming its benchmark over the period.
- Large funds had a strong year with 6 of the 7 top performers being over £5bn in value. The smallest funds largely delivered bottom quartile results.

What Drove Performance in 2022-23

- Asset class performance was generally below average – the exception being the strong result from property.
- Asset allocation had a small drag on performance. The Fund holds much less in alternative assets than other funds which was a big negative. This was offset somewhat by the benefit of the low bond commitment.

	Fund (%)	Universe (%)	Relative (%)	Ranking
Fund	(2.9)	(1.6)	(1.3)	47
Asset Class Performance				
Equity	(0.3)	0.0	(0.3)	32
Bonds	(11.6)	(9.1)	(2.7)	66
Alternative	(7.8)	6.5	(13.5)	97
Property	(3.5)	(7.9)	4.7	13

Longer Term Performance

- The Fund is ahead of the average in all but the last five year period.
- The high equity allocation has driven the longer term outperformance.

	3 Year (%)	5 Year (%)	10 Year (%)	20 Year (%)
Fund	9.8	5.5	7.6	8.6
Average	9.5	5.9	7.3	8.4
Ranking	(32)	(60)	(24)	(28)
CPI Inflation	6.0	4.3	2.8	2.7

How Did the LGPS Perform?

- The average fund delivered a negative investment return in the latest year.
- Asset class results strongly diverged and the range of results widened.
- The average return was well ahead of the median (three quarters of funds underperformed the average).
- The Northern Pool funds and LPPI performed particularly strongly.
- Longer term results are still well ahead of inflation and funds' actuarial assumptions.

The Latest Year

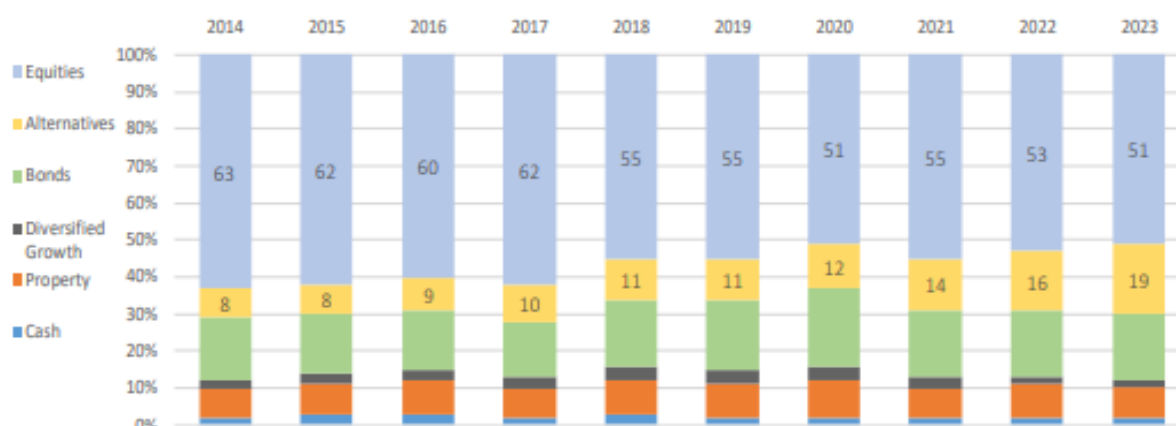
- A good year for alternative investments, the only area to deliver positive results.
- Equity performance was flat – and most active managers failed to add value.
- Bond performance was deeply negative with diversified strategies performing least badly.
- Property saw a strong decline in values over the year.

Longer Term Returns

- The best results over the longer term were delivered by equities.
- Over the medium term alternatives have performed best, driven by excellent private equity results over all periods. Infrastructure has also delivered strong returns.
- Property performance has been poor over the recent past.
- Bonds, the worst performing of the major asset classes, have now delivered a return below CPI over the last ten years.

Fund Structures

- Funds have reallocated 12% of total assets from equities into alternatives over the last decade.
- This has been the key structural change.
- Infrastructure has emerged into a significant proportion of assets.
- 2016/17 was a pivotal year in terms of equity management away from regional to global mandates.
- This was also the year funds really began to diversify bond exposure away from government to alternative forms of credit.



Karen Thrumble, Local Authority Pension Performance Analytics (PIRC)

Independent Investment Adviser

In contrast to the last couple of years, 2022/23 has not produced many new shocks on the geopolitical level – COVID recovery and the Ukraine war continue. However, some of the stresses and strains of the last few years have come home to roost – combined with political instability in the UK in particular! - and so for financial markets, 2022 has been one of the toughest on record. Usually, when equities suffer, bonds perform well (or vice versa), but in 2022, most asset classes had a very challenging year, making it a severe test for portfolio managers. In this context, your Fund's performance in the year to March 2023, down -2.9%, was very creditable.

So let's take a look back at the 2022/23 year.

Two themes have dominated the macroeconomic agenda over the last year : inflation, ever more persistent, and reaching higher levels that most forecasters anticipated ; and the rising interest rates, which Central Banks have used to try to combat the inflation. Let's look at each of these.

A number of factors have combined to restrict supply in most advanced economies – demographics and the slow return to work post-COVID have constrained workforces, resulting in surprisingly low unemployment levels ; efforts to diversify supply chains away from China, and the move from “just in time” inventories to “just in case” inventories ; and, of course, replacing Europe's significant reliance on Russian gas contributed to the enormous spike in energy costs, which ripple through to almost every corner of an economy. At the same time, consumer demand has held up surprisingly well, partly due to the low unemployment rates, but also as consumers spend the savings they built up during COVID, and as the Government stimulus from that period works through the economy. Restricted supply and strong demand has driven the highest inflation seen since the 1970s, and over the year, it has shown signs of becoming increasingly entrenched. Unfortunately, the UK is probably in a worse position than most other advanced economies, due to the additional supply constraints and political uncertainty introduced by Brexit. Headline CPI inflation (including eg. energy costs) has probably peaked around 11%, but core (underlying) inflation continued to rise to 7% after the year end.

To combat this, Central Banks around the world have been increasing interest rates, back to levels not seen since the Financial Crisis of 2009, and at a very rapid rate. This rapid rate of increases caused a crisis in the UK Government bond markets in September last year, the so-called “LDI crisis”. This had serious implications for many pension schemes, but I'm pleased to say, your Fund, which has only minimal exposure to Government bonds, was relatively unaffected. However, interest rates have continued to rise post year end (at the time of writing, UK rates are expected to peak over 6%) and economists estimate that only about 1/3 of the impact of these increased rates has yet been felt in the real economy, suggesting a headwind to growth for several years to come.

Global economic growth has actually been surprisingly robust, albeit considerably slower than last year, representing a return to around trend growth compared to last year's above trend, boosted by COVID recovery. The recession, which many feared last year, has not materialised yet, although most forecasters expect a further slowing of growth in the year to come, and in some cases recession, as the impact of the higher interest rates starts to bite.

Inflation and interest rates both have major impacts on you Fund, affecting both the investment returns and asset values, and the cost of pensions – the so-called “liabilities” side.

Firstly, investment returns: global equity markets ended the year down only 1.4%, though this disguises a near 20% fall in the first half of the fiscal year, softened partly by the weakness of GBP, and by recovery in the second half. Within that, Europe was the best performing region, up 8.7% in GBP terms, while UK (+2.9%) and Japan also performed strongly, while US (-2.5%) and Emerging Markets (-4.9%) lagged. Bonds, on the other hand, suffered in the rising rate environment : shorter term debt, such as Global investment grade corporate bonds, fell only -6.5%, but longer-term government bonds fell severely : 15+ year index-linked UK gilts fell over 30%! Alternative assets, which share some characteristics of bonds and some of equity, were in between : the UK commercial property index fell some 14%.

Secondly, liabilities : while higher interest rates can reduce the current value of the liabilities (these are bond-like), your pensions are inflation-linked, so rising inflation increases their value, and imposes a short-term pressure on the Fund’s cash flow, as contributions are set until 2025, while pensions are adjusted every year.

Against this backdrop, I am pleased to say the Dyfed Pension Fund has maintained its strong funding position during the 2022/23 year, and, following last year’s asset allocation changes aimed at increasing available income, is generating sufficient current cash flow. While it produced an overall return of -2.4% during the year, it has returned 10.0% p.a. over the last 3 years, and 7.7% over the last 10 years. This is in line with its composite benchmark index, and comfortably ahead of the 4.6% p.a. required over the long term by the recent actuarial valuation. As a result, the Fund is expected to be approximately fully funded (ie sufficient assets to pay future pensions, given current contribution rates) at March 2023. This performance puts it ahead of the median LGPS Fund (-3.3% over 1 year, +7.2% p.a. over 10 years), and ranking it still in the top quartile over the 10 years. This strong performance was largely driven by the Fund’s significant allocation to equities, as well as its material allocation to property instead of bonds.

Your committee has been focussed on ensuring the Fund can deliver long term, sustainable returns, and I would like to highlight two areas, where it has made material changes from an investment perspective.

Managing overall investment risk exposure. The Fund’s performance has continued to be helped by its significant exposure to equities. The Committee decided in Q1 2023 to take some profits in its equity holdings, reallocating some £50m to the Global Credit portfolio, and has also agreed a £100m allocation to the WPP Global infrastructure portfolio, part of the 5% allocation already agreed. Both these changes in asset allocation took place after the Fund’s year end. Both of these investments help to diversify (reduce) the risk in equities, and both also offer a strong yield, contributing to the income available to meet the increasing cash demands of the Fund, as it matures. In addition, your Committee has agreed to conduct a review of its Strategic Asset Allocation, to ensure this remains aligned with the Fund’s cashflow needs and risk appetites. This work is underway, and I will report more on this next year.

Further progress in climate risk control. Managing exposure to climate risk in your portfolio is not only aligned with our objectives as a society, but also makes good investment sense. Your Committee has continued to work to ensure the Fund’s alignment :-

Investments : In addition to the transition described above, your Committee agreed to allocate 5% of assets (£160m) to the new WPP Sustainable Global Equity strategy, which launched in

Q2 2023. This strategy is explicitly “Paris-aligned” and offers a carbon intensity over 40% below the equity market index. Both this and the allocation changes mentioned above, were funded from some of the more carbon intensive regional equity holdings.

Measurement : The Fund has targeted reducing its Carbon-intensity in line with the 7%p.a. required by the Paris Agreement. The asset allocation changes described above and ongoing work done by the underlying investment managers resulted in a 19% reduction in the weighted average Carbon intensity of the Fund over the year, leaving it well ahead of its objective over the 2 ½ years since its September 2020 baseline.

In conclusion, the Dyfed Pension Fund has maintained its strong position, with a solid funding level and an investment strategy which not only takes advantage of the good covenants of our employers, keeping employer contributions at today’s reasonable levels, but also takes care to ensure the Fund invests in a sustainable manner, for the benefit of all stakeholders.

Adrian Brown, Independent Investment Advisor

Section 3 - Fund Administration Report

Introduction

The Pension Fund is governed by Regulations issued by the Department for Levelling Up, Housing and Communities (DLUHC). Under the provisions of the Local Government Pension Scheme (Local Government Reorganisation in Wales) Regulations 1995, the administering authority function was transferred to Carmarthenshire County Council. While employee contributions and benefits payable are set by Regulation, employer contributions are actuarially assessed at each valuation and areas of discretion are subject to local policies determined by each participating Fund Employer.

The scheme changed from being a final salary scheme to a Career Average Revalued Earnings (CARE) scheme on 1st April 2014. If you were an active member of the 2008 Scheme as at 31 March 2014, you will have automatically transferred to the LGPS 2014 on 1 April 2014.

The main provisions of the LGPS 2014 scheme are:

- **Benefit Accrual** - From 1 April 2014, you will have a pension account per employment, which will be credited annually with the amount of pension that you have built up from 1 April to 31 March each year. This is based on your actual pensionable pay from 1 April to 31 March and a 1/49th accrual rate. Your pension account will then be re-valued each April in line with the Consumer Price Index (CPI). Your membership up to 31 March 2014 will be protected and continue to be calculated on a final salary basis when you retire with reference to your pensionable pay upon retirement and under the 2008 definition of pensionable pay.
- **Tax free Lump Sum** - individuals may convert an element of pension into an additional tax free cash lump sum, on the basis of £12 for each £1 of pension. Benefits accrued up to and including 31st March 2008 will automatically provide a Tax Free Cash Lump Sum at retirement.
- **50/50 Option** - you have the option to pay half your normal contribution, to receive half the level of pension in return during this period. However, you will retain full ill health and death cover during this time.
- **Normal Pension Age (NPA)** - your NPA will be linked to your State Pension Age (SPA), therefore any future changes in your SPA will impact on your NPA.
- **Enhanced pension** if you retire on the grounds of ill-health.
- **Death in Service** - a Tax Free Cash Lump Sum of three times the annual salary payable to the estate. In addition, Spouse's, Civil Partners and Dependent's benefits are payable.
- A cohabiting partner's pension may also be payable if certain conditions are met.
- **Death after retirement** - Spouse's Pension, Dependents Pensions and in certain circumstances a Lump Sum Death Grant.
- **Transfer of Pension Rights** to either a new employer's approved scheme or to an approved personal pension plan.
- Employees who leave with more than 2 years service (or less than 2 years service where a transfer payment has been received) are entitled to a Preserved Inflation Proofed Pension payable at Normal Retirement Age.
- Additional pension contributions may be paid to increase pension benefits.

Pensions Increase

Pensions are reviewed annually each April under the Pensions Increase Act as prescribed by Social Security legislation in line with the upgrading of various state benefits and is determined by the percentage increase in the Consumer Price Index (CPI) to the preceding September.

This year, pensions were increased by 10.1% from 10th April 2023 and represents the increase in the consumer price index for the 12 month period to the 30th September 2022. Pensions increase is normally applied to pensioners who are age 55 or over, or have retired at any age on ill-health grounds or are in receipt of a spouse's or child's pension. A pensioner who retired during the financial year will have a proportionate increase applied.

Local Government Pensioner pay dates for 2023/24 are as follows:

28 April 2023	31 May 2023	30 June 2023
31 July 2023	31 August 2023	29 September 2023
31 October 2023	30 November 2023	22 December 2023
31 January 2024	29 February 2024	28 March 2024

National Fraud Initiative

The Pension Fund continues to participate within the anti-fraud initiative organised by the Wales Audit Office where data provision includes Employee and Pensioner Payroll and Occupational Pension details. Such information is compared with other public body data which helps ensure:

- The best use of public funds
- No pension is paid to a person who has deceased, and
- Occupational Pension and employment income is declared by Housing Benefit, Universal Credit and Council Tax Reduction Scheme claimants.

Legislative update

Cohabiting Partners' benefits - Scheme regulations provide that a survivor's pension will automatically be payable to a cohabiting partner without the need for the scheme member to have completed a form nominating them to receive a survivor's pension. In order to qualify, the following regulatory conditions must apply to you and your partner:

- Individual A is able to marry, or form a civil partnership with B,
- A and B are living together as if they were husband and wife or as if they were civil partners,
- Neither A nor B is living with a third person as if they were husband or wife or as if they were civil partners, and
- Either B is financially dependent on A or A and B are financially inter-dependent.

Further information and qualifying criteria can be obtained by either contacting the pensions section or via the website. It is understood that the Government intend to make further changes to survivor benefits to ensure equality requirements are met.

Employee Contribution Rates

The LGPS2014 amended the method of assessing your contribution rate from 'full time equivalent' pensionable pay to your '**actual** pensionable pay'. Pensions contributions will now also be payable on overtime. Responsibility for determining a member's earnings and contribution rate, including notification requirements, falls on the Employer. Where a member holds more than one post with an Employer, a separate assessment will be undertaken for each post held.

The earnings bands and contribution rates applicable from April 2023 are as follows:

Contribution table 2023/24			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Statutory Underpin protections

Protections are in place if you are nearing retirement to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the 'underpin'.

The underpin applies to you if you were:

- paying into the Scheme on 31 March 2012 and,
- you were within 10 years of your Normal Pension Age on 1 April 2012,
- you haven't had a disqualifying break in service of more than 5 years,
- you've not drawn any benefits in the LGPS before Normal Pension Age and
- you leave with an immediate entitlement to benefits.

The Pensions Section will automatically carry out the underpin calculation when you leave the Scheme. Recalculation of pension benefits as a result of the 'McCloud' Judgement will be undertaken once regulations have been amended.

The Rule of 85

The rule of 85 protects some or all of your benefits from the normal early payment reduction. To have rule of 85 protection you must have been a member of the LGPS on 30 September 2006. The rule of 85 is satisfied if your age at the date when you draw your pension plus your Scheme membership (each in whole years) adds up to 85 years or more.

If you have rule of 85 protection this will continue to apply from April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily draw your pension on or **after age 55 and before age 60 without** your employer's permission.

For a more detailed understanding of your own position you should log in to 'My Pension Online' or contact the pension section directly.

Tax Changes

From April 2021, the Lifetime Allowance (LTA) for tax-privileged pensions remained at £1,073,100 and was due to continue at this level until 2025/26. This is the total value of all pension benefits you are able to build without triggering an excess benefits tax charge. Upon retirement you are required to declare all non LGPS pension benefits in payment, or due to come into payment, so that your LTA can be assessed. However, in the March 2023 Budget the Chancellor announced that the LTA will be amended from 23/24 and removed in its entirety from 2024/25. Further information on how these changes may impact upon you is detailed on the HMRC website. Please note that pensions staff cannot give financial or personal taxation advice.

You will recall from April 2014 the Annual Allowance limit reduced to £40,000 and following the March 2023 Budget, this limit will increase to £60,000 from April 2023. To calculate the value of any annual increase in the LGPS you need to work out the difference in the total value of any accrued pension benefits between two 'pension input periods', usually April to March. This is done by multiplying the value of the increase in pension by 16 and adding the increased value of any lump sum and AVC fund. Your 2023 Annual Benefit Statement will contain further information regarding the impact of the annual allowance on your pension accrual in the LGPS. The outcome of this calculation must then be added to any increases in pension entitlement that may arise from any other pension arrangement an individual may have to ascertain whether the annual limit has been breached.

Councillor Pensions

The LGPS 2014 has not impacted on the provisions for elected member pensions as their arrangement continues:

- on a career average revalued earning basis
- with contribution rates at 6%
- benefits accruing on a 1/80ths basis for Pensions and a 3/80ths for tax free lump sum.

Publications

Communications Policy Statement

The Dyfed Pension Fund strives to provide a high quality and consistent service to our customers in the most efficient and effective manner possible, particularly in an ever changing pensions environment. There are 5 distinct groups with whom the fund needs to communicate:

- Scheme Members
- Prospective Scheme Members
- Scheme Employers
- Other Bodies
- Fund Staff

The policy document sets out the mechanisms which are used to meet those communication needs and is subject to periodic review. The Dyfed Pension Fund aims to use the most appropriate communication method for the audiences receiving the information. This may involve using more than one method of communication as considered appropriate and meet all regulatory requirements regarding provision of Scheme and related information. This has been further enhanced with the introduction of 'My Pension Online' for active, deferred and pensioner members of the scheme. This is an internet based application that enables members to securely access and update their pension information online via the Fund's website. By developing its e-communication, the Fund aims to improve its service delivery as well as reducing printing & postage costs and its carbon footprint.

Administration Strategy

In accordance with the Local Government Pension Scheme Regulations the Pension Fund has prepared an Administration Strategy. The objective of the strategy is to clearly define the roles and responsibilities of the Dyfed Pension Fund and the participating employers under the Regulations.

Scheme Administration Statistics

Number of Employers

A full schedule of employers (as at 31st March 2023) who either participate or have a relationship with the Dyfed Pension Fund is attached to the Statement of Accounts later in this report. The table below summaries the number of Scheduled and Admitted employers.

	Active	Ceased	Total
Scheduled	23	17	40
Admitted	32	25	57
Total	55	42	97

Scheme Membership

The table below illustrates the increase in scheme membership over the last 3 years.

Volume of members within the fund for last 3 years

	31/03/2021	31/03/2022	31/03/2023
Active	18,700	18,643	19,355
Deferred	15,881	16,214	16,373
Pensioner	14,626	15,342	16,009
Undecided Leaver	2,293	2,536	2,818
	51,500	52,735	54,555

The table below shows the fund has performed against its benchmark:

CIPFA Process	Benchmark	% Complete Within Legal Target
Deaths – Initial letter acknowledgement death	95%	99.40%
Deaths – Letter notifying amount of dependant’s benefit	95%	97.00%
Deferment – calculate and notify deferred benefits	95%	97.10%
Divorce quote – Letter detailing cash equivalent value and other benefits	95%	97.10%
Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order	95%	100.00%
Joiners – Send notification of joining the LGPS to scheme member	95%	97.00%
Refund – Process and pay a refund	95%	99.50%
Retirements – Letter notifying actual retirement benefits	95%	98.80%
Retirements – Letter notifying estimate of retirement benefits	95%	99.90%
Retirements – process and pay lump sum retirement grant	95%	100.00%
Transfers in – Letter detailing transfer in quote	95%	96.10%
Transfers out – Letter detailing transfer out quote	95%	96.90%

Analysis of leavers during 2022-23

Category	2022-2023
Refund of contributions	341
Transfers to other schemes	58
Death in Service	15
Ill health Retirements	60
Early / Normal Retirement	208
Redundancy Efficiency Retirements	10

Flexible Retirements	29
Late Retirements	118
Opt outs	261
Preserved Benefits	883
Other leavers*	4,211
Number of deferred members re-entering the scheme	192
Total	6,386

*The majority of these cases are in respect of members deemed to be 'Next Day Transfers'.

Completed and Outstanding LGPS Cases	2022-2023
Number of Completed cases	27,649
Number of Outstanding cases	2,358

Data Quality Scores and Data Improvement Plan

The Fund's initial Data Quality review took place in December 2017 and a Data Improvement Plan was subsequently created. The improvement plan primarily aims to address the key issues identified in the Fund's Data Quality review and demonstrates the appropriate steps the Fund is taking to tackle the issues raised in the review and how it will improve the data held.

A Data Quality review is undertaken annually. The improvement plan has been revised and addresses the key issues identified in the Fund's Data Quality review which took place in December 2022.

The data quality review undertaken in December 2022 again split the assessment of data held between two data categories:

- Common Data
- Scheme Specific Data

Tests were undertaken on the data held by the Fund on its Scheme members to identify whether data is present and accurate.

The Common Data items are specific in the Pensions Regulators guidance however, the Scheme Specific data items are not prescriptive but is generally data key to running the Scheme and meeting legal obligations. The Pensions Regulator does not set the data items for the Scheme Specific data as it is deemed to be identifiable and relevant to each individual Pension Scheme. However, illustrative examples of the data required to running a Pension Scheme has been published by the Pensions Regulator and these examples were taken into consideration when identifying the Scheme Specific data to be checked. Below is a table with the LGPS Data Quality scores which are reported to the Pensions Regulator.

LGPS Data area	Common data	Scheme specific data	Aim
December 2022 data score	99.00%	99.38%	100%
December 2021 data score	99.20%	99.20%	100%
December 2020 data score	99.10%	99.20%	100%
December 2019 data score	98.30%	98.10%	100%
December 2018 data score	96.50%	95.80%	100%
December 2017 data score	94.50%	85.30%	100%

Administration Cost per member (SF3 costs table)

The table below compares the administration cost per scheme member with that of the All Wales average from the SF3 return.

Year	Dyfed Pension Fund Cost per member	All Wales Average
2021-22	£28.06	£32.82
2020-21	£27.62	£30.91
2019-20	£26.36	£32.04
2018-19	£25.14	£30.04
2017-18	£22.71	£27.46
2016-17	£20.73	£28.10
2015-16	£27.45	£28.28
2014-15	£21.66	£28.36
2013-14	£20.94	£30.20

The Administration Team

In addition to the primary role of administering the Local Government Scheme and its provisions, the Pension Section provides, by agreement, similar services to the Chief Constable and Chief Fire Officers administering the Police and Fire-fighter's Pension Schemes for Dyfed Powys Police, Mid & West Wales Fire and Rescue Service, North Wales Fire and Rescue Service respectively.

The pension's team has 36 permanent FTE staff to administer the above pension schemes. During the year to 31st March 2023, the following staff turnover occurred; 4 staff left the team and 6 staff joined the team.

The permanent members of staff dedicated to the LGPS is 23.2 FTE. As at 31st March 2023, there were 54,555 LGPS members of the Dyfed Pension Fund which equates to 2,352 scheme members per pensions administration team member. The average number of cases completed per team member during the year was 1,192.

Your Pension Section:

In addition to implementing legislative changes by set timescales. Your Pension Section additionally:

- Notified the 5 largest employers of their reassessed contribution rates applicable from 1st April 2023 as a result of the Actuarial Valuation exercise.
- Increased the number of registered 'My Pension On-line' users by actively encouraging scheme member take up during telephone calls. This internet based application enables you to securely access and update your own pension record(s). The initiative is designed to provide statutory information and improve service delivery whilst also reducing printing & postage costs and the funds carbon footprint.
- Ensured employers formulate, publish and keep under review a policy statement in respect of their discretions under the LGPS 2014
- Continued with their internal staff training programme. Alongside its training for participating Fund Employers, this investment is viewed as key for the effective delivery of pension administration services in an ever changing regulation environment and increasing stakeholder expectations.
- Continued with the production and issue of Annual Benefit Statements (ABS) for Deferred (individuals who have left the Scheme with a future entitlement to pension benefits) and Active (contributing) Scheme members. The ABS production was undertaken on an all Wales Pension Funds basis, improving both cost and consistency with the Dyfed Pension Fund taking the lead.
- Continued with the 'Life Certificate' exercise aimed at pension payments paid by cheque in addition to also undertaking monthly mortality checks on UK based pensioners.
- Continued to utilise Western Union in order to undertake mortality checks on overseas pensioners.
- Continued with the production of a more detailed and personalised update for each pensioner outlining the increase in pensions arising from annual pension increase awards.
- Participated in the Audit Commission's - National Fraud Initiative exercise as outlined above.
- Continued to engage with colleague LGPS Fund authorities in Wales to examine available partnership opportunities and share best practice in Scheme administration.
- Ensured model fund data was received by the Government Actuary's Department
- Through the IAS19 exercise ensured that each employer who had to comply with these pension accounting requirements received their results and disclosure needs by their required account closure timescales.
- Continued with the GMP Reconciliation exercise which had to be undertaken in respect of all scheme members to ensure HMRC do not have incorrect information on their records. However, HMRC continue to have outstanding data queries which have yet to be returned to the Dyfed Pension Fund.
- Implemented i-connect for additional employers to facilitate the direct transfer of data from employer payroll systems directly into the pensions system.
- Undertook a Data Quality exercise for the Local Government, Police and Firefighter Pension Scheme in accordance with The Pensions Regulator's Code of Practice 14 requirements and reported findings to both the Pension Committee and The Pensions Regulator. A Data Improvement Plan was created to address issues identified.

Looking Forward

The pensions section anticipates yet another busy year, as in addition to their core functions, your Pension Section intends to:

- Notify Employers of their reassessed contribution rates applicable from 1st April 2024 as a result of the Actuarial Valuation exercise.
- Increase the number of registered 'My Pension On-line' users by actively encouraging scheme member take up during telephone calls.
- Respond to consultations on scheme arrangements and implement changed structures as a result of amending legislation.
- Continue to liaise with all scheme employers to ensure appropriate processes and procedures are in place in order to comply with auto enrolment requirements.
- Continue to undertake data validation and integrity checks for data which is issued by HMRC in respect of the GMP Reconciliation exercise in order that the correct state benefits are recorded and paid.
- Continue to work with all scheme employers to ensure that clean and accurate data is consistently provided.
- Undertake a data quality exercise in accordance with The Pensions Regulator's Code of Practice 14 requirements and report findings to both the Pension Committee and The Pensions Regulator. Update and review the Data Improvement Plan.
- Implement i-connect for further employers which facilitates the direct transfer of data from employer payroll systems directly into the pensions system.
- Following the amendment of LGPS Regulations as a result of the 'McCloud' Judgement, commence work on recalculation of all benefits.

The inherent complexities and retrospective protections that apply to the Local Government, Police and Fire schemes remain and it is anticipated these will further increase due to the application of the McCloud Judgement.

I would like to take the opportunity to record my sincere thanks to all staff involved in Scheme Administration not only for the work done over the last year but also for their enthusiasm to embrace change and meet ever changing regulatory and stakeholder requirements.

My Pension On-line

What will My Pension On-line allow me to do?

Whether you're an active, deferred or pensioner member of the Scheme, you will be able to view and update your basic details, access relevant forms and receive all publications immediately, including your annual benefit statement, newsletters and factsheets. If you're an active member, you will be able to perform benefit calculations at your convenience, so that you can actively plan for your retirement.

If you're a pensioner, you will be able to view your pension details, submit any change of bank or building society account details or change of address, view your payment history and tax code, your payment dates, payment advice slips, P60 statements and pension increase statements.

How do I register for My Pension On-line?

Registering for My Pension On-line couldn't be easier, all you need to do is click [here](#) to request an activation e-mail.

Section 4 - Actuarial Report

Well, the dust has now settled on the 31 March 2022 valuation and, as indicated in my report last year, the result was generally very positive for most employers. Over the three years since 31 March 2019, the funding level of the Fund has increased from 105% to 113% - primarily due to the strong investment returns achieved by the Fund. These strong returns have been achieved under the Fund's lower carbon asset strategy.

Although the headline funding level had improved markedly, the Fund is taking a long term approach to sustainable funding and stable contribution levels. There is still a great deal of uncertainty out there:

- inflation remains stubbornly high; core inflation particularly so;
- the Russia / Ukraine conflict is still ongoing and whilst the pressure would appear to have waned on gas prices, grain prices are rising and continue to affect food inflation;
- Interest rates continue to rise at a faster rate than anticipated, pushing up the cost of mortgages and massively impacting the cost of living for LGPS members;
- global warming and climate change has rapidly moved up the agenda for many commentators, given the recent heatwaves and wild fires;
- and finally, we are seeing the first credible evidence that the pandemic and the subsequent pressures on the NHS are slowing down life expectancy improvements.

Against this backdrop, and looking to preserve the stability of contributions as far as possible at future valuations, the Fund has implemented a surplus buffer of 105% liabilities for employers. Only surpluses above the funding level buffer can be refunded to employers through future surplus offsets; the main purpose of the buffer is to protect against the above known and unknown risks at future valuations.

At this point it's probably worth pointing out that our funding model is just that: a model. Funding risks are multi-faceted and no one can model these risks over the next 60 years or so with certainty. This is the case even for inflation and assets where there is a current trade-able market price. For some of the more esoteric risks, such as mortality and climate change it becomes even harder. Fortunately we have the opportunity to review the funding position every three-years and can update and refine the model, investment strategy and contributions accordingly.

With regard to climate change risks, the LGPS is perhaps more impacted than most defined benefit pension schemes; it is still open to accrual meaning that active employees are accruing benefits now that may not be payable for another 80 years (in the case of a 20 year old). What do we think the world will be like in 80 years? Will we have met net zero and kept global temperature to within 1.5 degrees of pre-industrial levels? How will people's lives be impacted? How will GDP be impacted?

These are just the types of questions that the Fund and its advisers are considering and the models are continuing to develop and be refined year-on-year. Whilst models all have limitations, they are better than no model at all and they serve a purpose in getting the subject matter on the table for consideration.

Aside from climate change there will be increasing pressure on the world's natural resources. In the last 200 years the world's population has grown from 1 billion to over 10 billion and it's likely to keep on growing. I suspect a lot of innovation will be needed, not only to control emissions, but also to industrialised farming practices to ensure our descendants are fed sufficiently. How will these resource demands impact life expectancy?

Many private sector schemes closed to accrual many years ago and have begun a journey to buyout over the next four or five years. For them, the long term risks above are not as relevant. With its much longer time horizon, the LGPS needs to be leading the field in this area. This is already something that the Dyfed fund has begun to think about, both when assessing funding risks and in assessing investment strategy.

We will continue to bring the best in class ideas to the Administering Authority and its officers as industry thinking evolves over time.

Clive Lewis, Actuary, Mercer

Section 5 - Governance

Pension Board Annual Report

This report sets out the work carried out by the Dyfed Pension Board during the financial year 2022-23 to discharge its role, in support of Carmarthenshire County Council, in managing the Dyfed Pension Fund. During the year, the work of the Board continued to be impacted by the Covid pandemic. As part of the arrangements introduced by Carmarthenshire County Council the Board met virtually in an online format on 3 occasions with one meeting in October being held on a hybrid basis.

To recap the Board was set up with effect from April 2015 under new arrangements for the governance of Local Authority Pension Funds. The purpose of the Board to assist Carmarthenshire County Council (as the scheme manager) in the management of the Local Authority Pension Scheme (LGPS), and to provide oversight and challenge. The terms of reference for the Board are available on the Fund website.

The Board is comprised of 3 employee and 3 employer representatives together with an Independent Chair. This is in line with the regulations requiring equal employee and employer representation. Details of the members of the Board are shown below. The Board is not a decision making body and can only provide advice and comment on the management of the Dyfed Pension Fund. For this arrangement to be successful it is important that the Board carries out its responsibilities in a positive and constructive way. In my capacity as Chair I have regular contact with officers at Carmarthenshire County Council to ensure that the Board addresses the issues necessary to discharge its responsibilities. Councillor Elwyn Williams as Pension Committee Chair is also invited to attend each Pension Board meeting.

The Board held meetings on 4 occasions during 2022/23: in May, July and October 2022 and in January 2023. In line with the arrangements put in place by Carmarthenshire County Council, these virtual meetings were arranged so that the work of the Board and governance of the Fund could continue.

The cycle of Board meetings follows the timetable for the Pension Committee and helps strengthen the overall governance of the Fund. The Board continues to focus on the key issues affecting the Fund and its beneficiaries and agrees a forward work plan at the start of the year to ensure that it best placed to support the Council in the delivery of the LGPS for Dyfed. As part of its oversight and scrutiny role the Board has regular updates at each meeting on:

- a review of the budget and associated financial monitoring,
- to consider any breaches in service delivery,
- monitoring and review of the risk register,
- monitoring and review of the performance of the pensions, administration service including examining workflow statistics,
- to consider a report from the Independent Adviser on investment performance and asset allocation issues,
- updates on the performance and developments in the Wales Pension Partnership (WPP),
- Review and discussion of the decisions of the Pension Committee,
- a review of the training and development programme for Members of the Pension Committee and Pensions Board.

There have been full agendas for each Board meeting. In addition to the agenda items considered at each meeting, the Board also discussed other issues during the year including:

- The development of an annual work plan for the Board,
- Review of the Pension Fund annual accounts and external audit report,
- Consideration of the Fund's Responsible Investment Policy and an update on Responsible Investment,
- Consideration of developments affecting the LGPS including progress with the Wales Pension Partnership,
- Consideration and discussion on the Fund's proposals for a further Restructure of the Equity portfolio,
- Internal Audit and risk management issues affecting the Fund.

In this way the Board continues to discharge its oversight and scrutiny role.

There were some changes in membership of the Board during the year. Cllr Philip Hughes stood down as an Employer Member representative and was replaced by Cllr Alun Lenny. On behalf of the Board, I would like to thank Philip for his support and valuable contributions at our meetings. Michael Evans also joined the Board as a Member representative. Despite the continuing disruption caused by the Covid pandemic Board meetings were well attended at 75%, in line with attendance in the previous year. Detailed attendance of Board Members is set out below.

At the end of March 2023, the Dyfed Pension Fund had total assets of £3.1 billion and a membership of 54,555 comprising pensioners, deferred pensioners and current contributors. Pension Fund investment and administration is becoming ever more complex so training and development for Members of the Pensions Committee and Board is an essential support to good governance.

In previous reports I have commented on the importance of a structured programme of training and development for individual members and the Board collectively to discharge their responsibilities. One consequence of the Covid pandemic has been the wider use of virtual training sessions. These have certain advantages in being easier to access with no travel involved; can be distributed widely and cover a range of topical issues. The Wales Pension Partnership has continued to run regular online training sessions for all Committee and Board Members across the 8 Welsh funds. In my view it is important that this initiative should continue.

With this in mind, members of the Board have attended various training sessions over the past year. The training undertaken by Board members is recorded by Carmarthenshire County Council and presented at each Board meeting for review and consideration of future events. Examples from the past year included:

- Several seminars attended by Board members on an individual basis with updates on current issues affecting the LGPS,
- Three training sessions run by the WPP.

Regular training sessions will continue to be arranged and incorporated as part of Board meetings. Training and development remains an area of attention for the Pensions Regulator as part of their role in promoting high standards of corporate governance in Pension Funds. Virtual meetings and training sessions have worked well over the past year, so this pattern of virtual and hybrid meetings should continue in the future.

Together with Pension Board Chairs from the other Welsh Funds, I represent the Board at bi-annual briefings on progress in the Wales Pension Partnership. Presentations from the host authority (Carmarthenshire County Council) and their partners Link and Russell Investments provides an opportunity for Board Chairs to ask questions and scrutinise progress on investment pooling in Wales. This new forum helps to build good working relationships between Boards and the host authority and Pool and strengthens overall governance of the Welsh pension funds.

The investment of a major part of the Fund’s assets are now managed through the Wales Pensions Partnership and the BlackRock passive portfolios, and the Pension Board are updated on developments at each meeting. Out of total assets of £3.14bn, £2.45bn (78 %) is now managed on this basis. Going forward this percentage will increase and more assets are transferred into the WPP. We will continue to monitor this process and work alongside the Council in delivering the best outcome for the Fund and its beneficiaries.

Members of the Dyfed Pension Board 2022-23

- John Jones - Independent Chair
- Mike Rogers - Pensioner Member Representative
- Cllr Alun Lenny - Employer Representative (Carmarthenshire County Council)
- Mike Evans - Member Representative
- Tommy Bowler - Trade Union Representative
- Cllr Gareth Lloyd - Employer Member Representative (Ceredigion County Council)
- Paul Ashley-Jones - Employer Member Representative (Pembrokeshire County Council)

Board Member Meeting Attendance 2022-23

Date of Meeting	John Jones	Mike Rogers	Cllr. Alun Lenny	Mike Evans	Tommy Bowler	Cllr. Gareth Lloyd	Paul Ashley-Jones
3 May 2022	✓	x	n/a	✓	✓	✓	x
20 July 2022	✓	x	✓	✓	✓	x	✓
18 October 2022	✓	✓	✓	✓	✓	✓	✓
12 January 2023	✓	x	✓	✓	✓	x	✓

John Jones, Independent Chair of the Pension Board

Governance Policy Statement

Introduction

The Dyfed Pension Fund is administered by Carmarthenshire County Council (the administering authority). All Local Government Pension Scheme (LGPS) Funds in England and Wales are required to publish a Governance Policy, under Regulation 73A of the LGPS 1997 Regulations. This regulation is superseded by Regulation 31 of the LGPS (Administration) Regulations 2008 and the 2013 Regulations. Additionally, one of the key requirements in the Public Service Pensions Act (PSPA) 2013 is for each Administering Authority in the LGPS to create a local Pension Board.

This policy has been prepared by the administering authority in consultation with appropriate interested persons.

Purpose of the Governance Policy

The regulations on governance policy requires an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain, publish and keep under review a written statement setting out:

- whether it delegates its function, or part of its function, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority, if it does so:
 - the frequency of any committee or sub-committee meetings
 - the terms, structure and operational procedures of the delegation
 - whether such a committee or sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members, and if so, whether those representatives have voting rights
- the extent to which a delegation, or absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying.

Governance of the Dyfed Pension Fund

Within Carmarthenshire County Council's constitution, a pension committee must be set up for the Dyfed Pension Fund to:

- decide on all the policy matters and strategic direction relating to the investments of the Pension Fund
- review and monitor the investment performance of the Fund
- review and determine on all Pension Fund Valuation matters of the fund
- determine on Administering Pension Fund Authority policy and strategic matters

Operational matters of both the Investments and Administration Functions are delegated to the Director of Corporate Services.

Powers delegated to the Head of Financial Services for Pensions Administration, in accordance with The Local Government Pension Scheme Regulations 1997 or subsequent amending legislation, are:

- to collect employee and employer contributions from participating employers
- to make payments in respect of scheme benefits
- to collect and make pension transfer payments as elected by scheme members
- to determine non policy related discretions as an Employing / Administering Pension Authority

- to undertake Stage 1 determinations on disputes arising from the Local Government Pensions Scheme or related legislation
- to update and maintain the Fund's website www.dyfedpensionfund.org.uk
- the maintenance and update of membership records
- the calculation and authorisation of benefit payments
- the provision of membership data for actuarial valuation purposes
- the preparation and maintenance of the Communication Policy Statement and the Pensions Administration Strategy Statement.

The Head of Financial Services will accept for admission into the Dyfed Pension Fund employees of authorities and bodies as prescribed in Regulations, subject to an approved Admission Agreement, and subject to any necessary indemnities as appropriate.

The Pension Committee

Terms of Reference

- To exercise the County Council's responsibility for the management of the Dyfed Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets
- To meet at least quarterly, or otherwise as necessary
- To produce an Annual Report by 30 September each year on the state of the Fund and on the investment activities during the year
- To have overall responsibility for investment policy and monitor overall performance
- To review governance arrangements and the effective use of its advisers to ensure good decision-making
- To receive regular reports on Scheme administration to ensure that best practice standards are satisfied and met and to satisfy itself that and justify to all stakeholders, including Fund Employers that the Fund is being run on an effective basis
- To appoint Investment Managers to discharge functions relating to the management of the Fund's investments
- To appoint the Fund's custodian, performance measurement adviser, actuary, independent adviser and AVC provider
- To approve a Funding Strategy Statement and Investment Strategy Statement

Membership

The Committee comprises of:

- three members (one acting as Chair) plus a nominated substitute to act in the absence of a member. Each member of the committee has voting rights and each committee member and the substitute are nominated by Carmarthenshire County Council, the Administering Authority, from its elected membership. At least three members must attend each committee meeting
- at least two Carmarthenshire County Council officers from the Director of Corporate Services, Head of Financial Services, Treasury and Pension Investments Manager and Pensions Manager.
- the independent investment adviser.

The Director of Corporate Services, as Treasurer of the Dyfed Pension Fund, will also maintain all necessary accounts and records in relation to the Fund.

The Treasury and Pension Investments Manager and officers in the Treasury and Pension Investments team support the Director of Corporate Services and Head of Financial Services in the responsibility for the monitoring and review of the investments of the Fund including:

- preparation and maintenance of the accounts of the Dyfed Pension Fund including preparation of the Dyfed Pension Fund Annual Report
- preparation and distribution of the annual Dyfed Pension Fund Newsletter
- servicing the Committee meetings
- regular dialogue with the Fund's advisers, investment managers and custodian
- monitoring and reconciliation of investment manager and custodian records
- preparation and maintenance of the Fund's Investment Strategy Statement, Funding Strategy Statement, Governance Policy and compliance with the Myners review
- monitoring the activity and performance of the Fund's investment managers including compliance with policy and performance objectives
- interpretation of new legislation and research in respect of the investments and accounts of the Fund
- monitoring the corporate governance activity of the Fund including attendance at the Local Authority Pension Fund Forum (LAPFF)
- arrangement and provision of appropriate training for committee members

Committee Meetings

The Pension Committee meets four times a year. All meetings are held in Carmarthenshire, or virtually using online facilities where appropriate.

An agenda, minutes from the previous meeting and written reports are sent to each Committee member by the Democratic Services Unit before each meeting. During the Committee meeting the Committee members receive reports presented by Officers of Carmarthenshire County Council, the Independent Investment Adviser and any other person the Committee invites to speak at the meeting. Committee decisions are formally minuted by the Democratic Services Unit.

During the year, meetings are held with the Directors of Finance of the three County Councils, where Fund performance and other items dealt with at the Committee meetings are discussed. Issues raised at this meeting that the Committee need to be made aware of are reported back to the following Committee meeting for discussion.

The Annual Consultative Meeting (ACM)

The Dyfed Pension Fund is committed to the widest inclusion of all stakeholders in respect of consultation and communication arrangements. Any major policy changes are put to consultation with all participating employers, Trade Union representatives and retired member representatives before a decision is made.

An Annual Consultative Meeting (ACM) is held in Carmarthenshire. The ACM is open to all participating employers, retired member representatives and Trade Union representatives. Interested bodies are notified of the ACM in advance. The Chair of the Pension Committee, the Director of Corporate Services, the Head of Financial Services, the Fund Advisers and Investment Managers attend the ACM.

Pension Board

The Board has an oversight/assisting role not a decision making role. It assists the Administering Authority (Carmarthenshire County Council) in securing compliance with regulations and requirements imposed by the Pensions Regulator and the Department for Levelling Up, Housing & Communities (DLUHC) and ensuring effective and efficient governance and administration of the Fund.

There must be equal numbers of scheme member representatives and employer representatives on the Board. The Dyfed Pension Fund Board has 3 scheme member and 3 employer representatives and an independent member who is also the Chair of the Board.

Governance Compliance Statement

DLUHC is committed to ensure that all LGPS committees operate consistently at best practice standards. Therefore, in addition to the regulatory requirement to produce this Governance Policy, the LGPS regulations 1997 were further amended on 30 June 2007 to require administering authorities to report the extent of compliance to a set of best practice principles to be published by DLUHC, and where an authority has chosen not to comply, to state the reasons why.

This Governance Policy will be reviewed at least triennially or more frequently if appropriate.

Governance Compliance Statement

The purpose of the guidance is:

- To provide best practice principles against which compliance can be measured
- To provide guidance on how the compliance statement should be completed

The guidance sets out the best practice principles in relation to the following governance areas:

- Structure
- Representation
- Selection
- Voting
- Training, facility time and expenses
- Meetings (frequency / quorum)
- Access
- Scope
- Publicity

Best Practice Principle A: Structure

The guidance acknowledges that not all administering authorities are structured in the same way. It is not the intention to level out these differences but to ensure that structures reflect the following principles:

- The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council
- Representatives of participating LGPS employers, admitted bodies and scheme members (including pensioners and deferreds) are members of either the main or secondary committee (established to underpin the work of the main committee)
- Where a secondary committee or panel has been established the structure ensures effective communication across both levels
- Where a secondary committee or panel has been established at least one seat on the main committee is allocated for a member from the secondary committee or Committee

Compliance Statement: Not Fully Compliant

Justification:

The Dyfed Pension Fund Committee exists and meets four times a year. The Committee has three members and a substitute, officers (all from Carmarthenshire County Council) and an independent investment adviser. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are all invited to the annual ACM where all

Committee members and advisers report and are available to answer questions. Carmarthenshire County Council officers meet with officers of the other 2 major employers (Pembrokeshire County Council and Ceredigion County Council) during the year where Committee minutes are made available. This system is supported by all parties and has worked very well as evidenced by the fact that timely decisions are made, and investment performance is above the actuarial assumption over the long-term.

There is no secondary committee for the Dyfed Pension Fund.

Best Practice Principle B: Representation

The number of stakeholders affected by the local management of the pension scheme and governance of pension funds is vast and it is accepted that it would be impractical to expect individual committee structures to encompass every group or sector that has an interest in the decisions that fall to be made under the scheme's regulations.

- That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
 - employing authorities (including non-scheme employers, e.g. admitted bodies as well as scheduled bodies)
 - scheme members (including deferred and pensioner scheme members)
 - independent professional observers and expert advisors (on an ad-hoc basis)
- That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights

Compliance Statement: Not Fully Compliant

Justification:

The Committee has representatives from Carmarthenshire County Council and the independent investment adviser. Other scheme employers, admitted bodies and scheme members do not attend Committee but they are all invited to the annual ACM where all Committee members and advisers report and are available to answer questions. Carmarthenshire County Council officers meet with officers of the other 2 major employers (Pembrokeshire County Council and Ceredigion County Council) during the year where Committee minutes are made available. There is no secondary committee for the Dyfed Pension Fund.

Best Practice Principle C: Selection

It is important to emphasise that it is not part of the fund authority's remit to administer the selection process for lay members sitting on main or secondary committees or to ensure their attendance at meetings, unless they wish to do so. Their role is to determine what sectors or groups are to be invited to sit on LGPS committees or panels and to make places available.

Effective representation is a two way process involving the fund authorities providing the opportunity and the representative bodies initiating and taking forward the selection process under the general oversight of fund authority.

That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.

Compliance Statement: Fully Compliant

Justification:

The Dyfed Pension Fund's Governance Policy lists the delegated functions the Committee is to perform. If membership of the committee changes, the new member/members are informed of their status, role and function they are required to perform.

Best Practice Principle D: Voting

The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.

Compliance Statement: Fully Compliant

Justification:

All Committee members can vote. Carmarthenshire County Council is the Administering Authority and all functions are delegated to the Committee.

Best Practice Principle E: Training, facility time and expenses

In 2001, the Government accepted the ten investment principles recommended by Paul Myners in his report, "Institutional Investment in the UK". The first of those principles, "Effective Decision Making", called for decisions to be made only by persons or organisations with the skills, information and resources necessary to take them effectively. Furthermore, where trustees - or in the case of the LGPS, members of formal committees - take investment decisions, that they have sufficient expertise to be able to evaluate critically any advice they take.

- That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process
- That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum

Compliance Statement: Fully Compliant

Justification:

The Committee have regular training sessions run by the Fund Managers, the Actuary, the Consultant and officers. New Committee members attend intense training sessions on commencement of their committee duties, including the LGPC pension training session.

Best Practice Principle F: Meetings (frequency / quorum)

An administering authority's main committee or committees meet at least quarterly.

An administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.

Administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.

Compliance Statement: Fully Compliant

Justification:

The Dyfed Pension Fund Committee meets quarterly. The Annual Consultative Meeting is held annually where other scheme employers, admitted bodies and scheme members are invited.

Best Practice Principle G: Access

That subject to any rules in the council's constitution, all members of main and secondary committee or committees have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.

Compliance Statement: Fully Compliant**Justification:**

All papers are circulated in advance to all members of the Committee, including the Committee's independent investment adviser.

Best Practice Principle H: Scope

That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

Compliance Statement: Fully Compliant**Justification:**

The Committee receives and votes, on an ad-hoc basis, any major administration issues that affect the Fund. The officer managing the administration of the Fund provides regular training and updates for Committee members.

Best Practice Principle I: Publicity

That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.

Compliance Statement: Fully Compliant**Justification:**

The Dyfed Pension Fund Governance Policy is reviewed annually. A Newsletter and Annual Report are produced annually. All published material (including the Governance Policy) are on the Dyfed Pension Fund website.

Summary

Best Practice Principle	Fully Compliant	Not Fully Compliant	Explanation for Non-Compliance
Structure		✓	The DPF structure is supported by all parties and has worked very well
Representation		✓	Regular meetings and discussion with other major stakeholders occur and an annual consultative meeting is held
Selection	✓		
Voting	✓		
Training, facility time and expenses	✓		
Meetings (frequency/quorum)	✓		
Access	✓		
Scope	✓		
Publicity	✓		

Section 6 - Statement of Accounts

Narrative Report

The Dyfed Pension Fund accounts are set out on the following pages and provide information about the financial position, performance and financial adaptability of the Fund for the year 2022-23. They show the results of the stewardship of management, that is, the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end.

The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the “Code”), which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. Reference is also made to the Financial Reports of Pension Schemes – A Statement of Recommended Practice published by the Pensions Research Accountants Group (PRAG) where it is felt that these disclosures provide more sufficient detail.

The main accounts and reports contained within this Statement of Accounts are as follows:

- The Fund Account
- The Net Assets Statement
- The Statement by the Consulting Actuary

Statement of Responsibilities for the Statement of Accounts

The Authority’s Responsibilities

The Authority is required:

- To make arrangements for the proper administration of the pension fund’s 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 the pension fund affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- 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;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- Complied with the Code

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Dyfed Pension Fund at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Chris Moore FCCA

Date: 27 October 2023

Director of Corporate Services

Governance & Audit Committee Approval

Approval of Dyfed Pension Fund Statement of Accounts post audit.

Chair of Audit Committee

Date: 27 October 2023

Fund Account for the Year Ended 31 March 2023

2021-22 £'000		<u>Note</u>	2022-23 £'000
	Dealings with members, employers and others directly involved in the Fund		
	Contributions		
	Employer		
68,144	Normal		74,089
5,397	Augmentation		4,805
(7,373)	Past Service Deficit/(Surplus)		(7,663)
	Member		
22,519	Normal		24,489
328	Additional voluntary		197
4,196	Transfers in from other pension funds	6	4,999
93,211			100,916
	Benefits payable		
(77,001)	Pensions payable		(81,118)
(14,174)	Commutation and lump sum retirement benefits		(15,635)
(1,227)	Lump sum death benefits		(2,670)
(3,534)	Payments to and on account of leavers	7	(4,530)
(95,936)			(103,953)
(2,725)	Net Additions (Withdrawals) from dealings with Members		(3,037)
(14,411)	Management Expenses	8	(13,567)
(17,136)	Net Additions (Withdrawals) including fund management expenses		(16,604)
	Returns on Investments		
32,138	Investment Income	9	27,472
(2)	Taxes on Income (Irrecoverable Withholding Tax)	10	0
	Changes in the market value of investments		
122,786	Unrealised	11.2	(106,241)
55,269	Realised	11.3	(4,696)
210,191	Net Return on Investments		(83,465)
193,055	Net Increase (Decrease) in the net assets available for benefits during the year		(100,069)
3,049,549	Opening Net Assets of Scheme		3,242,604
3,242,604	Closing Net Assets of Scheme		3,142,535

Net Assets Statement for the year ended 31 March 2023

31/03/22 £'000		<u>Note</u>	31/03/23 £'000
3,211,708	Investment Assets		3,109,619
24,969	Cash deposits		27,061
0	Investment liabilities		0
<hr/> 3,236,677		11.1	<hr/> 3,136,680
9,323	Current assets	15	11,224
(3,396)	Current liabilities	16	(5,369)
<hr/> 5,927	Net Current Assets/(Liabilities)		<hr/> 5,855
<hr/> 3,242,604	Total Net Assets		<hr/> 3,142,535

Reconciliation of the movement in Fund Net Assets

2021-22 £'000		2022-23 £'000
3,049,549	Opening Net Assets	3,242,604
15,000	Net New Money Invested	10,868
178,055	Profit and losses on disposal of investments and changes in the market value of investments	(110,937)
<hr/> 3,242,604	Closing Net Assets of Fund	<hr/> 3,142,535

Notes to the Dyfed Pension Fund Accounts for the year ended 31 March 2023

1 Description of the Fund

The Dyfed Pension Fund (the Fund) is part of the Local Government Pension Scheme and the administering authority (the Authority) is Carmarthenshire County Council.

1.1 General

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Scheme Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Carmarthenshire County Council to provide pensions and other benefits for pensionable employees of Carmarthenshire County Council, Pembrokeshire County Council, Ceredigion County Council and a range of other scheduled and admission bodies within the former Dyfed geographical area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The Fund is overseen by the Dyfed Pension Fund Committee (the Committee).

1.2 Membership

Members of the LGPS are automatically enrolled and are free to choose whether to remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Dyfed Pension Fund include:

- Scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admission bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admission bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 69 employer organisations within the Dyfed Pension Fund as at 31 March 2023 and these are detailed in Note 20. The membership details of these organisations are summarised below:

31/03/22		31/03/23
18,643	Number of active contributors in the Fund	19,355
15,342	Number of pensioners	16,009
16,214	Number of deferred pensioners	16,373
2,536	Number of undecided leavers	2,818
<u>52,735</u>	Total membership	<u>54,555</u>
49	Number of employers with active members	50

These figures reflect the recorded position as at 31 March 2023 but are always subject to some movement post year end for notifications from employing bodies received after this date.

1.3 Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuation as at 31 March 2019. Currently, employer contribution rates range from 9.5% to 46.2% of pensionable pay as detailed in Note 20.

1.4 Benefits

Pension benefits under the LGPS are based on final pensionable pay and length of pensionable service, summarised below:

	Service pre 1 April 2008	Service 31 March 2008 - 31 March 2014
Pension	Each year is worth 1/80 x final pensionable salary.	Each year is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1st April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits. For more details, please refer to the Dyfed Pension Fund website – www.dyfedpensionfund.org.uk

2 **Basis of preparation**

The Statement of Accounts summarises the Fund's transactions for the 2022-23 financial year and its position at year end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

3 Summary of significant accounting policies

Fund Account – revenue recognition

3.1 Contributions

Normal contributions, both from members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

3.2 Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

3.3 Investment income

3.3.1 Interest income

Interest income is recognised in the fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

3.3.2 Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

3.3.3 Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

3.3.4 Movement in the net market value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

3.4 Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

3.5 Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

As Carmarthenshire County Council is the administering Authority, VAT is recoverable on all Fund Activities. The Accounts are shown exclusive of VAT.

3.6 Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to the Fund in accordance with Authority policy.

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

An element of one of the Investment Managers' fees is performance related. The performance related fee was £0.36m in 2022-23 (2021-22: Fee was £0.26m).

The costs of the Authority's pension investments team are charged direct to the fund and a proportion of the Authority's costs representing management time spent by officers on investment management is also charged to the fund. The Authority charged the Pension Fund an amount of £1.2m (£1.1m in 2021-22) in respect of administration and support during 2022-23.

Net assets statement

3.7 Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

3.7.1 Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

3.7.2 Fixed interest securities

Fixed interest securities are recorded at net market value.

3.7.3 Unquoted investments

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the investment manager.

3.7.4 Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations by those controlling the partnership.

3.7.5 Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if available. If this is not available then these investments will be valued at the closing single price. In the case of accumulation funds, the change in market value will also include income which is reinvested in the Fund.

3.8 Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market value of overseas investments and purchases and sales outstanding at the end of the reporting period.

3.9 Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

The Fund has had its own bank accounts, which deal with the transactions of the Fund, since 1 April 2011, in accordance with section 6 of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009.

Cash balances held by the Fund are invested on a short term basis on the London Money Market by Carmarthenshire County Council until it is required to meet its liabilities or to transfer surplus cash to the investment managers for reinvestment.

3.10 Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net asset statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

3.11 Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a reference in the accompanying actuarial report.

3.12 Additional voluntary contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and UTMOST, where a range of investment options are available.

It is for individual scheme members to determine how much they contribute (subject to HM Revenue & Customs limits) and the investment components or its mix.

AVC's are invested separately from the assets of the Fund and are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Pension Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only - Note 17.

4 Critical judgements in applying accounting policies

4.1 Fund liability

The Fund's liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 22. This estimate is subject to significant variances based on changes to the underlying assumptions.

4.2 Unquoted Property investments – Partners Group Red Dragon Limited Partnership

In assessing the fair value of non-traded financial instruments, the Limited Partnership uses a variety of market and income methods such as time of last financing, earnings and multiple analysis, discounted cash flow method and third party valuation and makes assumptions that are based on market conditions and expected market participant assumptions existing at the end of each reporting period. Other information used in determining the fair value of non-traded financial instruments include latest financial reports, subsequent cash flows and internally performed monitoring of triggering events (such as exits and IPOs) as well as pricing movements in comparable investments together with techniques such as option pricing models and estimated discounted value of future cash flows. These practices are in line with widely used international industry guidelines. The value of the Partners Group Red Dragon Limited Partnership as at 31st March 2023 was £48.2m (31st March 2022: £46.3m).

5 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 items in the net assets statement at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	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 fund with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. However, the assumptions interact in complex ways.
Property – Limited Partnership investments	The Limited Partnership property investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total Limited Partnership property investments are £48.2m. There is a risk that this investment may be under or overstated in the accounts.
Alternatives – Strategic Alternative Income Fund (SAIF)	The SAIF investments are valued in line with widely used industry guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total SAIF investment is £124.1m. There is a risk that this investment may be under or overstated in the accounts.

6 Transfers in from other pension funds

2021-22		2022-23
£'000		£'000
0	Group transfers in from other schemes and scheme mergers	0
4,196	Individual transfers in from other schemes	4,999
<u>4,196</u>		<u>4,999</u>

7 Payments to and on account of Leavers

2021-22		2022-23
£'000		£'000
(203)	Refunds to members leaving service	(273)
3	Payments for members joining state scheme	1
0	Group transfers	0
(3,334)	Individual transfers	(4,258)
<u>(3,534)</u>		<u>(4,530)</u>

8 Management Expenses

2021-22		2022-23
£'000		£'000
(1,409)	Administrative costs	(1,546)
(12,435)	Investment management expenses	(11,271)
(567)	Oversight and governance costs	(750)
<u>(14,411)</u>		<u>(13,567)</u>

2022-23 Audit fees of £36,113 (2021-22: £31,465) are included within Oversight and governance costs.

8.1 Investment Management Expenses

2022-23	£'000	£'000	£'000	£'000
		Management	Performance Related	Transaction
	Total	Fees	Fees	Costs
Pooled Investments	7,103	5,194	360	1,549
Pooled Property Investments	4,129	1,365	0	2,764
	11,232	6,559	360	4,313
Custody Fees	39			
Total	11,271			

2021-22	£'000	£'000	£'000	£'000
		Management	Performance Related	Transaction
	Total	Fees	Fees	Costs
Pooled Investments	7,787	5,604	262	1,921
Pooled Property Investments	4,609	1,380	0	3,229
	12,396	6,984	262	5,150
Custody Fees	39			
Total	12,435			

9 Investment Income

2021-22		2022-23
£'000		£'000
20,076	Income from pooled investments*	16,386
12,076	Income from pooled property investments	10,932
(14)	Interest on cash deposits	154
32,138		27,472

*A stock dividend accumulation took place during 2022-23 for the WPP Global Growth Fund. From May 2022 income of £9.33m was retained in its market value price and will be reflected as income in the 2023-24 accounts.

10 Taxation

2021-22		2022-23
£'000		£'000
(2)	Withholding tax - equities	(0)
(2)		(0)

11 Investments

11.1 Net investment assets

Fair value 31/03/2022 £'000		Fair value 31/03/2023 £'000
	<u>Investment assets</u>	
	Pooled Investments	
570,137	UK Equities	562,035
987,519	Global Equities	978,714
85,436	European Equities	91,957
109,595	Japanese Equities	113,904
271,323	Emerging Markets Equities	282,817
324,448	ACS World Low Carbon Equity Tracker Fund	311,069
247,621	Fixed Income	226,700
31,515	Index Linked	10,781
120,559	Alternatives	124,097
2,748,153		2,702,074
	Other Investments	
461,700	Pooled Property Investments	407,472
461,700		407,472
24,969	Cash deposits	27,061
1,855	Investment income due	73
0	Amounts receivable for sales	0
26,824		27,134
3,236,677	Total investment assets	3,136,680
3,236,677	Net investment assets	3,136,680

11.2 Reconciliation of movements in investments

During the year, investments purchased totalled £96m whilst sales totalled £81m. Purchase and sales costs are included in the purchase price and sales proceeds of the investment.

	Fair Value 31/03/2022	Purchases	Sales	Fees included in NAV	Cash movement	Change in unrealised gains/(losses)	Fair Value 31/03/2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,748,153	72,012	(58,206)	(5,672)	0	(54,213)	2,702,074
Pooled property investments	461,700	24,166	(22,945)	(3,421)	0	(52,028)	407,472
	3,209,853	96,178	(81,151)	(9,093)	0	(106,241)	3,109,546
Other investment balances							
Cash deposits	24,969	0	0	0	2,092	0	27,061
Amount receivable for sales investments	0	0	0	0	0	0	0
Investment income due	1,798	0	0	0	(1,786)	0	12
Tax reclaims due	57	0	0	0	4	0	61
Amounts payable for purchases investments	0	0	0	0	0	0	0
	3,236,677	96,178	(81,151)	(9,093)	310	(106,241)	3,136,680
	Fair value 31/03/2021	Purchases	Sales	Fees included in NAV	Cash movement	Change in unrealised gains/(losses)	Fair value 31/03/2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investments	2,691,278	126,369	(122,483)	(6,474)	0	59,463	2,748,153
Pooled property investments	338,043	93,102	(28,818)	(3,950)	0	63,323	461,700
	3,029,321	219,471	(151,301)	(10,424)	0	122,786	3,209,853
Other investment balances							
Cash deposits	11,376	0	0	0	13,593	0	24,969
Amount receivable for sales investments	0	0	0	0	0	0	0
Investment income due	477	0	0	0	1,321	0	1,798
Tax reclaims due	70	0	0	0	(13)	0	57
Amounts payable for purchases investments	0	0	0	0	0	0	0
	3,041,244	219,471	(151,301)	(10,424)	14,901	122,786	3,236,677

11.3 Realised gains and losses

2021-22		2022-23
£'000		£'000
53,587	Pooled investments	(868)
1,682	Pooled property investments	(3,828)
55,269		(4,696)

11.4 Geographical analysis of investments

Fair value	Geographical analysis	Fair value
31/03/22		31/03/23
£'000		£'000
1,325,649	UK	1,238,321
288,453	Europe (excl UK)	355,774
964,677	North America	889,270
180,612	Japan	175,597
45,484	Pacific Rim	41,412
318,344	Emerging Markets	318,552
53,781	International pooled funds	50,424
59,677	EMEA (Europe, Middle East & Africa)	67,330
3,236,677		3,136,680

11.5 Fund manager analysis

Market value	Fund manager analysis		Market value
31/03/22			31/03/23
£'000	%		£'000
		%	
1,235,140	38.2	Wales Pension Partnership	1,205,414
1,235,140	38.2		1,205,414
1,514,713	46.8	BlackRock	1,503,729
440,490	13.6	Schroders	379,305
46,334	1.4	Partners Group	48,232
2,001,537	61.8		1,931,266
3,236,677	100		3,136,680

11.6 Wales Pension Partnership (WPP)

Included in Management Expenses (Table 8) is the cost of our involvement in the Wales Pension Partnership (WPP). The Oversight and Governance costs are the annual running costs of the pool which includes the Host Authority costs and other External Advisor costs. These costs are funded equally by all eight of the local authority Pension Funds in Wales. The Investment Management Expenses are fees payable to Link Fund Solutions (the operator) and include fund manager fees (which also includes the operator fee and other associated costs), transaction costs and custody fees. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV). The underlying manager fees of £161k (2021-22: £179k) for the Global Credit Fund are not included in this table.

Wales Pension Partnership costs included in the Dyfed Pension Fund accounts for 2022-23 are below:

31/03/22		31/03/23
£'000		£'000
	WPP oversight and governance costs	
135	Running Costs	158
	WPP Investment Management expenses	
3,926	Fund Manager fees	3,731
227	Transaction costs	241
184	Custody Fees	172
4,472		4,302

12 Concentration of Investments

The following investments represent more than 5% of the Fund's total net assets as at 31st March 2023 and 31 March 2022:

	Value as at 31/03/2023	Proportion of Investment Portfolio
	£'000	%
Wales Pension Partnership Global Growth Fund	978,714	31.20
BlackRock Aquila Life UK Equity Index Fund	562,033	17.92
BlackRock ACS World Low Carbon Tracker Fund	311,069	9.92
BlackRock iShares Emerging Markets Index Fund	282,817	9.02
Wales Pension Partnership Global Credit Fund	226,700	7.23
	Value as at 31/03/2022	Proportion of Investment Portfolio
	£'000	%
Wales Pension Partnership Global Growth Fund	987,519	30.51
BlackRock Aquila Life UK Equity Index Fund	570,136	17.61
BlackRock ACS World Low Carbon Tracker Fund	324,448	10.02
BlackRock iShares Emerging Markets Index Fund	271,323	8.38
Wales Pension Partnership Global Credit Fund	247,621	7.65

13 Financial Instruments

13.1 Classification of financial instruments

Accounting policies describe how different asset classes are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and net assets statement heading.

2021-22				2022-23			
Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000	Designated at fair value through profit and loss £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000
2,748,153	0	0	2,748,153	2,702,074	0	0	2,702,074
461,700	0	0	461,700	407,472	0	0	407,472
0	29,447	0	29,447	0	33,706	0	33,706
1,855	0	0	1,855	73	0	0	73
0	4,845	0	4,845	0	4,579	0	4,579
3,211,708	34,292	0	3,246,000	3,109,619	38,285	0	3,147,904
0	0	0	0	0	0	0	0
0	0	(3,396)	(3,396)	0	0	(5,369)	(5,369)
0	0	(3,396)	(3,396)	0	0	(5,369)	(5,369)
3,211,708	34,292	(3,396)	3,242,604	3,109,619	38,285	(5,369)	3,142,535

13.2 Net gains and losses on financial instruments

2021-22 £'000		2022-23 £'000
	Financial assets	
178,055	Fair value through profit and loss	(110,937)
178,055	Total financial assets	(110,937)
0	Total financial liabilities	0
178,055	Total	(110,937)

13.3 Fair value of financial instruments and liabilities

The following table summarises the carrying value of the financial assets and financial liabilities by class of instrument compared with their fair values:

Carrying value	Fair value		Carrying value	Fair value
31/03/22	31/03/22		31/03/23	31/03/23
£'000	£'000		£'000	£'000
		Financial assets		
2,552,697	3,211,708	Fair value through profit and loss	2,565,943	3,109,619
34,292	34,292	Loans and receivables	38,285	38,285
2,586,989	3,246,000	Total financial assets	2,604,228	3,147,904
		Financial liabilities		
0	0	Fair value through profit and loss	0	0
(3,396)	(3,396)	Financial liabilities at amortised cost	(5,369)	(5,369)
(3,396)	(3,396)	Total financial liabilities	(5,369)	(5,369)
2,583,593	3,242,604	Total	2,598,859	3,142,535

13.4 Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and certain unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include limited partnerships, where fair value is ascertained from periodic valuations provided by those controlling the partnership. Assurance over the valuation is gained from the independent audit of the partnership.

13.5 Fair value – Basis of valuation

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and Cash Equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property investments:	Level 1	Unit trust. Uses the bid market price on the final day of the accounting period.	Not required	Not required
Pooled investments: equity funds	Level 2	The 'NAV' (net asset value) calculation is based on the market value of the underlying assets	Evaluated price feeds	Not required
Pooled investments: fixed income funds	Level 2	The NAV calculation is based on the market value of the underlying fixed income securities	Evaluated price feeds	Not required
Pooled property funds	Level 2	The 'NAV' (net asset value) calculation is based on the market value of the underlying assets	Evaluated price feeds	Not required
Pooled property funds	Level 3	Fair value is ascertained from periodic valuations provided by those controlling the partnership	Unobservable inputs-price depends on information not publicly available	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Pooled investments: alternatives	Level 3	Fair value is ascertained from periodic valuations provided by asset's fund manager	Unobservable inputs-the fund is exposed to security and other assets that will not have readily assessable market values	Valuations may rely on internal and external pricing models. May also be affected by changes in accounting standard, policies or practices

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into levels 1 to 3, based on the value at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Fair values at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets				
Financial assets at fair value through profit and loss	330	2,650,746	458,543	3,109,619
Loans and receivables	38,285	0	0	38,285
Total financial assets	38,615	2,650,746	458,543	3,147,904
Financial liabilities				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised cost	(5,369)	0	0	(5,369)
Total financial liabilities	(5,369)	0	0	(5,369)
Net financial assets	33,246	2,650,746	458,543	3,142,535

	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
Fair values at 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Financial assets				
Financial assets at fair value through profit and loss	2,123	2,627,595	581,990	3,211,708
Loans and receivables	34,292	0	0	34,292
Total financial assets	36,415	2,627,595	581,990	3,246,000
Financial liabilities				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised cost	(3,396)	0	0	(3,396)
Total financial liabilities	(3,396)	0	0	(3,396)
Net financial assets	33,019	2,627,595	581,990	3,242,604

13.6 Reconciliation of fair value measurements within level 3

2022-23

Asset Type	Market Value 01 April 2022 £'000	Transfers out of Level 3* £'000	Purchases £'000	Sales £'000	Unrealised Gains / (Losses) £'000	Realised Gains / (Losses) £'000	Market Value 31 March 2023 £'000
Alternatives	120,559	0	12,086	0	(8,548)	0	124,097
Property	461,431	(89,911)	24,166	(12,337)	(44,311)	(4,593)	334,445
Total	581,990	(89,911)	36,252	(12,337)	(52,859)	(4,593)	458,542

*The transfers out of Level 3 for Property were due to the reclassification of two funds by the investment manager during 2022-23.

2021-22

Asset Type	Market Value 01 April 2021 £'000	Transfers out of Level 3 £'000	Purchases £'000	Sales £'000	Unrealised Gains / (Losses) £'000	Realised Gains / (Losses) £'000	Market Value 31 March 2022 £'000
Alternatives	84,314	0	34,132	0	2,113	0	120,559
Property	328,585	0	93,102	(19,524)	57,097	2,171	461,431
Total	412,899	0	127,234	(19,524)	59,210	2,171	581,990

13.7 Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 investments during 2022-23.

14 **Nature and extent of risks arising from financial instruments**

14.1 Risk and risk management

The Fund has developed a formal risk assessment process and maintains a risk register which is updated annually. This ensures that risks are identified appropriately and are assessed and managed effectively. For more details, and to view the Risk Register, please refer to the Fund's website - www.dyfedpensionfund.org.uk

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Authority manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Committee. Risk management policies are established to identify and analyse the risks faced by the Authority's

pensions operations. Policies are reviewed regularly to reflect changes in activity and market conditions.

14.2 Market Risk

Market risk is the risk of loss from fluctuations in equity prices and interest and foreign exchange rates. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Committee and its independent investment adviser undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments
- By investing in a diverse portfolio in terms of managers and investments and again by the actuary only anticipating a long-term return on a relatively prudent basis to reduce risk of under-performing

14.3 Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

LGPS defined benefit pensions are not linked to stock market performance and are set out in statute. Although short term investment values may vary, the LGPS as a long-term investor is securely managed to address any longer term impacts.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Committee to ensure it is within limits specified in the Fund's investment strategy.

14.4 Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities shown below, are consistent with a one standard deviation movement in the change in value of the assets over the latest three years:

Asset Type	Potential market movements (+/-)
Equity	12.50%
Bonds	7.10%
Alternatives	5.30%
Property	5.30%
Cash	0.90%

Had the market price of the Fund increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

Asset Type	Value as at 31 March 2023	Change	Value on Increase	Value on Decrease
	£'000	%	£'000	£'000
Cash	27,061	0.90%	27,305	26,818
UK Equities	562,035	12.50%	632,290	491,781
Overseas Equities	799,747	12.50%	899,715	699,778
Global Pooled Equities inc UK	978,714	12.50%	1,101,053	856,375
Alternatives	124,097	5.30%	130,674	117,520
Bonds	237,481	7.10%	254,342	220,620
Property	407,472	5.30%	429,068	385,876
Sales receivable	0	0.00%	0	0
Purchases payable	0	0.00%	0	0
Income receivables	73	0.00%	73	73
Total Assets	3,136,680		3,474,520	2,798,841

Asset Type	Value as at 31 March 2022	Change	Value on Increase	Value on Decrease
	£'000	%	£'000	£'000
Cash	24,969	1.10%	25,244	24,694
UK Equities	570,137	14.40%	652,237	488,037
Overseas Equities	790,802	14.40%	904,677	676,926
Global Pooled Equities inc UK	987,519	14.40%	1,129,721	845,316
Alternatives	120,559	6.70%	128,636	112,481
Bonds	279,136	6.50%	297,280	260,992
Property	461,700	3.70%	478,782	444,617
Amounts receivables for sales	0	0.00%	0	0
Amounts payable for purchases	0	0.00%	0	0
Income receivables	1,855	0.00%	1,855	1,855
Total Assets	3,236,677		3,618,432	2,854,918

14.4.1 Sensitivity of assets valued at level 3

Asset Type	Value as at 31	Change	Value on	Value on
	March 2023		Increase	Decrease
	£'000	%	£'000	£'000
Alternatives	124,097	5.30%	130,674	117,520
Pooled Property	334,445	5.30%	352,170	316,719
Total Level 3 Assets	458,542		482,844	434,239

14.5 Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates against the relevant benchmarks.

The actuary, as part of their triennial valuation and dictated by the Funding Strategy Statement, will only anticipate long-term return on a relatively prudent basis to reduce risk of underperforming. Progress is analysed at three yearly valuations for all employers.

The Fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2023 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

31/03/22	Asset type	31/03/23
£'000		£'000
24,969	Cash and cash equivalents	27,061
4,478	Cash held at CCC	6,645
279,137	Bonds	237,481
308,584	Total	271,187

14.6 Interest rate risk sensitivity analysis

Interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates:

Asset type	Value as at 31/03/23 £'000	Change in year in the net assets available to pay benefits	
		+1% £'000	-1% £'000
Cash and cash equivalents	27,061	271	(271)
Cash held at CCC	6,645	66	(66)
Bonds	237,481	2,375	(2,375)
Total change in available assets	271,187	2,712	(2,712)

Asset type	Value as at 31/03/22 £'000	Change in year in the net assets available to pay benefits	
		+1% £'000	-1% £'000
Cash and cash equivalents	24,969	250	(250)
Cash held at CCC	4,478	45	(45)
Bonds	279,137	2,791	(2,791)
Total change in available assets	308,584	3,086	(3,086)

14.7 Discount Rate

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 fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.

14.8 Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£ GBP Sterling). The Fund holds both monetary and non-monetary assets denominated in currencies other than £ GBP Sterling.

The Fund's currency rate risk is routinely monitored by the Committee in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2022 and as at 31 March 2023:

Fair value 31/03/22 £'000	Asset type	Fair value 31/03/23 £'000
1,876,457	Overseas pooled investments	1,861,920
34,572	Overseas pooled property investments	36,431
0	Cash	9
1,911,029	Total overseas assets	1,898,360

14.9 Currency risk sensitivity analysis

The aggregate currency risk within the Fund as at 31 March 2023 was 6.8% (2021-22: 6.1%).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 6.8% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset type	Fair value 31/03/23 £'000	Change in year in the net assets available to pay benefits	
		+6.8% £'000	-6.8% £'000
Overseas pooled investments	1,861,920	126,611	(126,611)
Overseas pooled property investments	36,431	2,477	(2,477)
Cash	9	1	(1)
Total change in available assets	1,898,360	129,089	(129,089)

Asset type	Fair value 31/03/22 £'000	Change in year in the net assets available to pay benefits	
		+6.1% £'000	-6.1% £'000
Overseas pooled investments	1,876,457	114,464	(114,464)
Overseas pooled property investments	34,572	2,109	(2,109)
Cash	0	0	0
Total change in available assets	1,911,029	116,573	(116,573)

14.10 Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Employers in the Fund are not currently assessed for their creditworthiness or individual credit limits set. There is risk of being unable to collect contributions from employers with no contributing members (e.g. risk associated with employers with a small number of declining contributing members) so Carmarthenshire County Council monitors membership movements on an annual basis.

New employers to the Fund have to agree to the provision of a bond to prevent the risk of future financial loss to the Fund in the event of not being able to meet its pension liability on cessation. Carmarthenshire County Council currently guarantees to meet any future liabilities falling on the Fund as a result of cessation. This is done to ensure that actuarial recovery periods and amounts are kept at a manageable level for smaller employers.

No collateral is held as security on financial assets. Carmarthenshire County Council does not generally allow credit to employers.

All investments held by investment managers are held in the name of the Dyfed Pension Fund at the custodian – Northern Trust, so if the investment manager fails the Fund's investments are not classed amongst the manager's assets.

Any cash held is in the Carmarthenshire County Council accounts and is invested in line with Carmarthenshire County Council's approved credit rated counterparty list.

14.11 Liquidity risk

This refers to the possibility that the Fund might not have sufficient funds available to meet its commitments to make payments.

Carmarthenshire County Council has a comprehensive cash flow management system that seeks to ensure that cash is available when needed.

The amount held in the Fund's bank accounts meet the normal liquidity needs of the Fund and any surplus cash is invested. The Fund's actuaries establish what contributions should be paid in order that all future liabilities can be met.

The investments of the Fund are mainly of a liquid nature. Although any forced liquidation of the investments may be subject to a financial loss.

15 Current assets

31/03/22		31/03/23
£'000		£'000
	Contributions due from employer	
2,291	- Employer	2,145
2,188	- Employee	2,065
4,478	Cash Balances	6,645
366	Debtors	369
<u>9,323</u>		<u>11,224</u>

15.1 Analysis of Current Assets

31/03/22		31/03/23
£'000		£'000
7,796	Local authorities	9,407
1,527	Other entities and individuals	1,817
<u>9,323</u>		<u>11,224</u>

16 Current liabilities

31/03/22		31/03/23
£'000		£'000
(1,493)	Unpaid benefits	(2,849)
(1,903)	Creditors	(2,520)
<u>(3,396)</u>		<u>(5,369)</u>

16.1 Analysis of Current liabilities

31/03/22		31/03/23
£'000		£'000
(763)	HMRC	(861)
(336)	Public corporations and trading funds	(369)
(2,297)	Other entities and individuals	(4,139)
<u>(3,396)</u>		<u>(5,369)</u>

17 Additional Voluntary Contributions (AVC)

Occupational Pension Schemes are required by Statute to provide in-house AVC arrangements. The Fund has joint providers: Prudential, Standard Life and UTMOST, where a range of investment options are available.

It is for individual Scheme members to determine how much they contribute (subject to HMRC limits) and the investment components or its mix.

The contributions made to separately invested AVC schemes and the value of these investments as at the balance sheet date are shown below:

	Value as at 31/03/22	Contributions	Expenditure	Change in Market Value	Value as at 31/03/23
AVC Provider	£ '000	£ '000	£ '000	£ '000	£ '000
Prudential*	8,585	1,582	(961)	102	9,308
UTMOST	435	3	(29)	0	409
Standard Life	2,949	403	(406)	(21)	2,925
Total	11,969	1,988	(1,396)	81	12,642

*It was reported in the 2021-22 accounts that the closing balance for Prudential was £6,276k. This was the closing balance as at 31 March 2020 as the Fund had not received either the 2020-21 or 2021-22 Prudential accounts. These have now been received, along with the accounts for 2022-23 resulting in the above table being correct as at 31 March 2023.

18 Funding arrangements

In line with Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The valuation that these financial statements are based on took place as at 31 March 2019.

For more details, and to view the Funding Strategy Statement (FSS), please refer to the Fund's website – www.dyfedpensionfund.org.uk

19 Related Party Transactions

The Fund is administered by Carmarthenshire County Council (the Authority), consequently there is a strong relationship between the Authority and the Fund. In addition, the Authority's Governance and Audit Committee is responsible for the approval of the Fund's Annual Report and Accounts.

The Authority incurred costs of £1.164 million (2021-22: £1.145 million) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £40.420 million to the Fund in 2022-23 (2021-22: £37.524 million).

The Fund holds part of its cash balance with the Authority in order to meet its day to day expenditure. This cash is invested on the Money Markets by the Authority's Treasury Management section. During the year to 31 March 2023, the Fund had an average investment balance of £14 million (2021-22: £14.93 million) earning interest of £210,740 (2021-22: £11,261).

19.1 Governance

Pension Committee

There are three members and one substitute member of the Pension Committee. During 2022-23 these were Councillor Elwyn Williams (active member), Councillor Dai Thomas (active member), Councillor Rob James (active member) and the substitute was Councillor Denise Owen (active member).

The Director of Corporate Services, Mr Chris Moore, who has the role of Section 151 Officer for the Authority, played a key role in the financial management of the Fund and is also an active member of the Fund.

The Committee members and the Senior Officers that advise the Committee are required to declare their interest at each meeting. The Committee members and Director of Corporate Services accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

Pension Board

A Pension Board was approved by County Council on the 11th February 2015 effective from 1st April 2015 in line with the Public Service Pension Act 2013. It consists of three employer representatives, three member representatives and an independent chair.

For more details, and to view the Governance Policy, please refer to the Fund's website – www.dyfedpensionfund.org.uk

19.2 Key Management Personnel

The key management personnel of the fund is the Section 151 Officer. Total remuneration payable to key management personnel is set out below:

31/03/22		31/03/23
£'000		£'000
15	Short-term benefits	15
4	Post-employment benefits	4
19		19

20 Employing bodies contribution rates, contributions receivable and benefits payable

2021-22				2022-23			
Contribution rate %	Deficit/ (Surplus) Contribution £'000	Contributions £'000	Benefits payable £'000	Contribution rate %	Deficit/ (Surplus) Contribution £'000	Contributions £'000	Benefits payable £'000
Scheduled bodies							
19.9	(2,695)	40,217	40,757	19.9	(2,800)	43,220	43,842
19.8	(2,066)	23,604	19,311	19.8	(2,146)	25,536	21,540
20.1	(2,232)	14,605	12,802	20.1	(2,320)	15,712	13,797
17.8	(7)	6,681	3,405	17.8	(7)	7,131	3,775
18.1	(195)	1,752	2,005	18.1	(203)	1,917	1,666
19.7	0	311	400	19.7	0	293	331
20.0	0	2,020	1,214	20.0	0	2,051	1,252
19.9	(287)	876	826	19.9	(298)	922	948
18.6	28	1,529	460	18.6	29	1,714	557
	(7,454)	91,595	81,180		(7,745)	98,496	87,708
Designated (Resolution) bodies							
25.6	(4)	15	17	25.6	(4)	22	14
22.4	(25)	97	96	22.4	(26)	109	109
20.9	1	45	0	20.9	1	61	0
24.1	0	21	0	24.1	0	24	0
28.8	0	7	4	28.8	0	8	4
-	0	12	37	-	0	13	39
27.6	8	19	12	27.6	8	20	11
25.9	0	3	1	25.9	0	2	33
19.4	0	1	1	19.4	0	2	1
19.9	(53)	269	250	19.9	(55)	294	202
20.3	15	75	100	20.3	16	75	298
22.9	3	15	0	22.9	3	17	0
25.8	6	41	30	25.8	6	57	26
17.3	(12)	59	19	17.3	(12)	70	39
22.5	(6)	14	11	22.5	(6)	18	12
19.6	2	17	0	19.6	2	18	0
22.7	2	16	0	22.7	2	19	0
0	0	0	0	21.9	0	4	0
	(63)	726	578		(65)	833	788

2021-22				2022-23			
Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000	Contri- bution rate %	Deficit Contri- bution £'000	Contri- butions £'000	Benefits payable £'000
Admission bodies							
Community Admission Body (CAB)							
21.1	8	46	31	21.1	6	44	27
19.9	0	1,209	1,292	19.9	0	1,307	1,574
22.9	3	42	36	22.9	3	35	37
0.0	0	2	14	0.0	0	1	14
20.2	0	15	42	20.2	0	28	43
26.9	2	3	16	26.9	2	4	16
0.0	0	0	39	0.0	0	0	40
16.7	13	88	38	16.7	14	96	17
17.6	14	47	62	17.6	14	25	39
13.3	2	79	0	13.3	2	73	0
9.5	0	15	10	9.5	0	14	11
22.8	0	5	10	22.8	0	5	11
22.7	0	62	62	22.7	0	65	64
19.2	0	101	34	19.2	0	99	83
21.4	0	316	280	21.4	0	299	458
22.0	0	622	559	22.0	0	573	696
25.1	92	8	210	25.1	96	9	214
19.7	0	414	453	19.7	0	417	371
21.2	0	24	44	21.2	0	25	48
15.3	0	17	58	15.3	0	19	47
	134	3,115	3,290		137	3,138	3,810
Transferee Admission Body (TAB)							
22.8	0	18	46	22.8	0	17	43
0.0	0	0	14	0.0	0	0	15
17.3	10	822	198	17.3	10	989	79
0.0	0	0	78	0.0	0	0	83
0.0	0	0	1	0.0	0	0	1
22.2	0	12	0	22.2	0	10	0
46.2	0	9	0	46.2	0	12	0
23.4	0	16	0	23.4	0	10	0
	10	877	337		10	1,038	221

Bodies with no pensionable employees									
0.0	0	6	7	DVLA	0.0	0	6	7	
0.0	0	0	13	Cardigan Swimming Pool	0.0	0	0	14	
0.0	0	0	74	PRISM	0.0	0	0	56	
0.0	0	53	325	Dyfed Powys Magistrates Courts	0.0	0	53	410	
0.0	0	1	7	Carmarthen Family Centre	0.0	0	2	8	
0.0	0	2	4	Milford Haven Town Council	0.0	0	2	4	
0.0	0	0	2	Mencap	0.0	0	0	16	
0.0	0	0	6,530	Dyfed County Council	0.0	0	0	6,339	
0.0	0	0	2	Dyfed AVS	0.0	0	0	2	
0.0	0	7	8	NHS	0.0	0	7	7	
0.0	0	4	16	Welsh Water	0.0	0	4	17	
0.0	0	0	8	Cwm Environmental	0.0	0	0	8	
0.0	0	0	19	Cartrefi Cymru	0.0	0	0	7	
0.0	0	2	2	Rent Officer Service	0.0	0	1	1	
	0	75	7,017			0	75	6,896	
(7,373)				96,388	92,402	Total	(7,663)	103,580	99,423

20.1 Bodies with No Pensionable Employees where pension increase is recharged

It has been assumed that for the following bodies, the proportion of pension increases stated below will continue to be recharged.

	Proportion to be recharged %
DVLA	100
Milford Haven Town Council	100
National Health Service	100
Carmarthen Family Centre	100
Dwr Cymru Welsh Water	50

21 **Stock Lending**

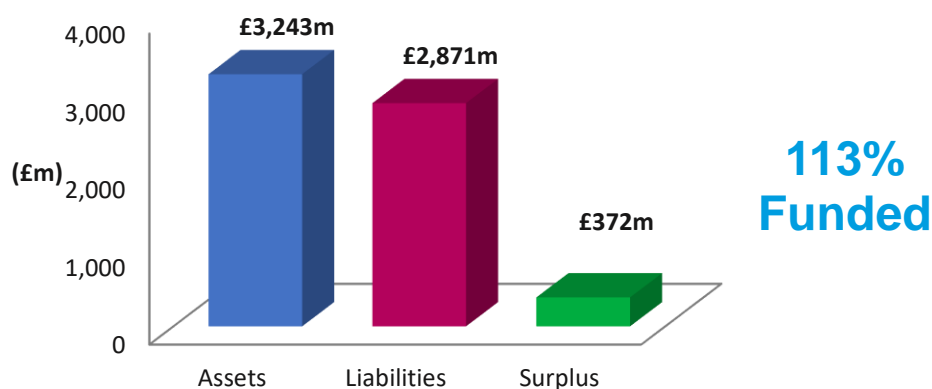
The Fund's investment strategy permits stock lending subject to specific approval. During 2022-23, the income earned by the Fund through stock lending was £93,731 (2021-22: £88,153). At 31 March 2023 the Fund had £52.8m out on loan (2021-22: £45.9m).

22 Actuarial Statement

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Dyfed Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £3,243 million represented 113% of the Fund's past service liabilities of £2,871 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £372 million.



The valuation also showed that a Primary contribution rate of 19.8% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it is may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the last actuarial valuation the average recovery period adopted was 9 years for employers in deficit and 14 years for employers in surplus, and the total initial recovery payment (the "Secondary rate" for 2023/26) was a surplus offset of 3.7% of pensionable pay - approximately £14m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will

be made to the Fund by the employers (with the exception of two employers who have included provision for a non-ill health early retirement allowance within their contributions).

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.55% per annum	5.10% per annum
Rate of pay increases (long term)	4.60% per annum	4.60% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be reassessed with effect from 1 April 2026.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2023 (the 31 March 2022 assumptions are included for comparison):

	31 March 2022	31 March 2023
Rate of return on investments (discount rate)	2.8% per annum	4.8% per annum
Rate of CPI Inflation / CARE benefit revaluation	3.3% per annum	2.7% per annum
Rate of pay increases	4.8% per annum	4.2% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	3.4% per annum	2.8% per annum

The demographic assumptions are the same as those used for funding purposes:

- the start of period assumptions are based on the 2019 actuarial valuation assumptions (but updated to the 2021 CMI future improvement tables)
- the end of period assumptions are based on the updated assumption adopted for the 2022 actuarial valuation, with a long-term rate of life expectancy improvement of 1.5% p.a.

Full details of the demographic assumptions are set out in the formal reports to the respective valuations.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£4,234m
Interest on liabilities	£118m
Net benefits accrued/paid over the period*	£88m
Actuarial (gains)/losses (see below)	(£1,565m)
End of period liabilities	£2,875m

**this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased significantly over the year, with a corresponding increase in discount rate to 4.8% p.a. from 2.8% p.a. In addition, there has been a reduction in long-term assumed CPI to 2.7% p.a. from 3.3% p.a.. In combination, these factors lead to a significant reduction in liabilities
- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the 2022 actuarial valuation assumptions. This acts to reduce the liabilities
- **Pension increases / high short-term inflation:** The figures allow for the impact of the April 2023 pension increase of 10.1%, along with the high levels of CPI since September 2022 (which will feed into the 2024 pension increase). As current inflation is higher than the long term assumption, this increases the liabilities
- **2022 actuarial valuation:** The year-end liabilities allow for the final 2022 valuation results, and so will allow for the difference between the assumptions and actual member experience over 2019/22. This will include factors such as the impact of actual pay increases awarded, actual rates of ill-health retirement, etc.

Additional Considerations

The “McCloud judgment”: The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Covid 19 / Ukraine: The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The impact of COVID deaths over the period 2019/22 will be included in the actuarial gains / losses item above. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

Current high inflation: The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

Clive Lewis

Fellow of the Institute and
Faculty of Actuaries

Laura Evans

Fellow of the Institute and
Faculty of Actuaries

Mercer Limited
July 2023

23 Events after the balance sheet date

There have been no events since 31st March 2023, and up to the date when these accounts were authorised, that require any adjustments to these accounts.

Independent Auditor's Report

The independent auditor's report of the Auditor General for Wales to the members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund

Opinion on financial statements

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Dyfed Pension Fund as at 31 March 2023 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 58-59, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and

- assessing the Dyfed Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Dyfed Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Dyfed Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- obtaining an understanding of Dyfed Pension Fund's framework of authority as well as other legal and regulatory frameworks that Dyfed Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Dyfed Pension Fund;
- obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the pension committee; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Dyfed Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Dyfed Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales

Date: 2 November 2023

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Section 7 - Funding Strategy Statement

The full Funding Strategy Statement including the appendices can be found on the website.

Background

Ensuring that the Dyfed Pension Fund (the “Fund”) has sufficient assets to meet its pension liabilities in the long-term is the fiduciary responsibility of the Administering Authority (Carmarthenshire County Council). The Funding Strategy adopted by the Dyfed Pension Fund will therefore be critical in achieving this. The Administering Authority has taken advice from the actuary in preparing this Statement.

The purpose of this Funding Strategy Statement (“FSS”) is to set out a clear and transparent funding strategy that will identify how each Fund employer’s pension liabilities are to be met going forward.

The details contained in this Funding Strategy Statement will have a financial and operational impact on all participating employers in the Dyfed Pension Fund

It is imperative therefore that each existing or potential employer is aware of the details contained in this statement.

Given this, and in accordance with governing legislation, all interested parties connected with the Dyfed Pension Fund have been consulted and given opportunity to comment prior to this Funding Strategy Statement being finalised and adopted. This statement takes into consideration all comments and feedback received.

Integrated Risk Management Strategy

The funding strategy set out in this document has been developed alongside the Fund’s investment strategy on an integrated basis taking into account the overall financial and demographic risks inherent in the Fund to meet the objective for all employers over different periods. The funding strategy includes appropriate margins to allow for the possibility of adverse events (e.g. material reduction in investment returns, economic downturn and higher inflation outlook) leading to a worsening of the funding position which would result in greater volatility of contribution rates at future valuations if these margins were not included. This prudence is required by the Regulations and guidance issued by professional bodies and Government agencies to assist the Fund in meeting its primary solvency and long term cost efficiency objectives. Individual employer results will also have regard to their covenant strength, where deemed appropriate by the Administering Authority.

The Regulations

The Local Government Pension Scheme Regulations 2013 (“the 2013 Regulations”), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (“the 2014 Transitional Regulations”) and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (all as amended) (collectively; “the Regulations”) provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS).

The Solvency Objective

The Administering Authority's long-term objective is for the Fund to achieve and then maintain 100% solvency level over a reasonable time period. Contributions are set in relation to this objective which means that once 100% solvency is achieved, if assumptions are borne out in practice, there would be sufficient assets to pay all benefits earned up to the valuation date as they fall due.

However, because financial and market conditions/outlook change between valuations, the assumptions used at one valuation may need to be amended at the next in order to meet the Fund's objective. This in turn means that contributions will be subject to change from one valuation to another. This objective translates to an employer specific level when setting individual contribution rates so each employer has the same fundamental objective in relation to their liabilities.

The general principle adopted by the Fund is that the assumptions used, taken as a whole, will be chosen with sufficient prudence for this objective to be reasonably achieved in the long term at each valuation.

Long Term Cost Efficiency

Each employer's contributions are set at such a level to achieve full solvency in a reasonable timeframe. Solvency is defined as a level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise. Employer contributions are also set in order to achieve long term cost efficiency. Long term cost-efficiency implies that contributions must not be set at a level that is likely to give rise to additional costs in the future. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the appropriate time. Equally, the FSS must have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

When formulating the funding strategy, the Administering Authority has taken into account these key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the Local Government Pension Scheme (the "LGPS") so far as relating to the Fund.

Employer Contributions

The required levels of employee contributions are specified in the Regulations. Employer contributions are determined in accordance with the Regulations which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate specifying the "primary" and "secondary" rate of the employer's contribution.

Key Funding Principles

Purpose of the FSS

Funding is making advance provision to meet the cost of pension and other benefit promises. Decisions taken on the funding approach therefore determine the pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary.

The purpose of this Funding Strategy Statement is therefore:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward by taking a prudent longer-term view of funding those liabilities;
- to establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency",
- to have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

The intention is for this strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be reflected in the statement, it must remain a single strategy for the Administering Authority to implement and maintain.

The aims of the fund are to:	The purpose of the fund is to:
<ul style="list-style-type: none"> • manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due • enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, resolution and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes • maximise the returns from investments within reasonable risk parameters taking into account the above aims. 	<ul style="list-style-type: none"> • receive monies in respect of contributions, transfer values and investment income, and • pay out monies in respect of Fund benefits, transfer values, costs, charges and expenses as defined in the Regulations.

Responsibilities of the key parties

The efficient and effective management of the Fund can only be achieved if all parties exercise their statutory duties and responsibilities conscientiously and diligently. The key parties for the purposes of the FSS are the Administering Authority (and, in particular the Pensions Committee), the individual employers and the Fund Actuary and details of their roles are set

out below. Other parties required to play their part in the fund management process are bankers, custodians, investment managers, auditors and legal, investment and governance advisors, along with the Local Pensions Board created under the Public Service Pensions Act 2013.

Key parties to the FSS

The Administering Authority should:	The Individual Employer should:
<ul style="list-style-type: none"> • operate the pension fund • collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the Regulations • pay from the pension fund the relevant entitlements as stipulated in the Regulations • invest surplus monies in accordance the Regulations • ensure that cash is available to meet liabilities as and when they fall due • take measures as set out in the Regulations to safeguard the fund against the consequences of employer default • manage the valuation process in consultation with the Fund’s actuary • prepare and maintain a FSS and an Investment Strategy Statement (“ISS), both after proper consultation with interested parties, and • monitor all aspects of the Fund’s performance and funding, amending the FSS/ISS as necessary • effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and a scheme employer, and • establish, support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator’s relevant Code of Practice. 	<ul style="list-style-type: none"> • deduct contributions from employees’ pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations), unless they are a Deferred Employer • pay all contributions, including their own, as determined by the actuary, promptly by the due date • undertake administration duties in accordance with the Pension Administration Strategy. • develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework • make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of Fund benefits, early retirement strain, and • have regard to the Pensions Regulator’s focus on data quality and comply with any requirement set by the Administering Authority in this context, and • notify the Administering Authority promptly of any changes to membership which may affect future funding. • understand the pension impacts of any changes to their organisational structure and service delivery model. • understand that the quality of the data provided to the Fund will directly impact on the assessment of the liabilities and contributions. In particular, any deficiencies in the data would normally result in the employer paying higher contributions than otherwise would be the case if the data was of high quality.

The Fund Actuary should:	A Guarantor should:
<ul style="list-style-type: none"> • prepare valuations including the setting of employers’ contribution rates at a level to ensure fund solvency after agreeing assumptions with the Administering Authority and having regard to its FSS and the Regulations • prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as such as pension strain costs, ill health retirement costs etc. • provide advice and valuations on the termination of admission agreements • provide advice to the Administering Authority on bonds and other forms of security against the financial effect on the Fund of employer default • assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as required by the Regulations • advise the Administering Authority on the funding strategy, the preparation of the FSS and the inter-relationship between the FSS and the ISS, and • ensure the Administering Authority is aware of any professional guidance or other professional requirements which may be of relevance to the Fund Actuary’s role in advising the Fund. 	<ul style="list-style-type: none"> • notify the Administering Authority promptly of any changes to its guarantee status, as this may impact on the treatment of the employer in the valuation process or upon termination. • provide details of the agreement, and any changes to the agreement, between the employer and the guarantor to ensure appropriate treatment is applied to any calculations. • be aware of all guarantees that are currently in place • work with the Fund and the employer in the context of the guarantee • receive relevant information on the employer and their funding position in order to fulfil its obligations as a guarantor.

Solvency Funding Target

Securing the “solvency” and “long term cost efficiency” is a regulatory requirement. To meet these requirements, the Administering Authority’s long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the “funding target”) assessed on an ongoing past service basis including allowance for projected final pay where appropriate.

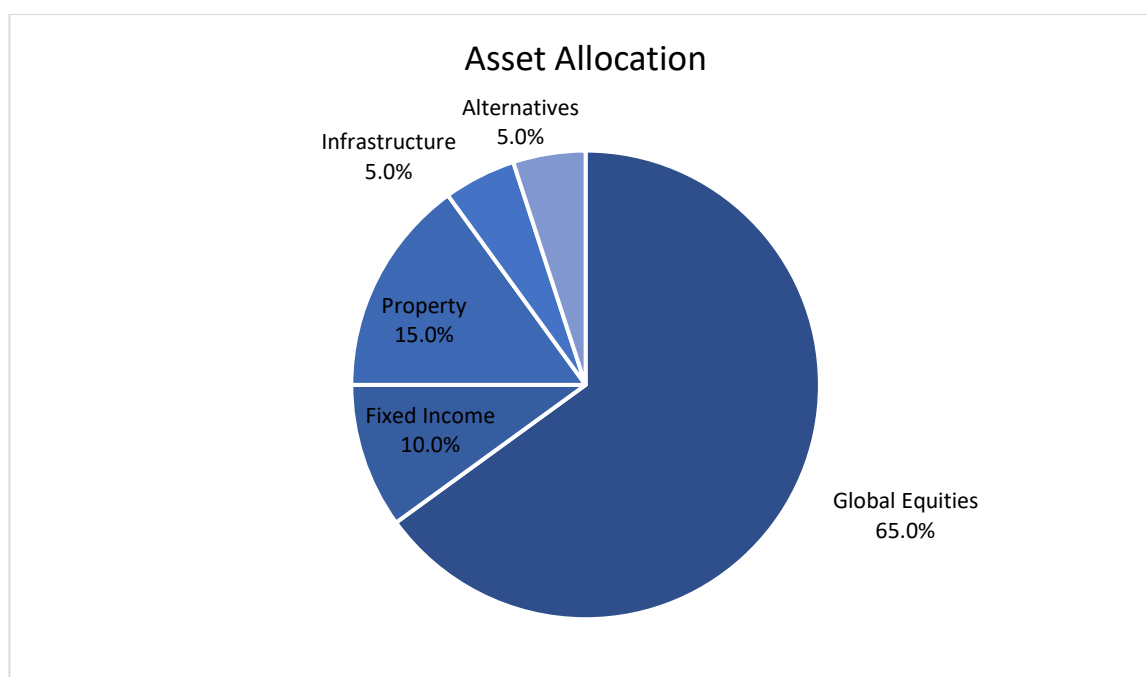
Each employer’s contributions are set at such a level to achieve long-term cost efficiency and full solvency in a reasonable timeframe.

Link to Investment Policy and the Investment Strategy Statement (ISS)

The results of the 2022 valuation show the liabilities to be 113% covered by the assets, with the funding surplus of £372m used in part to offset Primary Contributions, with the remainder being retained as a buffer against future adverse experience.

In assessing the value of the Fund's liabilities in the valuation, allowance has been made for growth asset out-performance as described below, taking into account the investment strategy adopted by the Fund, as set out in the ISS.

The overall strategic asset allocation is set out in the ISS. The current long term strategy set out in the ISS is included below.



The investment strategy set out above and individual return expectations on those asset classes equate to an overall best estimate average expected return of 3.0% per annum in excess of CPI inflation as at 31 March 2022 i.e. a 50/50 chance of achieving this real return. For the purposes of setting a funding strategy however, the Administering Authority believes that it is appropriate to take a margin for prudence on these return expectations.

Risk Management Strategy

In the context of managing various aspects of the Fund's financial risks, the Administering Authority will consider implementing investment risk management techniques where appropriate). Further details will be set out in the ISS.

Climate Change

An important part of the risk analysis underpinning the funding strategy will be for the Actuary to identify the impact of climate change transition risk (shorter term) and physical risks (longer term) on the potential funding outcomes. In terms of the current valuation, an analysis of different climate change scenarios at the Whole Fund level relative to the baseline position (i.e. assuming that the funding assumptions are played out) has been undertaken. The projections are meant to illustrate the different elements of risk under two climate change

scenarios based on the strategic asset allocation. The scenarios are not meant to be predictors of what may happen and are only a small subset of a very wide range of scenarios that could arise depending on the global actions taken in relation to climate change. The actions taken (both historically and in future) by the Fund in relation to making its asset portfolio more sustainable will ultimately be set out in the separate Taskforce for Climate Change (TCFD) reports and analysis of the asset portfolio adopting similar (but not necessarily the same) scenarios although this can be over a different time period.

The analysis considers a projection of the funding levels under the scenarios considered which are designed to illustrate the transition and physical risks over different periods depending on what actions are taken globally on climate change.

The key metrics are the relative impact on the funding level over the different time periods as this illustrates the impact of climate related market shocks on the funding plan and the analysis provides the Fund with additional information regarding the resilience of the funding strategy and adequacy of prudence margins. Whilst the scenarios being considered are only two out of a considerable range of potential outcomes, it shows that climate change can have far reaching effects on the Fund.

The Actuary applies a nuanced approach to understand what is/is not priced into the markets in terms of transition and physical risks. They include assumptions about what is currently priced into markets, and later price in shocks when the markets account for future impacts (both physical and transition impacts). The two climate shock scenarios considered are:

1. Rapid Transition - there is a sudden divestment across multiple securities in 2025 to align portfolios to the Paris Agreement goals, this will have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock. Average temperature increase stabilises at 1.5°C around 2050. In relative terms to the best estimate basis at the valuation date, this could have a detrimental impact on the funding level of -6% after 5 years as the larger transition risks manifest and -3% after 20 years where the physical risks become more dominant.
2. Failed Transition - The world fails to meet the Paris Agreement goals and global warming reaches 4.3°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events. In relative terms this could lead to a marginal increase in the funding level of 2% after 5 years which reflects the lower impact from transition risks (versus the market pricing) and a hugely detrimental impact of -25% after 20 years which shows the material consequences of the physical risks from the significant temperature increases as time progresses.

The actuarial assumptions (versus the best estimate) include a level of prudence which implicitly allows for the climate risk and other risks to support future contribution stability and the Actuary has concluded that the level of prudence is currently sufficient in the context of the scenarios considered. However, any climate related impacts will potentially put significant stress on the funding plan, especially when taken into account with other risk factors so the analysis will be further developed and be monitored over time.

Other risks (e.g. longevity) will also be considered in future analysis but are expected to have a much lower impact than the financial market impacts. The expected impact on asset returns under different scenarios and timeframes will be shown in more detail in the separate valuation and TCFD reports.

Identification of Risks and Counter-Measures

The funding of defined benefits is by its nature uncertain. Funding of the Fund is based on both financial and demographic assumptions. These assumptions are specified in the actuarial valuation report. When actual experience is not in line with the assumptions adopted a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the Fund Actuary that the greatest risk to the funding level is the investment risk inherent in the predominantly equity based strategy, so that actual asset out-performance between successive valuations could diverge significantly from that assumed in the long term. The Actuary's formal valuation report includes quantification of some of the major risk factors.

Financial	Demographic
<p>The financial risks are as follows:-</p> <ul style="list-style-type: none"> • Investment markets fail to perform in line with expectations • Market outlook moves at variance with assumptions • Investment Fund Managers fail to achieve performance targets over the longer term • Asset re-allocations in volatile markets may lock in past losses • Pay and price inflation significantly more than anticipated • Future underperformance arising as a result of participating in the All Wales pooling vehicle • An employer ceasing to exist without prior notification, resulting in a large exit credit requirement from the Fund impacting on cashflow requirements. <p>Any increase in employer contribution rates (as a result of these risks) may in turn impact on the service delivery of that employer and their financial position.</p> <p>In practice the extent to which these risks can be reduced is limited. However, the Fund's asset allocation is kept under constant review and the performance of the investment managers is regularly monitored.</p>	<p>The demographic risks are as follows:-</p> <ul style="list-style-type: none"> • Future changes in life expectancy (longevity) that cannot be predicted with any certainty. Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, potentially result in a greater liability for pension funds. • Potential strains from ill health retirements, over and above what is allowed for in the valuation assumptions for employers. For some employers the Fund has implemented an internal "captive" approach to spreading the cost of ill-health retirements across a wider employer base. Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, employing bodies should be doing everything in their power to minimise the number of ill-health retirements. • Unanticipated acceleration of the maturing of the Fund resulting in materially negative cashflows and shortening of liability durations. The Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy <p>Early retirements for reasons of redundancy and efficiency do not affect the solvency of the Fund because they are the subject of a direct charge.</p>

Governance	Regulatory
<p>The Fund has done as much as it believes it reasonably can to enable employing bodies and Fund members (via their trade unions) to make their views known to the Fund and to participate in the decision-making process. Governance risks are as follows:-</p> <ul style="list-style-type: none"> • The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated • Administering Authority unaware of structural changes in employer’s membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level • Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates • An employer ceasing to exist with insufficient funding or adequacy of a bond. • An employer ceasing to exist without prior notification, resulting in a large exit credit requirement from the Fund impacting on cashflow requirements. • Changes to Senior Fund Officers or in the Pension Committee membership. <p>For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored but in most cases the employer, rather than the Fund as a whole, bears the risk.</p>	<p>The key regulatory risks are as follows:-</p> <ul style="list-style-type: none"> • Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to the Fund, Typically these would be via the Cost Management Process although in light of the McCloud discrimination case, there can be exceptional circumstances which give rise to unexpected changes in Regulations. • Changes to national pension requirements and/or HMRC Rules <p>Membership of the Local Government Pension Scheme is open to all local government staff and should be encouraged as a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.</p>

Monitoring and Review

A full review of this Statement will occur no less frequently than every 3 years, to coincide with completion of a full statutory actuarial valuation and every review of employer rates or interim valuation. Any review will take account of the current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the valuation process), for example, if there:

- has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- have been significant changes to the Scheme membership, or LGPS benefits
- have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy
- have been any significant special contributions paid into the Fund
- if there have been material changes in the ISS

Section 8 - Investment Strategy Statement

This is the Investment Strategy Statement (the “Statement”) of Dyfed Pension Fund (the “Fund”) as required by regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “Regulations”).

The regulations require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.

The ISS is an important governance tool for the Fund. The document sets out the current investment strategy of the Fund, provides transparency in relation to how the Fund’s investments are managed, acts as a high level risk register, and has been designed to be informative for all stakeholders. This document replaces the Fund’s Statement of Investment Principles.

In preparing this Statement, the Fund has consulted with such persons as it considers appropriate and the document will be updated based on any factors that the Fund considers material to its liabilities, finances or attitude to risk.

This statement will be reviewed at least triennially or more frequently if appropriate.

Investment Objectives and Beliefs

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations.

The Funding Strategy and Investment Strategy are intrinsically linked and together aim to deliver stable contribution rates for employers and a reduced reliance on employer contributions over time.

The investment objective is therefore to maximise returns subject to an acceptable level of risk (including climate and other ESG risks) whilst increasing certainty of cost for employers, and minimising the long term cost of the scheme. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this statement.

The Fund’s investment beliefs which help to inform the investment strategy are as follows:

- Funding, investment strategy and contribution rates are linked
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund’s investments
- Effective governance structures, which promote decisiveness, efficiency and accountability, can add value to the Fund
- Investing over the long term provides opportunities to improve returns and allows the Fund to take some risks (eg. volatility, illiquidity) which might not otherwise be acceptable
- Diversification across and within asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources
- Managing risk is a multi-dimensional and complex task but the overriding principle is to take the appropriate level of risk, to achieve the Fund’s objectives

- Environmental, Social and Governance are important factors for the sustainability of investment returns and risks over the long term. Climate change (UN SDG 13), in particular, has the potential materially to impact the returns and risk profile of various assets. The committee believes that adjusting its investment allocations and engagement with investee companies can both help to achieve its responsible investment goals
- Stewardship is an important responsibility and one which can be delegated. Engaging with investee companies is an important part of this, and is likely to be more effective than divestment in improving desired outcomes
- Value for money from investments is important, not just absolute costs. Asset pooling will help reduce costs whilst providing more choice of investments and will therefore be additive to Fund returns
- Active management can add value to returns over the long term

Investment Strategy

Asset Classes

Translating the Fund's investment and funding objectives into a single suitable investment strategy is challenging. The key objectives often conflict. For example, minimising the long term cost of the scheme is best achieved by investing in higher returning assets e.g. equities. However, equities are also very volatile (i.e. go up and down fairly frequently in fairly large moves), which conflicts with the objective to have stable contribution rates.

Additionally, the employers in the Fund have different underlying characteristics and long term funding objectives.

It is the Pension Committee's (the "Committee") policy to regularly monitor, in consultation with the actuary, the likely position regarding the solvency ratio in order that the risk of deterioration of the solvency ratio below 100% is minimised. The Committee may consider amending the Investment Strategy should they be advised at some future stage that this would be the only acceptable route to avoid under funding.

The Committee, following an asset liability study, has set a benchmark mix of asset types and ranges within which the investment managers may operate with discretion. This is shown in Appendix A. The Committee believes that this mix of assets will fulfil the assumptions within the valuation undertaken as at 31 March 2019, as well as taking account of the liability profile of the Fund. This mix will also help to control the risks outlined below.

A review of the strategic asset allocation is undertaken every three years following the actuarial valuation and provides the assurance that the investment strategy is aligned to the long term funding plan. This review utilises both qualitative and quantitative analysis, and covers;

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level
- An analysis of the order of magnitude of the various risks facing the Fund is established in order that a priority order for mitigation can be determined
- The desire for diversification across asset class, region, sector, and type of security

Managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

Risk Measurement and Management

The Fund assesses risks both qualitatively and quantitatively, with the starting point being the investment strategy review which is undertaken every three years. The Fund's approach to risk is informed by the Committee, its professional advisors and officers of the Fund.

The key risks that the Fund is exposed to can be grouped under the following headings: asset; funding; operational and governance. These risks are identified, measured, monitored and managed on an active basis with the responsibility for oversight from the Treasury & Pension Investments Manager.

These risks are summarised as follows:

Asset Risks

- Concentration – The risk that significant allocation to any single asset class and its underperformance relative to expectation would result in difficulties in achieving funding objectives. Concentration may be mitigated by holding different strategies within an asset class.
- Illiquidity – The risk that the Fund cannot meet its liabilities because it has insufficient liquid assets.
- Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

To manage asset risks the Committee provides a practical constraint on fund investments deviating greatly from the intended approach by setting itself diversification guidelines and by investing in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, constrain risk within the Committee's expected parameters. By investing across a range of assets, including quoted equities and bonds, the Committee has recognised the need for some access to liquidity in the short term. In appointing several investment managers, the Committee has considered the risk of underperformance by any single investment manager.

Funding Risks

- Financial mismatch - The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities and the risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.

- Changing demographics – The risk that longevity improves and other demographic factors change increasing the cost of Fund benefits.
- Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial “contagion”, resulting in an increase in the cost of meeting Fund liabilities.
- Legislation/regulatory - changes in legislation or regulations governing the treatment of pension fund liabilities can have a material impact on funding ratio.

The Committee measures and manages financial mismatch in two ways. It has set a strategic asset allocation benchmark for the Fund and assesses risk relative to that benchmark by monitoring the Fund’s asset allocation and investment returns relative to the benchmark. It also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The asset allocation is rebalanced on a regular basis to ensure that it does not stray outside the ranges for any sustained period.

The Committee keeps under review mortality and other demographic assumptions which could influence the cost of the benefits. These assumptions are considered formally at the triennial valuation.

The Committee seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise.

Operational Risks

- Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. The Committee takes professional advice in relation to the monitoring and oversight of any transitions.
- Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default – The possibility of default of a counterparty in meeting its obligations.
- Physical climate change risk – the risk that the operations of the Fund or its sponsor entities may be impacted by flood, fire or temperature events.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers and audit of the operations they conduct for the Fund.

Governance Risk

Good governance is an essential part of the Fund’s investment strategy and the Fund therefore identifies poor governance as a potential risk that can have a detrimental effect on the funding level and the deficit/surplus. The Fund ensures that its decision making process is robust and transparent and this is documented in the Governance Compliance Statement which is published on the Fund’s website.

Environmental, Social and Governance Risks

The Fund’s investment strategy includes its own approach on Responsible Investment. Non-compliance would expose the Fund to financial and reputational risk. The Fund believes that effective management of financially material Responsible Investment risks should support the

Fund's requirement to protect returns over the long term. The Fund will seek to further integrate Responsible Investment factors into the investment process across all relevant asset classes.

Approach to Asset Pooling

The Fund joined the Wales Pension Partnership (WPP) in 2016 with the understanding that the pooled investments will benefit from lower investment costs, greater investment capability and access to a more diverse range of asset classes. The implementation of the Fund's investment strategy by an FCA regulated provider leads to improved governance, transparency and reporting giving the Fund assurance that its investment strategy is being implemented effectively.

The key criteria for assessment of the WPP solutions is as follows:

- That the WPP enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund
- That there is a clear financial benefit to the Fund in investing in the solution offered by the WPP, should a change of provider be necessary.

To date WPP has launched the following sub-funds which the Fund is invested in:

- Global Equities – Global Growth Fund.
- Fixed Income – Global Credit Fund.

At the time of preparing this statement the Fund had also jointly procured a single passive equity manager for the Wales funds as set out below. These funds currently sit outside of the WPP however the monitoring arrangements will still be carried out collectively on behalf of the WPP.

Asset class	Manager	% of Fund assets	Benchmark and performance objective
Passive Equity including Low Carbon Fund	BlackRock	35-40	FTSE All-Share and FTSE All-World Indices Benchmark Return MSCI World Low Carbon Target Reduced Fossil Fuel Select Index

The Fund intends to invest the majority of its remaining assets into the WPP once opportunities arise but will maintain some cash balances at the Fund. Investment strategy will be retained by the Fund with advice from all relevant professional advisors.

Structure and governance arrangements of the WPP

The WPP has appointed a third party operator authorised by the FCA (Link Fund Solutions) to provide a series of investment sub-funds in which the assets of the participating funds will be invested.

A Joint Governance Committee (JGC) has been formally established to oversee the operator. The JGC comprises of the eight Chairs of the committees of the participating funds. This arrangement provides accountability for the operator back to individual administering authorities.

It operates on the basis of 'One Fund, One Vote', though the intention is that any decisions are reached by consensus wherever possible.

The JGC is in regular discussions with the operator as to the specific sub-funds which should be set up within the WPP, both at the outset and on an ongoing basis.

Officers from each constituent authority attend JGC meetings (in a non-voting capacity). The officers advise the JGC on the establishment and monitoring of the various sub-funds as well as liaison directly with the operator on any day-to-day investment matters. The members of the JGC report back to their respective individual funds' pension committees who are responsible for satisfying themselves as to the effectiveness of the pooling arrangements overall and the operation of the JGC.

The Pension Board seeks reassurance on aspects of the management of the Fund's investments and external scrutiny. Formal due diligence of the operator and depositary is carried out by the FCA in their role as regulator.

The operator is responsible for selecting and contracting with investment managers for each of the sub-funds as well as appointing other service providers such as depositary asset servicer as necessary. Listed bonds and equities are invested through the UK based Authorised Contractual Scheme (ACS) in order to benefit from the tax transparent nature of the vehicle. It may be that alternative vehicles are more appropriate for some other asset classes. As well as considering the options with the operator, we also take external advice on the final proposed approach from a tax efficiency and legal compliance basis.

Under the structure the depositary holds legal title to the assets of the WPP. The operator is responsible for managing and operating the investments of the WPP, including entering into the legal contracts with the investment managers.

The operator provides and operates a range of investment vehicles to allow collective investment by the participating funds. The operator is responsible for selecting and contracting with investment managers for the management of the underlying assets. They are also responsible for the administration of the vehicles in terms of unit pricing, valuation, handling cash flows in and out of the various sub-funds, trade processing and reporting on performance. They are also responsible for due diligence from an audit, legal and tax perspective for the respective sub-funds and for electing a depositary to the WPP.

WPP have appointed Hymans Robertson as oversight adviser, Burges Salmon as legal adviser and Robeco UK as voting and engagement provider.

Responsible Investment and the extent to which non-financial factors will be taken into account in the selection, retention and realisation of investments

The Fund is a long term investor aiming to deliver a sustainable pension fund for all stakeholders.

Carmarthenshire County Council as the administering authority of the Fund has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members.

Responsible Investment (RI) is a fundamental part of the Fund's overarching investment strategy as set out in this Investment Strategy Statement. That is, to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance ("ESG") factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Fund's approach aims to ensure that consideration of ESG factors is embedded in the investment process, utilising the various tools available to manage ESG risks and to harness opportunities presented by ESG factors.

The Fund's core principles of responsible investment are:

1. We will apply long-term thinking to deliver long-term sustainable returns. from well-governed assets.
2. We will use an evidence-based long term investment appraisal to inform decision-making in the implementation of RI principles.
3. We will consider the costs of RI decisions consistent with our fiduciary duties.

To date, the Fund's approach to social investments has largely been to delegate this to their underlying investment managers, and WPP in particular as part of their overall ESG duties. The Fund's managers report on this matter as part of the Fund's annual ESG review.

The Committee recognises that the Fund is not able to exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

Climate Change

The Fund recognises the importance in addressing the financial risks associated with climate change through its investment strategy, and believes that:

- Climate change presents a systemic risk to the overall stability of every economy and country, with the potential to impact on the members, employers, and all of the holdings in the Fund's investment portfolio.
- Considering the impacts of climate change is not only the legal or fiduciary duty of the Fund but is also consistent with the long term nature of the Fund. The Fund's investments need to be sustainable to be in the best interests of all key stakeholders. To this end, the Fund is committed to transition its investments towards net zero GHG emissions over the medium term. The Pension Fund will regularly report on progress, including establishing intermediate targets.
- Engagement is the best approach to enabling the change required to address the Climate Emergency. However selective risk-based divestment is appropriate to facilitate the move to a low carbon economy.
- As well as creating risk, it also presents opportunities to make selective investments that achieve the required returns, whilst at the same time make a positive social and environmental impact, such as environmental infrastructure and clean energy and energy efficiency products and services.

The Fund also takes account of WPP's Responsible Investment and Climate Risk policies.

The exercise of rights (including voting rights) attaching to investments

Voting rights

The Committee has delegated the exercise of voting rights to the investment manager(s) on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the Fund's managers have produced written guidelines of their process and practice in this regard. The managers are strongly encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f).

Stewardship

The Committee has agreed in principle that the Fund becomes a signatory to the Stewardship Code as published by the Financial Reporting Council. They also expect both the WPP and any directly appointed fund managers to also comply with the Stewardship Code.

The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

Myners Principles

Although not specifically referenced in the Regulations, the Fund continues to assess its own compliance with the Myners Principles of Good Investment Governance. A statement that sets out an assessment of compliance is presented at Appendix B.

Advice taken

In creating this statement, the Fund has taken advice from its Officers, its Independent Investment Advisor and its Actuary.

	Benchmark (%)	Range (%)
Equities	65.0	55.0 – 75.0
Fixed Income	10.0	5.0 – 15.0
Property	15.0	10.0 – 20.0
Infrastructure	5.0	3.5 – 6.5
Alternatives	5.0	3.5 – 6.5
Total	100.0	

Myners 6 Principles and Compliance Checklist

1 Effective Decision-Making

Define who takes investment decisions.

Consider whether members have sufficient skills.

Determine whether appropriate training is being provided.

Assess whether in-house staffing support is sufficient.

Establish an investment committee with suitable terms of reference.

Draw up a business plan.

Priority is given to strategic asset allocation decisions

All asset classes permitted within the regulations have been considered.

Asset allocation is compatible with liabilities and diversification requirement.

Separate contracts in place for actuarial services and investment advice.

Terms of reference specified.

Specify role of S151 officer in relation to advisers.

Tender procedures followed without cost constraint factor.

Overall Principle 1

Included in ISS

Training - LGC members seminar, LAPFF and PLSA conferences, investment manager and WPP training days, Employer Organisation training days. Training plan in place.

Training - LGC members seminar, LAPFF and PLSA conferences, investment manager and WPP training days, Employer Organisation training days. Training plan in place.

Suitably qualified and trained staff. Training plan in place.

Pension Committee established with terms of reference agreed

A business plan is published annually. An Actuarial Valuation Report, Investment Strategy Review, Funding Strategy Statement and Investment Strategy Statement are updated and produced every three years.

Asset / liability study undertaken to determine asset allocation after full discussions.

All major asset classes have been considered and managers appointed accordingly. Other alternative asset classes continue to be considered.

Asset / liability study undertaken to determine asset allocation after full discussions.

Separate contracts currently in place.

Clear specifications issued.

Section 151 officer role clear in constitution.

Tendering for third party service providers will follow local procurement rules.

Fully compliant

2 Clear Objectives

Set overall investment objective specific only to the Fund's liabilities.

Customised benchmark following asset - liability study.

Determine parameters for employer contributions.

Clear objectives outlined in ISS

Specify attitude to risk and limits.

Clearly outlined in ISS

Identify performance expectations and timing of evaluation.

Clearly outlined in ISS

Peer group benchmark in use for comparison purposes only.

In Place.

Written mandate included in management contract containing elements specified.

Contract has been updated, ISS is clear on these issues

Constraints on the types of investment are in line with regulations.

In Place.

Reasons stated if soft commissions permitted.

None used.

Overall Principle 2

Fully compliant

3 Risk & Liabilities

In setting and reviewing the investment strategy account should be taken of the form and structure of liabilities.

Full asset liability study is undertaken following the triennial valuation and prior to setting and reviewing the investment strategy.

The implications for the local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk should also be taken into account.

Included in asset liability study and investment strategy.

Overall Principle 3

Fully compliant

4 Performance Assessment

Consider whether index benchmarks selected are appropriate.

Consideration given, and performance measured against both benchmark and market indices

Limits on divergence from index are relevant.

Fully considered and in ISS.

Active or passive management considered

Fully considered and in ISS.

Targets and risk controls reflect performance expectations

Fully considered and in ISS.

Formal structure for regular monitoring in operation

Fund returns regularly reported by independent organisation

Arrangements in place to assess procedures and decisions of members.

Audit and valuation reports. Best Value regime.

Similar arrangements established for advisers and managers.

Overall Principle 4

Regular monitoring/review undertaken by Committee and officers of managers and advisers.

Fully compliant

5 Responsible Ownership

Incorporate US Principles on activism into mandates.

Engage external voting agencies if appropriate

Review manager strategies

Establish means to measure effectiveness.

Overall Principle 5

Custodian reports on corporate actions taken.

Strong Corporate Governance policy in place through investment manager.

Own policy is in operation.

Regular reporting in place.

Fully compliant

6 Transparency and Reporting

ISS updated as specified.

Consultation undertaken on amendments.

Changes notified to stakeholders.

Publish changes to ISS and its availability.

Identify monitoring information to report.

Inform scheme members of key monitoring data & compliance with principles.

Overall Principle 6

In place and included in the Annual Report.

In place and consultation each year.

In place and included in the Annual Report.

In place and included in the Annual Report.

In place, included in ISS and reports presented at prescribed intervals.

In place and included in ISS.

Fully compliant

Section 9 – Responsible Investment Policy

Introduction

Carmarthenshire County Council is the Administering Authority for the Dyfed Pension Fund (the Fund). The Fund administers the Local Government Pension Scheme (LGPS) on behalf of around 51,500 members and 69 employers.

The Pension Committee is the decision-making body for the Fund, advised by Fund officers in their role as scheme administrators and the Independent Investment Adviser.

The day-to-day management of the Fund's investments are delegated to Investment Managers. Regular meetings are held with these Managers, where performance and governance issues including responsible investment topics are discussed.

Responsible Investment

The Fund is a long-term investor aiming to deliver a sustainable pension fund for all stakeholders and has a fiduciary duty to act in the best, long-term, interests of the Fund's employers and scheme members.

Responsible Investment is a fundamental part of the Fund's overarching investment strategy as set out in the Investment Strategy Statement. That is, to maximise returns subject to an acceptable level of risk whilst increasing certainty of cost for employers and minimising the long-term cost of the scheme. The Fund believes that consideration of Environmental, Social and Corporate Governance ("ESG") factors are fundamental to this, particularly where they are likely to impact on the overarching investment objective.

The Fund's approach aims to ensure that consideration of ESG factors is embedded in the investment process, utilising the various tools available to manage ESG risks and to harness opportunities presented by ESG factors.

The Fund's core principles of responsible investment are:

1. To apply long-term thinking to deliver long-term sustainable returns. from well-governed assets.
2. To use an evidence-based long term investment appraisal to inform decision-making in the implementation of Responsible Investment principles.
3. To consider the costs of Responsible Investment decisions consistent with our fiduciary duties.

To date, the Fund's approach to Responsible Investment has largely been to delegate this to its underlying investment managers and WPP, in particular, as part of their overall ESG duties.

Investment Beliefs

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations.

The investment objective is therefore to maximise returns subject to an acceptable level of risk (including climate and other ESG risks) whilst increasing certainty of cost for employers and

minimising the long term cost of the scheme. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this Policy.

The Fund's investment beliefs which help to inform the investment strategy are as follows:

- Funding, investment strategy and contribution rates are linked
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments
- Effective governance structures, which promote decisiveness, efficiency and accountability, can add value to the Fund.
- Investing over the long term provides opportunities to improve returns and allows the Fund to take some risks (e.g. volatility, illiquidity) which might not otherwise be acceptable.
- Diversification across and within asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- Managing risk is a multi-dimensional and complex task but the overriding principle is to take the appropriate level of risk, to achieve the Fund's objectives
- ESG factors are important drivers of investment returns and risks over the long term. Climate change (UN SDG 13), in particular, has the potential materially to impact the returns and risk profile of various assets. The committee believes that both adjusting its investment allocations and engagement with investee companies can help to achieve its responsible investment goals.
- Stewardship is an important responsibility and one which can be delegated. Engaging with investee companies is an important part of this and is likely to be more effective than divestment in improving desired outcomes.
- Value for money from investments is important, not just absolute costs. Asset pooling can help reduce costs whilst providing more choice of investments and will therefore be additive to Fund returns
- Active management can add value to returns over the long term.

Environmental, Social and Governance Risks

The Fund's investment strategy includes its own approach on Responsible Investment. Non-compliance would expose the Fund to financial and reputational risk. The Fund believes that effective management of financially material Responsible Investment risks should support the Fund's requirement to protect returns over the long term. The Fund will seek to further integrate Responsible Investment factors into the investment process across all relevant asset classes.

Role of the Pension Board

The Local Pension Board ('the Board') is established in accordance with the Public Service Pensions Act 2013.

The role and purpose of the Board is to:

- Secure compliance with the regulations, and other legislation relating to the governance and administration of the Scheme as prescribed by the Pensions Regulator and Department for Levelling Up, Housing and Communities (DLUHC)
- Ensure effective and efficient governance and administration of the Scheme.

The Board provides oversight of compliance and governance matters, including Responsible Investment, and can make recommendations to the Pension Committee accordingly. The members of the Board do not have the right to vote on Fund decisions but can input positively and support improvements in overall service delivery.

Stock Lending

The Committee believes that stock lending can be an effective way to generate additional revenue in accordance with its investment strategy. However, the Committee also recognises that stock lending should not be used to the detriment of being a responsible investor. It is recognised that stock lending may inhibit the full application of a voting policy as votes may not be cast on stock on loan and so there is a balance to be achieved as a result.

The Committee has agreed to stock lending activity being undertaken on the WPP's actively managed pooled fund investments. However, within the WPP's stock lending policy is an explicit requirement not to lend 100% of holdings in any single stock so that the WPP, in collaboration with its Constituent Authorities and advisors, can express views and take a policy stance on any topic it deems worthy through its right to vote.

The Committee, via the WPP, will continue to monitor the impact of this policy stance and revise its stance if required. The Fund, via the WPP, also retains the right to recall stock, if required, as part of its stock lending arrangements.

Engagement

The Committee believes that engagement with investee companies can help to achieve its responsible investment goals. Additionally, the Committee encourages the Fund's asset managers to engage with the companies they invest in, where they believe that value can be added, or risk can be reduced.

The Wales Pension Partnership is a signatory to the UK Stewardship Code 2020 and is an affiliate member of Pensions for Purpose. It has appointed Robeco as its voting and engagement manager, to ensure a proactive approach to engagement with WPP's investee companies, as well as effective use of its voting power as a shareholder.

In addition, the Fund believes in collective engagement and is a member of the LAPFF, through which it exercises a voice across a range of ESG topics.

The Fund also engages with groups such as Divest Dyfed and Friends of the Earth Wales on a regular basis where there is an exchange of views and informed discussions take place.

In addition, the Fund engages with its members via the annual newsletter, Annual Consultative Meeting and a dedicated website.

Climate Change

The Fund recognises the importance in addressing the financial risks associated with climate change through its Investment Strategy Statement, and believes that:

- Climate change presents a systemic risk to the overall stability of every economy and country, with the potential to impact on the members, employers, and all of the holdings in the Fund's investment portfolio.
- Considering the impacts of climate change is not only the legal or fiduciary duty of the Fund but is also consistent with the long-term nature of the Fund. The Fund's investments

need to be sustainable to be in the best interests of all key stakeholders. To this end, the Fund is committed to transition its investments towards net zero GHG emissions over the medium term. The Fund will regularly report on progress, including establishing intermediate targets, one of which is reducing the carbon intensity of the Fund's equities by at least the Paris aligned target of 7% per annum.

- Engagement is the best approach to enabling the change required to address the Climate Emergency. However selective risk-based disinvestment is appropriate to facilitate the move to a low carbon economy.
- As well as creating risk, it also presents opportunities to make selective investments that achieve the required returns, whilst at the same time make a positive social and environmental impact, such as environmental infrastructure and clean energy and energy efficiency products and services.

The Fund also takes account of WPP's Responsible Investment and Climate Risk Policies.

Human Rights

Societal expectations of companies with regard to human rights are increasing, as are legal and regulatory obligations. There is an increasing expectation on companies to ensure that they protect human rights in line with international, legal and regulatory obligations on a global scale. The Committee recognises its role in supporting this principle and to urge improvement in company practice through its Voting & Engagement activity where this is warranted.

The Committee recognises that it has an obligation to respect human rights as outlined within the UN Guiding Principles on Business and Humans Rights (UNGP's) and to encourage good practice which protects against violation and exploitation. This extends to expecting compliance with normative standards and relevant legislation.

Stewardship activity around human rights is pursued both through the Fund's membership of LAPFF and via the engagement activity undertaken by WPP's Voting and Engagement provider, where the latter has specific focus on engagement themes tied to human rights issues over a three-year time horizon.

The Committee expects these efforts to result in greater transparency in order to drive real world improvements.

Section 10 - Communications Policy Statement

The Dyfed Pension Fund strives to provide a high quality and consistent service to our customers in the most efficient and effective manner possible in an ever changing pensions environment.

The Fund aims to use the most appropriate communication medium for the audiences receiving the information, which may involve using more than one method of communication.

It ensures that all regulatory requirements concerning the provision of Scheme information is continuously met and assessed.

There are **5 distinct groups** with whom the Fund needs to communicate.

Scheme Members

Fund Website

The Fund has established an extensive website which sets out Scheme provisions in a simple and concise manner. Information updates and news items are quickly added to notify members of any Scheme developments. Electronic copies of Fund literature, policies and reports are also readily available to download.

My Pension Online (MPO)

An integrated web portal via the Dyfed Pension Fund website, which allows members to view and update their pension details securely online. Members are able to perform accurate benefit calculations, update their death grant expression of wish and contact details, as well as view their annual benefit statement.

Annual Report and Accounts

An electronic copy of the Fund's Annual Report and Accounts is available to all Scheme members via the My Pension Online service and the website. Hard copies are also available upon request.

Annual Newsletter(s)

The Fund issues an annual newsletter to all active members, covering current pension topics within the Local Government Pension Scheme (LGPS) and the pensions industry in general. The newsletter is also issued to all pensioners, providing notification on pension matters and other matters of interest. Specific single topic newsletters are also published and distributed to members on an ad hoc basis.

Annual Benefit Statements (ABS)

Statements are uploaded automatically to a member's My Pension Online account, or sent directly to their home address if they have chosen not to register and have a hard copy request by 31st August. The active statement sets out the current value of benefits (as at 31st March), a projection to Normal Pension Age, the current value of death benefits. The deferred statement on the other hand shows the up rated value of benefits. Supplementary notes of guidance are provided with each statement.

Bilingual Scheme Literature

An extensive range of Scheme literature is produced by the Dyfed Pension Fund and is supplied to employing bodies and Scheme members directly. This Scheme literature forms part of the data held on the Fund's website.

Statutory Notification

In compliance with Scheme Regulations, members are notified when any change occurs to their pension record, thereby affecting their pension benefits.

Online Seminars

Frequently held to raise member awareness and understanding towards general Scheme provisions. These sessions are currently delivered via Teams.

General Presentations & Courses

The Fund can deliver standard or tailored presentations on a wide range of LGPS related subjects. These sessions can be delivered online via Teams or face to face.

Pension Surgeries

Pension surgeries are available for groups of Scheme members by request, or for individual members on a surgery basis. Meetings can be arranged with the dedicated Communication & Training Officer and can be delivered online via Teams or face to face.

Pre-Retirement Courses

The Fund's dedicated Communication & Training Officer is available to deliver online or face to face pre-retirement courses to inform members who are near retirement about their entitlement and Local Government procedures.

Correspondence

The Fund utilises both surface mail and e-mail to receive and send correspondence. Response will be made in the individuals preferred language of choice. The My Pension Online service also acts as another electronic medium.

Payment Advice / P60

Pensioners are issued with payment advice slips every April and thereafter when a variance of £5 or more occurs, unless they have chosen to utilise the My Pension Online service. P60 notifications are also issued annually in May, providing a breakdown of the annual amounts paid.

Pension Increase Statements

An annual statement is issued to all pensioners pending any increase in the appropriate cost of living index. These are issued electronically to those that have registered to the My Pension Online service.

Existence Validation (Life Certificate Exercise)

The Fund undertakes an annual exercise to establish the continued existence of pensioners in receipt of monthly pension payments via cheque and those living overseas.

Prospective Scheme Members

Scheme Booklet

All prospective Scheme members are provided with a Scheme booklet upon appointment.

Corporate Induction Seminars

The dedicated Communication & Training Officer will deliver a segment at any online employer corporate induction seminar, in order to present to prospective Scheme members the benefits of joining the Scheme. A one-to-one online meeting will also be offered to resolve any individual queries.

Non-Joiner Campaigns

The Fund will request formal notification of non-joiners from Scheme employers. The information will be used to market the Scheme to specific groups, with dedicated literature and campaigns being formulated in conjunction with Scheme employers from time to time.

Online Seminars

As well as being a valuable aid for pensioners and current scheme members, online seminars are used to target specific non-members. This ensures that members receive the information required to make an informed choice towards their pension provision.

Website

The Fund's website contains a specific section for non-joiners. It highlights the benefits of planning for retirement and what's provided by the Scheme so again an informed choice can be made.

Trade Unions

The Fund will endeavour to work with the relevant Trade Unions to ensure the Scheme is understood by all interested parties. Training days for branch officers will be provided upon request, and efforts will be made to ensure that all pension related issues are communicated effectively with the Trade Unions.

Scheme Employers

Annual Consultative Meeting (ACM)

A meeting is held annually for all Scheme employers, at which detailed investment, financial and administrative reports are presented by Officers and Fund Managers. Other speakers may also be invited to discuss certain issues connected to the Pensions Industry.

Periodic Meetings

Periodically meetings are arranged for employers. Specifically this has been used as a means of communicating major strategic issues, significant legislation changes and end of year / triennial valuation matters. These meetings are held online via Teams or face to face.

Email Updates

Regulatory and administrative updates are frequently issued to all employers via email.

Training

Bespoke sessions can be delivered by the dedicated Communication & Training Officer to resolve any administrative training issues identified by the employer, or the Fund. These sessions can be held online via Teams or face to face.

Website

The Fund website has a dedicated Employer section that provides all employers with the guidance needed to effectively discharge their administrative responsibilities. Various publications are also available to download.

Online Submission of Data

Each employer is encouraged to submit a monthly data return via the i-Connect administration portal, with the relevant training and support being provided by the Fund's administration team.

Access to Pensions Administration System

Each employer has the opportunity to access the pension records of their current members to cross reference and check data.

Administration Strategy

Published in compliance with Scheme Regulations, the Administration Strategy defines the responsibilities of both the Fund and all Scheme employers in the administration of the Scheme. The strategy clearly sets out the level of performance expected from the Dyfed Pension Fund and all employers, as well as the consequence of not meeting statutory deadlines.

Fund Staff

Induction

All new members of staff undergo an induction program and are issued with an induction schedule. A periodic appraisal programme is also exercised to review and monitor employee performance and development.

Meetings

Departmental and Section meetings are held on a regular basis. Items arising from such meetings are escalated through to Senior Managers and Chief Officers. Any relevant matters are cascaded to all staff.

Training & Support

The Fund seeks to continually improve the capacity of staff to communicate effectively and to understand the importance of high-quality communication. Both general and pensions specific training is provided by the dedicated Communications & Training Officer and by the Local Government Pensions Committee (LGPC) as part of the Fund's commitment to continual improvement. Staff are also encouraged to undertake relevant professional qualifications (as provided by the Chartered Institute of Payroll Professionals (CIPP)).

Seminars

Fund Officers regularly attend seminars and conferences held by associated bodies to obtain regulatory information and to further their knowledge and understanding. This information is later cascaded to all staff so that service delivery is improved.

Other Bodies

Other Pension Funds

The Fund works continuously to engage with other Pension Funds in Wales to evaluate specific partnership arrangements. The Fund is currently the lead authority within the All Wales Pension Funds Communication Working Group and also forms part of the Welsh Pension Funds Pensions Officer Group and Wales Pension Partnership.

Trade Unions

Details of the Local Government Pension Scheme (LGPS) are brought to the attention of their members by local representatives. They also assist in negotiations under TUPE transfers in order to ensure, whenever possible, continued access to the Scheme.

National Information Forum

These meetings provide an opportunity to discuss issues of common interest and share best practice. The Department for Levelling Up, Housing & Communities (DLUHC) and the Local Government Pensions Committee (LGPC) are represented at each meeting.

Seminars

Fund Officers regularly participate at seminars and conferences held by LGPS related bodies.

Section 11 - Glossary

Active Management – A mark through either Asset Allocation, Market Timing or Stock Selection (or a combination of these). Directly contrasted with Passive Management.

Actuary – An independent consultant who advises on the viability of the Fund. Every three years the actuary reviews the assets and liabilities of the Fund and reports to the County Council as administering authority on the financial position and the recommended employers' contribution rates. This is known as the actuarial valuation.

Asset Class – A specific area/type of investment e.g. UK Equities, overseas Equities, Fixed Income, Cash.

Benchmark Return – The benchmark return is the return that would be achieved if the Fund Manager had not deviated from the weightings of each asset class given to them by the Pension Committee and had achieved returns in each of these asset classes consistent with the average return of all Local Authority Funds for that class. The Benchmark weightings of asset classes is outlined within the Investment Strategy Statement.

Corporate Governance – Issues relating to the way in which a company ensures that it is attaching maximum importance to the interests of its shareholders and how shareholders can influence management.

Equities – Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are normally entitled to vote at shareholders' meetings.

Fixed Interest Securities – Investments in mainly government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a stated future date, but which can be traded on the Stock Exchange in the meantime.

Fund Manager – A person or company to whom the Investment of the whole or part of the assets of a fund is delegated by the Trustees.

Investment – An asset acquired for the purpose of producing income and Capital Gain for its owner.

Independent Investment Adviser – A professionally qualified individual or company whose main livelihood is derived from providing objective, impartial Investment advice to companies, pension funds or individuals, for a stated fee.

Market Indicators – (i) The movement in stock market are monitored continuously by means of an Index made up of the current prices of a representative sample of stock. (ii) Change in the rates at which currencies can be exchanged.

Market Value – The price at which an investment can be sold at a given date.

Out performance/Under performance – The difference in Returns gained by a particular fund against an 'Average' Fund or an Index over a specified time period i.e. a Target for a fund may be out performance of a Benchmark over a 3-year period.

Passive Management – (also called Indexation/Index Tracking) A style of Investment Management which aims to construct a Portfolio in such a way as to provide the same Return as that of a chosen Index i.e. Stocks are purchased to be as representative as possible of the makeup of the Index. Contrasts with Active Management.

Performance – A measure, usually expressed in percentage terms, of how well a fund has done over a particular time period – either in absolute terms or as measured against the ‘Average’ Fund or a particular Benchmark.

Performance Measurement – A service designed to help investors evaluate the performance of their investments. This usually involves the comparison of a fund’s performance with a selected Benchmark and/or with a Universe of similar funds. The main Performance Measurement Companies are Northern Trust, which the Dyfed Pension Fund uses, and PIRC.

Portfolio – A collective term for all the investments held in a fund, market or sector.

Preserved Benefits – The pension benefits payable from normal retirement age to a member of the Fund who has ceased to contribute as a result of leaving employment or opting out of the Pension scheme before normal retirement age.

Return – The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Risk – Generally taken to mean the Variability of Returns. Investments with greater risk must usually promise higher returns than more ‘stable’ investments before investors will buy them.

Transfer Value – Payments made between funds when contributors leave service with one employer and decide to take the value of their contributions to their new fund.

Unrealised Increase/(Decrease) in Market Value – The increase/(decrease) in market value, since the purchase date, of those investments held at the year end.

Contacting the Fund

Chris Moore

Director of Corporate Services

CMoore@carmarthenshire.gov.uk

Fund Investments

Anthony Parnell

Treasury & Pension Investments Manager

AParnell@carmarthenshire.gov.uk

Martin Owens

Pension Investment Officer

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Jason Williams

Assistant Accountant

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Fund Administration

Kevin Gerard

Pensions Manager

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Martin Morgan

Deputy Pensions Manager

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Jessica Turnbull-Guy

Communications & Training Officer

JTurnbull-Guy@carmarthenshire.gov.uk

Alternatively, for any queries regarding **Member Benefits**, please email pensions@carmarthenshire.gov.uk or telephone:

Surname A – G 01267 224053

Surname H – O 01267 224909

Surname P – Z 01267 224054

GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

DYFED PENSION FUND AUDIT OF FINANCIAL STATEMENTS REPORT		
Purpose:		
The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Dyfed Pension Fund at 31 March 2023		
Recommendations / key decisions required:		
To receive the Audit Wales Audit of Financial Statements report for the Dyfed Pension Fund Accounts 2022-23.		
Reasons:		
The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Dyfed Pension Fund at 31 March 2023.		
Relevant scrutiny committee to be consulted NA		
Cabinet Decision Required	NO	
Council Decision Required	NO	
CABINET MEMBER PORTFOLIO HOLDER:- Cllr. Alun Lenny		
Directorate: Corporate Services Name of Head of Service: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel: 01267 224120 Email address: CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

DYFED PENSION FUND AUDIT OF FINANCIAL STATEMENTS REPORT
--

The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the position of Dyfed Pension Fund at 31 March 2023. This report summarises the findings from the audit undertaken.

DETAILED REPORT ATTACHED?	YES
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IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

Legal

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER 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 (as amended 2018)		Corporate Services Department, County Hall, Carmarthen.

Audit of Accounts Report – Dyfed Pension Fund

Audit year: 2022-23

Date issued: October 2023

Document reference: 3793A2023

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

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

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

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

Contents

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

Audit of Accounts Report

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Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these issues with the Director of Corporate Services and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £31.3 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Key Management Personnel Disclosures – £1,000
 - Related Party disclosures – £10,000
- 6 The timetable for completion of the audited accounts is set out in **Exhibit 1**.

Exhibit 1 – accounts timetable

Timetable	<ul style="list-style-type: none">• The deadline for completing your accounts was 31 July 2023.• We received the draft accounts on 7 July 2023.• Our deadline for completing the audit is 30 November 2023.• We expect your audit report to be signed on 2 November 2023.
------------------	--

- 7 We have now substantially completed this year's audit but at the time of drafting this report, the following work is outstanding:
 - the final review of our audit file
- 8 We will provide a verbal update on this outstanding item at the Audit and Governance Committee on 27th October 2023.
- 9 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Proposed audit opinion

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

Significant issues arising from the audit

Uncorrected misstatements

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

Corrected misstatements

- 15 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

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

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

27 October 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Dyfed Pension Fund for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Dyfed Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 29 September 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Director of Corporate Services

Date:

Signed by:

Chair of the Governance and Audit
Committee

Date:

Appendix 2

Proposed audit report

The independent auditor's report of the Auditor General for Wales to the members of Carmarthenshire County Council as administering authority for Dyfed Pension Fund

Opinion on financial statements

I have audited the financial statements of Dyfed Pension Fund for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004. Dyfed Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Dyfed Pension Fund as at 31 March 2023 and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 58-59, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Dyfed Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Dyfed Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Dyfed Pension Fund's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- obtaining an understanding of Dyfed Pension Fund's framework of authority as well as other legal and regulatory frameworks that Dyfed Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Dyfed Pension Fund.
- obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the pension committee; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Dyfed Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Dyfed Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales

2 November 2023

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Appendix 3

Summary of corrections made

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

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Inclusion of a Post Balance Sheet Events Note (No overall effect on the primary statements)	Post Balance Sheet Events Note The CIPFA code requires a disclosure regarding any event both favourable or unfavourable that occurs between the end of the reporting period and the date the financial statements are authorised for issue. The financial statements were updated to include a Post Balance Sheet Events note.	To ensure that the financial statements comply with the relevant standards (CIPFA Code)
Explanation for movement in Fair Values (No overall effect on the primary statements)	Notes 13.5 and 13.6 Investments Fair Values Investments of £89.9m had been incorrectly classified by a Fund Manager as a Level 3 investment in 2021-22 whereas they should have been classified as a Level 2 investment. This information became available to officers during 2022-23 and the draft financial statements reflected this movement in the disclosures within Notes 13.5 and 13.6. Given the values involved, the financial statements were updated to include additional narrative to explain this.	To ensure that users of the financial statements are provided with sufficient information to understand the disclosures.
Various (No overall effect on the primary statements)	A couple of minor amendments were made to the financial statements relating to either revisions to disclosures of information or narrative changes.	To ensure the accuracy of the financial statements.



Audit Wales

1 Capital Quarter, Tyndall Street
Cardiff CF10 4BZ

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E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

DYFED PENSION FUND LETTER OF REPRESENTATION TO AUDIT WALES		
Purpose: The Committee's formal acknowledgement of the Director of Corporate Services' response is required by Audit Wales.		
Recommendations / key decisions required: To acknowledge the Letter of Representation from the Director of Corporate Services and the Chair of the Governance & Audit Committee to Audit Wales – Dyfed Pension Fund.		
Reasons: The Committee's formal acknowledgement of the Director of Corporate Services' response is required by Audit Wales.		
Relevant scrutiny committee to be consulted NA		
Cabinet Decision Required		NO
Council Decision Required		NO
CABINET MEMBER PORTFOLIO HOLDER:- Cllr. Alun Lenny		
Directorate: Corporate Services Name of Head of Service: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel: 01267 224120 Email address: CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

**DYFED PENSION FUND
LETTER OF REPRESENTATION TO AUDIT WALES**

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

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

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER AWARE/CONSULTED**

No

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

Eich cyf / Your ref:

Gofynner am / Please ask for: Chris Moore

Fy nghyf / My ref:

Llinell Uniongyrchol / Direct Line: 01267 224120

Dyddiad / Date: 27th October 2023

E-bost / E-mail: C.Moore@carmarthenshire.gov.uk

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Dyfed Pension Fund for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Chris Moore FCCA

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

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



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

You are welcome to contact me in Welsh or English

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects Dyfed Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 27 October 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Director of Corporate Services

Chair of the Governance and Audit
Committee

Date: 27 October 2023

Date: 27 October 2023

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

AUDIT ENQUIRIES TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT		
Purpose: To give Audit Wales assurance on a number of governance areas that impact on their audit of the financial statements.		
Recommendations / key decisions required: To approve the responses to the requests made of both management and the Governance & Audit Committee as detailed in the report.		
Reasons: To give Audit Wales assurance on a number of governance areas that impact on their audit of the Dyfed Pension Fund financial statements.		
Relevant scrutiny committee to be consulted NA		
Cabinet Decision Required		NO
Council Decision Required		NO
CABINET MEMBER PORTFOLIO HOLDER:- Cllr. Alun Lenny		
Directorate: Corporate Services Name of Head of Service: Chris Moore Report Author: Chris Moore	Designations: Director of Corporate Services, Carmarthenshire County Council	Tel: 01267 224120 Email address: CMoore@carmarthenshire.gov.uk

**EXECUTIVE SUMMARY
GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

**AUDIT ENQUIRIES TO THOSE CHARGED WITH
GOVERNANCE AND MANAGEMENT**

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

The areas of governance on which they are seeking views:

1. Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behaviour; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2. Management's awareness of any actual or alleged instances of fraud.

3. How management gain assurance that all relevant laws and regulations have been complied with.

4. Whether there is any potential litigation or claims that would affect the financial statements.

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

The information provided informs their understanding of the Dyfed Pension Fund and its business processes and supports their work in providing an audit opinion on the 2022-2023 financial statements.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: **C Moore**

Director of Corporate Services

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

CONSULTATIONS

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

Signed: C Moore

Director of Corporate Services

1. Scrutiny Committee

NA

2. Local Member(s)

NA

3. Community / Town Council

NA

4. Relevant Partners

NA

5. Staff Side Representatives and other Organisations

NA

**CABINET MEMBER PORTFOLIO
HOLDER 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
2022-23 accounts closure working papers		Corporate Services Department, County Hall, Carmarthen.

1 Capital Quarter
Tyndall Street / Stryd Tyndall
Cardiff / Caerdydd
CF10 4BZ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

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

Reference: DPF 22-23

Date issued: 31 March 2023

Dear Chris

Audit enquiries to those charged with governance and management

- The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.
- This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management of the Dyfed Pension Fund and 'those charged with governance' (Governance & Audit Committee).

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

- Matters in relation to fraud
- Matters in relation to laws and regulations
- Matters in relation to related parties

The information you provide will inform our understanding of the Dyfed Pension Fund and its business processes and support our work in providing an audit opinion on your 2022-23 financial statements.

I would be grateful if you could update the attached table in **Appendix 1** to **Appendix 3** for 2022-23.

The completed **Appendix 1** to **Appendix 3** should be formally considered and communicated to us on behalf of both management and those charged with governance by 30 June 2023. In the meantime, if you have queries, please contact Jason Blewitt on 07970737478 or jason.blewitt@audit.wales.

Yours sincerely



Derwyn Owen

Engagement Director

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements. This standard has been revised for 2022-23 audits.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which for the Pension Fund is the Governance & Audit Committee. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures, we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

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

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks, and the internal controls established to mitigate them.

Enquiries of management – in relation to financial reporting

Question	2022-23 Response
Are there any significant matters or events which have occurred during the year which could influence our audit approach or the financial statements?	No
What are your general views on the entity's risk assessment process relating to financial reporting?	It is management's opinion that the risk relating to financial reporting is low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. Reconciliations are performed on a regular basis to ensure the integrity of the ledger. Extensive working papers are in place which feed into the accounts. Reconciliations, working papers and accounts are audited each year by Audit Wales.
Are you aware of significant transactions that are outside the normal trading activities of the business?	No
Are you aware of any transactions, events or changes in circumstances that would cause impairments of non-current assets?	No

Enquiries of management – in relation to financial reporting

Question	2022-23 Response
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	No
Have there been any changes in accounting policies in relation to significant estimates?	No
Have there been any issues that may impact the preparation of the accounts identified so far?	No
Do you have knowledge of events or conditions beyond the period of the going concern assessment that may cast significant doubt on the entity's ability to continue as a going concern?	No

Enquiries of management – in relation to fraud

Question	Response
<p>What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>It is management's opinion that the risk of material misstatement of the financial statements due to fraud are low due to the checks and controls that are in place. The Authority has an adequate and effective control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place. Risk Management and the Control Framework are sound and operated consistently. The Authority has an established Constitution, has developed Policies, and approved Financial Procedure Rules that provide advice and guidance to all staff and members. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service. The Authority participates in NFI.</p>
<p>Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>No</p>
<p>What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service. Internal Audit aims to provide a pro-active</p>

Enquiries of management – in relation to fraud

Question	Response
	<p>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. Pension Fund participates in NFI, undertakes mortality screening of pensioners.</p>
<p>What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>Transfers out of the Pension Scheme – pension scams. High value transactions made to investment managers – possibility of receiving fraudulent bank details.</p>
<p>Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?</p>	<p>No</p>
<p>What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>The Annual Report from the designated “Head of Audit” (Head of Revenues & Financial Compliance) to the Governance & Audit Committee provides an opportunity to summarise issues relating to fraud or to report any individual cases which have reached a conclusion. Any significant case of fraud concluding during the year could form a separate Agenda Item to appraise the Committee of the facts of the individual case and advise of the control</p>

Enquiries of management – in relation to fraud	
Question	Response
	measures either already put in place or to be put in place to minimise the risk of any recurrence.
What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?	<p>The Authority's has an Anti-Fraud and Anti-Corruption Strategy which is available on the Authority's Intranet</p> <p>The Authority has an established Code of Conduct for Members and Staff, and a whistleblowing policy.</p> <p>All staff are required to make an annual declaration of personal interests and are reminded of the Officers code of Conduct.</p>

Enquiries of those charged with governance – in relation to fraud

Question	Response
<p>Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?</p>	<p>No</p>
<p>What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>It is management's opinion that the risk of fraud is minimal. There are robust controls in place within the Pension Investment and Administration teams. These include adequate segregation of duties and established approval processes. Reconciliations are also carried out which would assist in identifying any fraud.</p>
<p>How do you exercise oversight of:</p> <ul style="list-style-type: none"> • management's processes for identifying and responding to the risk of fraud in the audited body, and • the controls that management has established to mitigate these risks? 	<p>Undoubtedly one of the most effective methods of preventing or minimising fraud is through ensuring robust systems are in operation, which reduce the opportunity for individuals to defraud the Authority. The Authority has an Internal Audit team with responsibility for providing ongoing fraud detection and prevention service covers all areas. Internal Audit aims to provide a pro-active approach to fraud and staff are mindful of the potential for fraud in relation to</p>

Enquiries of those charged with governance – in relation to fraud

Question	Response
	all systems under review. All Internal Audit staff have received Fraud awareness training.

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that the Pension Fund's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether the Pension Fund is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
<p>What are the policies and procedures in place to identify applicable legal and regulatory requirements to ensure compliance?</p>	<p>Changes to Local Government Pension Scheme regulations are issued by Department for Levelling Up, Housing & Communities.</p> <p>Correspondence received from Scheme Advisory Board (SAB). Regular member and officer attendance at training events and conferences to ensure up to date knowledge of legal and regulatory compliance. Increased collaboration with other funds also assists in ensuring compliance.</p>
<p>Are you aware of any instances of non-compliance with laws or regulations? Is the entity on notice of any such possible instances of non-compliance?</p>	<p>No</p>
<p>What policies and procedures are in place for identifying, evaluating and accounting for litigation claims and assessments?</p>	<p>Litigation against the LGPS would have to be dealt with centrally by Department for Levelling Up Housing & Communities and any resultant action would be applied Nationally.</p>

Enquiries of management – in relation to laws and regulations

Question	2022-23 Response
Have there been any examinations or inquiries performed by licensing, tax or other authorities/regulators?	No
Are there any potential litigations or claims that would affect the financial statements?	No
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No

Enquiries of those charged with governance – in relation to laws and regulations

Question	2022-23 Response
Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No
How does the Governance & Audit Committee, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	Reliance on Internal Audit, Monitoring Officer, Section 151 Officer, Letter of representation and Audit Wales feedback.

Enquiries of management – in relation to control environment and IT systems

Question	2022-23 Response
Have there been any changes to significant IT systems or applications in the period?	No significant changes. Sharepoint introduced to replace Council File Plan.

Enquiries of management – in relation to risk and governance

Question	2022-23 Response
How do you communicate to those charged with governance regarding business risks including fraud?	Extensive risk register in place for the Fund. The register is reviewed quarterly and taken to both Pension Committee and Pension Board at each meeting.
What is the allocation of responsibilities between those charged with governance and management?	<p>Officers prepare the risk register and review it quarterly. This includes ensuring risks are appropriately identified and that mitigations in place remain appropriate and effective. Consideration would also be given to if new risks need to be identified and what mitigations can be put in place.</p> <p>Pension Committee review the risk register at each meeting and any changes are highlighted to them. The risk register also goes to each meeting of the Pension Board who also provide scrutiny.</p>
What procedures are in place to ensure the compliance and completeness of Governance reports?	Established processes in place, conferences attended by members and officers to receive any updates in terms of changes to reporting requirements. Governance Policy and Governance Compliance Statement reviewed and updated as necessary.

Enquiries of management – in relation to risk and governance

Question	2022-23 Response
What procedures are in place to ensure the compliance and completeness of Sustainability reports?	No requirement in terms of sustainability reporting for the Fund yet due to its size. Ongoing work with WPP to gather the necessary information to ensure compliance with reporting requirements once these are in place e.g. TCFD reporting.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions. The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

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

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2022-23 Response
<p>Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.</p>	<p>No</p>
<p>What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.</p>	<p>Only related party for the Fund is Carmarthenshire County Council (administering authority of the Fund). Disclosure in both CCC and DPF accounts to reflect transactions between organisations.</p>
<p>What controls are in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Established processes in place, transactions in the main relate to Pension contributions by CCC into the Fund.</p> <p>Confirmation given in the Letter of Representation that related party relationships and transactions have been appropriately accounted for and disclosed.</p>

Enquiries of management – in relation to related parties

Question	2022-23 Response
<p>What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none">• with related parties, and• outside the normal course of business?	<p>Enquires made of approved officers and members for details of any potential related party transactions. Evidence subjected to audit by Audit Wales.</p>

Enquiries of those charged with governance – in relation to related parties

Question	2022-23 Response
<p>How does the Governance & Audit Committee, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>Disclosure made in the statement of Accounts which is approved by the Governance & Audit Committee, Letter of Representations and feedback from Audit Wales.</p>

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

INTERNAL AUDIT PLAN UPDATE 2023/24		
Recommendations / key decisions required: To receive the report.		
Reasons: Regular progress report to be presented to each Governance & Audit Committee meeting.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A		
Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr A Lenny		
Directorate: Corporate Services Name of Head of Service: Helen Pugh Report Author: Caroline Powell	Designation: Head of Revenues and Financial Compliance Principal Auditor	Tel No.: 01267 246223 E Mail Address: HLPugh@carmarthenshire.gov.uk CaPowell@carmarthenshire.gov.uk

**GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

INTERNAL AUDIT PLAN UPDATE 2023/24

To provide Members with progress of the Internal Audit Plan. The following Report is attached:

Internal Audit Plan 2023/24 Progress Report

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

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

Finance

Reviews carried out to ensure systems in place comply with the Authority's Financial Procedure Rules.

CONSULTATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

CABINET PORTFOLIO HOLDER(S)
AWARE/CONSULTED: Yes

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 2023/24	G&AC 17-03-23	Agenda for Governance & Audit Committee on Friday, 17th March, 2023, 10.00 am

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INTERNAL AUDIT PLAN 2023/24

2023/24 % Plan Completion to Date: 39.0%

Job No	Departments	Days Planned	Pre-Audit Meeting	Terms of Reference Issued	Commenced	Field Work Complete	Draft Report Issued	Complete / Final Report Issued	Actual Days	Assurance Rating / Engagement Type
Fundamental Audits										
1123001	Budget Setting & Monitoring	15								
1123002	Council Tax	20								
1123003	Creditor Payments	30								
1123004	Deputyships	20	*	*	*					
1123005	Main Accounting	20	*	*	*	*	*			
1123006	Payroll System	30								
1123007	Petty Cash / Sundry Expenses	15	*	*	*	*				
1123008	Treasury Management - Loans & Investments	15	*	*	*					
Corporate Review Work										
2123001	CCC Companies Governance	20	*							
2123002	Contract Management	20								
2123003	Procurement	20	*	*	*					
2123004	Safeguarding	20								
2123005	Staffing Matters	20	*	*						
Corporate Governance Assurance										
3123001	Corporate Governance Arrangements	20	*							
3123002	Data Protection	20	*	*	*	*	*			
3123003	Declaration of Interests	20								
3123004	Corporate Strategy / Policy Making	20								
3123005	Wellbeing of Future Generations Act	20								
Duplication Checks										
4123001	Payments Duplication Checks	40	/	/	*					
Counter Fraud										
5123001	Fraud Prevention, Detection and Investigation	40	/	/	*					
5123002	Proactive Fraud Testing	20	/	/	*					
5123003	National Fraud Initiative	20	/	/	*	*				
Grants & Certification										
6123001	Burry Port Harbour	10	*	*	*	*	*	*	6	Certification
6123002	Children & Communities Grant	25	*	/	*	*	*	*	14	Certification
6123003	Education Improvement Grant	30	*	/	*	*				
6123004	Enable Grant	10	*	/	*	*	*	*	8	Certification
6123005	Housing Support Grant	40	*	/	*	*				
6123006	Local Authority Education Grant	20	*	/	*	*	*	*	21	Certification
6123007	Other Grants (where assurance is required for sign-off)	15	*	/	*					
6123008	Wales Pension Partnership	5	*	/	*	*	*	*	4	Certification
6123009	Post 16 Grant	10	*	/	*					

6123010	Pupil Development Grant	30	*	/	*	*					
6123011	Youth Justice Grant 2022-23	15	*	/	*						
6123012	Trust Funds - Arbour Stehpens	5	*	*	*	*	*	*	4	Certification	
6123013	Trust Funds - Dyfed Welsh Church Fund	5	*	*	*	*	*	*	5	Certification	
6123014	Trust Funds - Minnie Morgan	5	*	*	*	*	*	*	3	Certification	
6123015	Trust Funds - Oriel Myrddin	5	*	*	*	*	*	*	4	Certification	
6123016	Regional Development Coordinator	5	*	/	*	*					
	Chief Executive's Department (not incl IT)										
7123001	Levelling Up Fund: Debenhams HWBS and Tywi Cycle Path	20									
7123002	Communications: Social Media	10									
7123003	Carmarthen Mart	10	*	*	*						
7123004	Legal Charges	15									
	Chief Executive's Department: IT										
7223001	IT Systems	20									
7223002	IT Disaster Recovery	15									
7223003	Active Directory	15	*	*	*	*	*	*	15	Acceptable	
7223004	Cloud	10	*	*	*	*	*	*	14	Acceptable	
	Communities										
7323001	Pembrey Country Park	20	*	*	*						
7323002	Caban Hotel Pendine	10	*	*	*	*	*				
7323003	Leisure Centres	20	*	*	*						
7323004	Voids - Follow up	10	*	*	*	*	*				
7323005	Supported Living	15									
7323006	Care Homes	20	*	*	*	*	*				
7323007	Museum of Land Speed Pendine	10	*	*	*						
	Corporate Services										
7423001	Community Benefits	15	*	*	*	*	*	*	20	Acceptable	
7423002	Dyfed Pension Fund - Governance & Investments	15	*								
	Education & Children										
7523001	Children's Services: Carers, including Young Carers	15									
7523002	School Meals Allergens - Follow Up	10	*	*	*						
7523003	Schools Questionnaires	20	/	/	*	*					
7523004	School Visits 1	10	*	/	*	*					
7523005	School Visits 2	10									
7523006	Parent Pay	15	*								
7523007	Pupil Referral Units	15									
	Place and Infrastructure										
7623001	Car Parking	15	*	*	*						
7623002	Place & Sustainability	15	*	*	*						
7623003	Council Buildings (School & Non-School)	20									
7623004	Highways	15	*	*	*						

7623005	Waste	15								
7623006	Property	15	*	*	*					
	Additional									
8123001	Departmental Advisory Work	50	/	/	*					
8223001	Various Departmental Working Groups	30	/	/	*					

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

CARMARTHENSHIRE COUNTY COUNCIL'S CORPORATE RISK REGISTER 2023/24

Recommendations / key decisions required:

- To receive the Corporate Risk Register

Reasons:

- To ensure that the Governance and Audit Committee are made aware of the Corporate Risks

Relevant scrutiny committee to be consulted: N/A

Cabinet Decision Required: No

Council Decision Required: No

CABINET MEMBER PORTFOLIO HOLDER: Cllr A Lenny

Directorate:

Corporate Services

Name of Head of Service:

Helen Pugh

Report Author:

Helen Pugh

Designation:

Head of Revenues and
Financial Compliance

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HLPugh@carmarthenshire.gov.uk

GOVERNANCE & AUDIT COMMITTEE

27 OCTOBER 2023

CARMARTHENSHIRE COUNTY COUNCIL'S CORPORATE RISK REGISTER 2023/24

The Authority maintains a Corporate Risk Register to evaluate its exposure to key strategic risks. The Corporate Assessment recommended that the Corporate Risk Register as agreed by CMT should be shared with the Governance & Audit Committee. Review and monitoring of the Corporate Risk Register is delegated to the Governance & Audit Committee in line with the Terms of Reference of the Committee.

The Register will be reviewed by the Governance & Audit Committee at its March and September meetings.

Removal of risks from the Corporate Risk Register

CRR190066 – *Insufficient numbers of social work and care staff to provide sufficient assessment and care capacity which provides a risk to vulnerable people in not having needs assessed and being unsupported and potentially unsafe in the community.*

Approval given by CMT to remove, but the situation is closely monitored on an ongoing basis at departmental level, should the position deteriorate in the future, further discussion for escalation of risk to be considered. Risk CRR190067 remains on the register regarding the staffing requirement to provide support to vulnerable adults.

CRR190013 – *Delivery of the City Deal (Outcomes / Budget)*

Approval given by CMT to remove – now operational and embedded, note the risk is transferred to Chief Executive's Departmental Risk Register for monitoring.

CRR190026 – *Ash die back and the risk to public safety.*

Approval given by CMT to remove – assessments and follow up actions regularised into normal highways management - scheduled highway inspections routinely take into account the presence of defective trees, and referred to Tree safety Officer for further inspection and determination of appropriate action implemented.

CRR190046 - *Covid19 – Strategic- Failure to ensure the expected progress and outcomes of all Carmarthenshire learners for the period that operation of schools and learning establishments are affected by the pandemic.*

Approval given by CMT to remove – risk directly related to COVID. Note: Strategic risk already included in the register CRR190018 – Failure to deliver a quality Education Service.

CRR190065 - *Failure to determine or secure Extension of Time (EOT) for Planning applications which are outside the determination date.*

Approval given by CMT to remove – as regularly reported consistent progress has been made – considered now to be a Departmental Risk.

CRR190030 - *Risk to social care delivery/business continuity in relation to in-house and externally commissioned domiciliary care, residential care and day services due to fluctuating instances of Covid-19 transmission across the workforce and associated staff absence.*
Approval given by CMT to remove – risk raised in response to Covid, note that there is an overarching authority wide risk CRR190061 attracting, recruiting and retaining staff risk on the CRR.

CRR190064 - *Failure to address Significant performance issues in development management are undermining effective service delivery in planning.*
Approval given by CMT to remove – due to improvement in performance. To be monitored at Departmental level.

CRR190051 - *Covid19 – Strategic Failure to recover from the COVID19 impact and non-delivery of departmental objectives.*
Approval given by CMT to remove – risk directly related to Covid.

New risks added to the Corporate Risk Register

CRR190078 - Failure to address recent concerns regarding the presence of Reinforced Autoclaved Aerated Concrete (RAAC) in non-housing properties.

CRR190079 - Managing Premises with emphasis of Fire Safety in the Hybrid working environment.

New risks suggested but decision taken that they should be managed through Departmental Risk Registers

NONE

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

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

Risk Aims of the Corporate Risk Register to collate strategic risks facing the Authority.

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

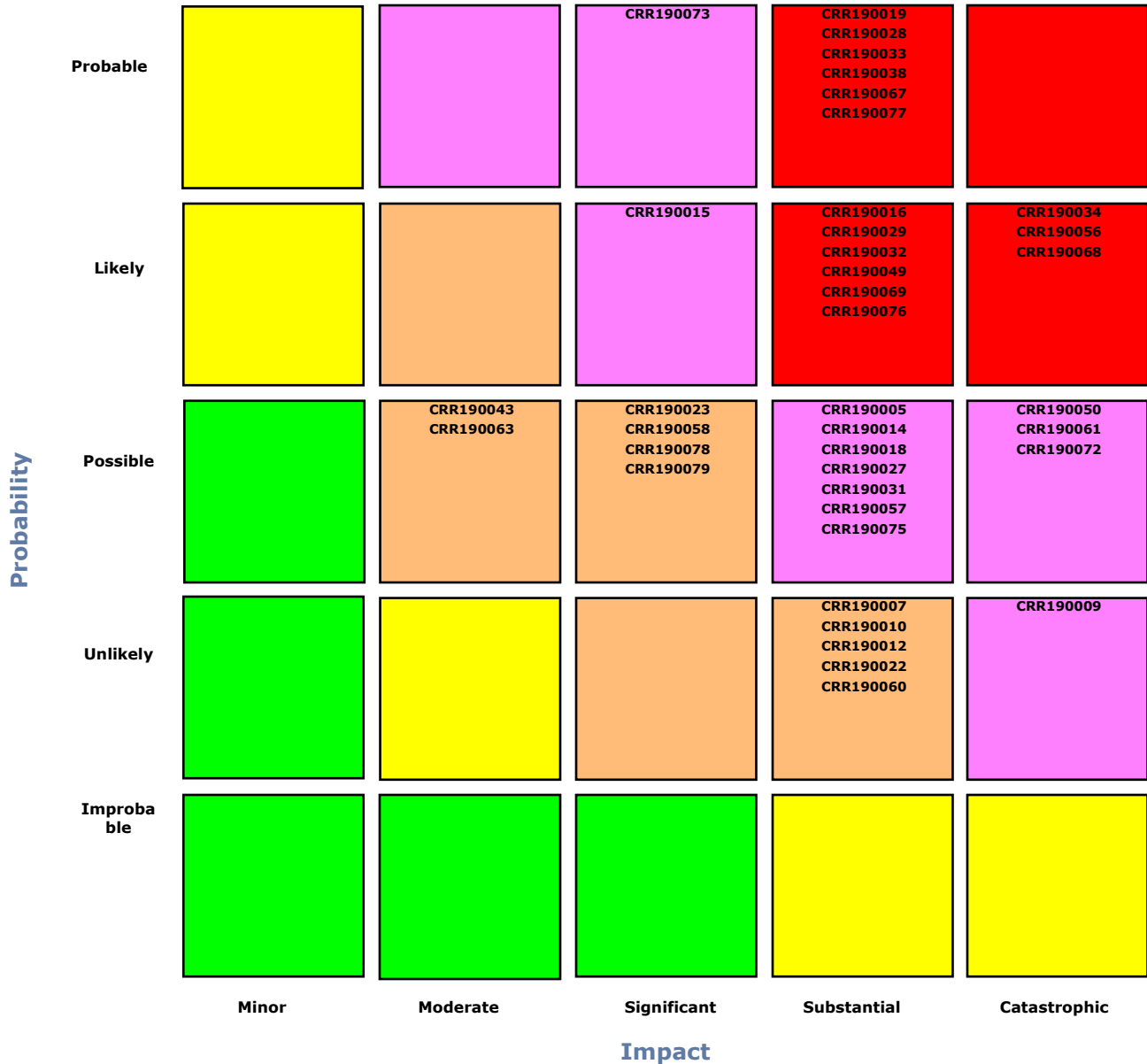
1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

CABINET PORTFOLIO HOLDER(S)
AWARE/CONSULTED: No

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

Carmarthenshire Corporate Risk Register Heatmap



Detailed Risk Information

Current Risk Rating	Risk Ref	Details	Assigned To
20	CRR190019	Failure to ensure that schools effectively manage their resources and respond to the challenges of reduced funding	Director of Education & Children Services
20	CRR190028	School Leadership - Our ability to recruit and retain high quality and resilient school leaders who can respond to and deal with the transformation of education in Wales	Director of Education & Children Services

Detailed Risk Information

Current Risk Rating	Risk Ref	Details	Assigned To
20	CRR190033	<p>Extreme Weather Event - Operational Risk</p> <p>The physical effects of more frequent and intense weather patterns including storms and significant heat extremes conditions that compromise and stretch our operational ability to respond to widespread and prolonged emergencies both in the immediate response phase and recovery phase of a flood event, whilst also maintaining normal services. This will also include the risk of managing the public's expectation as the Council cannot respond to all requests for help during storm conditions. Response is curtailed by the resources available and the priorities at the time.</p>	Corporate Management Team
20	CRR190034	<p>Cyber Risk such as:</p> <ul style="list-style-type: none"> - Ransomware or malware infection - Denial of Service Attack (DOS) - Unauthorised network access (hacking) - External and Internal - Phishing Email Attack - staff approach - Increased risk of cyber crime due to phishing and malware attacks exploiting Covid-19 	Head of ICT & Policy
20	CRR190038	Increasing sickness absence and management of stress in the workplace.	Assistant Chief Executive
20	CRR190056	Ensuring that the Authority effectively manages its financial resources and responds to the challenges of reduced funding (formerly CRR190004)	Director of Corporate Services/Head of Financial Services
20	CRR190067	Lack of availability of domiciliary care to support vulnerable adults which leads to the risk of people being unsupported and potentially unsafe in the community, as well as people being delayed leaving hospital preventing others being able to access urgent medical treatment.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning
20	CRR190068	Continued deterioration of the condition of highways infrastructure and assets. Failure to address maintenance backlog (£63 million), as a consequence of falling investment levels leading to high levels of demand and Increased level of claims.	Director of Place & Infrastructure/Head of Transportation & Highways
20	CRR190077	Significant operational pressures within the Fleet Services unit including a difficulty to retain or recruit skilled technicians and technical support staff, as well as vehicle supply chain pressures (hire/lease/purchase) combined with escalating parts, materials costs and fuel costs.	Director of Place & Infrastructure/Head of Transportation & Highways
16	CRR190016	Delivery of the Authority's Waste Management and Recycling Strategy to ensure that we meet our statutory recycling targets and wider obligations including improvements to the quality of recyclable materials to support circular economy principles and reduce carbon outputs in accordance with Welsh Governments Beyond Recycling national strategy	Head of Waste & Environmental Services
16	CRR190029	<p>Net Zero Carbon</p> <p>Failure to deliver the Council's commitment to become a net zero carbon local authority by 2030</p>	Director of Place & Infrastructure/Head of Place and Sustainability


Detailed Risk Information

Current Risk Rating	Risk Ref	Details	Assigned To
16	CRR190032	Flood - Strategic Risk The physical effects of more frequent and intense storm conditions that compromise homes, businesses, essential infrastructure and services. This will also include the risk of managing the public's expectation that the Council can completely address, control and mitigate all flood risks regardless of source or asset owner.	Director of Place & Infrastructure
16	CRR190049	Risk of local business and economy not recovering from the cost-of-living crises and rises in energy and inflation.	Head of Regeneration
16	CRR190069	Contractor and internal capacity issues leading to a high backlog of housing responsive repairs and housing voids which reduces the number of homes available to let and a delay in repairs being completed.	Director of Communities
16	CRR190076	Failure to secure the full extent of home-to-school transport services from third party providers due to a range of economic and market specific issues including increasing fuel costs, driver and maintenance technician shortages across the industry, supply market challenges (vehicles and parts) and an increasing complexity in demand management.	Director of Place & Infrastructure/ Head of Transportation & Highways
15	CRR190050	Risk of contractor and suppliers failing to deliver projects/schemes, because of highly volatile macro economic conditions and inflation/disruption to suppliers, service goods and materials, which has an impact of the non-delivery of capital works. <ul style="list-style-type: none"> - Failure to meet grant expenditure conditions. - contractors resources depleted - contract failure - cost increases - sourcing materials - Contractors unwilling to carry out work at framework prices 	Director of Place & Infrastructure
15	CRR190061	Attracting, recruiting and retaining talent	Assistant Chief Executive
15	CRR190072	Deterioration of the condition of school and non-school buildings due to resource pressures (financial and human) necessitating postponement of timely interventions	Director of Place & Infrastructure / Property Maintenance Manager
15	CRR190073	Ensure effective Business Continuity Arrangements are in place.	Corporate Management Team
12	CRR190005	Ensuring effective management of Grant Funding (including accessing Grant Funding) Threat of having to repay significant Grant monies. Failure to manage grants and maximise on the funding resources available Failure to secure funding Failure to deliver current projects within the set timescales Failure to deliver outputs in line with the T&Cs of grant paying department	Director of Corporate Services
12	CRR190014	Delivery of the Pentre Awel Project (Outcomes / Budget)	Chief Executive
12	CRR190015	Delivery of the Approved Capital Programme (Outcomes / Budget)	Director of Corporate Services
12	CRR190018	Failure to deliver a quality Education Service	Director of Education & Children Services

Detailed Risk Information

Current Risk Rating	Risk Ref	Details	Assigned To
12	CRR190027	Fraud & Corruption The cost of fraud to the Welsh Public Sector is estimated to be in the region of between £100million and £1billion annually (as reported by Audit Wales)	Head of Revenues & Financial Compliance/Director of Corporate Services
12	CRR190031	Failure to comply with the requirements of the Local Government and Elections (Wales) Act	Corporate Management Team
12	CRR190057	Maintain and develop an effective Local Development Plan	Head of Place & Sustainability
12	CRR190075	Continuing to improve the way we respond to the current pressures on Homeless Services through innovative working practices, support, flexibility and investment. Failure to do so will result in us not meeting housing need, increasing homelessness, an unsustainable service and residents not having the right home at the right time.	Director of Communities
10	CRR190009	Deliver Effective Safeguarding Arrangements - Children (Detail in separate Safeguarding Risk Register)	Head of Children Services
9	CRR190023	Management and delivery of UK Government's Shared Prosperity Fund	Economic Development Manager
9	CRR190058	SAC Phosphate & NRW Interim Planning Advice	Director of Place & Infrastructure/Head of Place and Sustainability
9	CRR190078	Failure to address recent concerns regarding the presence of Reinforced Autoclaved Aerated Concrete (RAAC) in non-housing properties.	Head of Regeneration
9	CRR190079	Managing Premises with emphasis of Fire Safety in the Hybrid working environment.	Head of Regeneration
8	CRR190007	Ensuring effective management of Procurement / Contract Management and Partnership arrangements	Head of Revenues & Financial Compliance
8	CRR190010	Deliver Effective Safeguarding Arrangements - Vulnerable Adults	Director of Communities
8	CRR190012	Failure to adhere to an effective Corporate Governance Framework	Head of Revenues & Financial Compliance
8	CRR190022	Manage and Develop Cwm Environmental & Llesiant Delta Wellbeing	Corporate Management Team
8	CRR190060	Critical Authority wide IT systems	Head of ICT & Policy
6	CRR190043	Post Covid19 - Strategic Financial Implications - loss of income Financial implications - increased costs due to Covid-19 demands and compliance with Cabinet and Welsh Government instructions	Director of Corporate Services/Head of Financial Services/Head of Revenues & Financial Compliance
6	CRR190063	Failure in Determination of Major Planning Applications (Failure to determine major planning applications within timescale is adversely impacting on our ability as an Authority to achieve our regeneration ambitions)	Head of Place & Sustainability

Carmarthenshire Corporate Risk Register October 2023

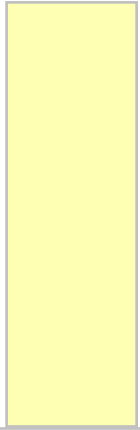
Risk Ref	Risk Title	Assigned To				
CRR190034	Cyber Risk such as: - Ransomware or malware infection - Denial of Service Attack (DOS) - Unauthorised network access (hacking) - External and Internal - Phishing Email Attack - staff approach - Increased risk of cyber crime due to phishing and malware attacks exploiting Covid-19	Head of ICT & Policy				
Control Measures			Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190034/001	Cyber incident response plan		Head of ICT & Policy	Significant 25	Significant 20	15 
CRR190034/002	Staff awareness training		Head of ICT & Policy		Catastrophic	5
CRR190034/003	Firewalls		Head of ICT & Policy		Likely	
CRR190034/004	Application control on servers		Head of ICT & Policy			
CRR190034/005	Security updates continuously rolled out		Head of ICT & Policy			
CRR190034/006	Annual, certified vulnerability assessments are carried out to find out if known vulnerabilities exist within our systems		Head of ICT & Policy			
CRR190034/007	Cyber Security Team conducts internal vulnerability scans continuously to ensure compliance with software update schedule and to quickly identify high risk issues.		Head of ICT & Policy			
CRR190034/008	Proactive monitoring of network and endpoint activity to detect and alert on potential adversarial behaviour - this includes post-compromise hacker activity as well as insider threats.		Head of ICT & Policy			
CRR190034/009	National Cyber Security Centre Advanced Cyber Defence tools are being used to help prevent commodity attacks		Head of ICT & Policy			
Action Items						


- Departmental Review for CMT
October 2023 Update

Current risk scoring has been updated and increased. New control measures proposed.


The Uncontrolled risk has been upgraded from significant to catastrophic, because without any mitigations, the impact would be catastrophic and probability would be probable. If we didn't have the security and controls we have in place, we would almost certainly fall foul of an attack immediately. We are constantly under attack from various malicious attempts on our firewalls, networks and users. We therefore believe the increase is justified and necessary.

The Current risk rating has also been upgraded from high to Significant. That's because we've increased the probability from possible to likely. We've had a very clear message from Audit Wales and the Welsh Government that "it's a matter of when, not if" we become victims of a successful attack of some sort. We're also seeing a large number of phishing attacks via email. UK Government have also put all public sector organisations on "high alert" due to the war in Ukraine, as of January this year.



Risk Ref	Risk Title	Assigned To				
CRR190038	Increasing sickness absence and management of stress in the workplace.	Assistant Chief Executive				
Control Measures			Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190038/001	Robust sickness absence management framework	Assistant Chief Executive		Significant 20	Significant 20	16 
CRR190038/006	Resilience, self-service training availability (preventative action)	Assistant Chief Executive			Substantial	4
CRR190038/007	Mental health / wellbeing checks integral part of 1-1's, supervision etc.	Assistant Chief Executive			Probable	
CRR190038/002	Robust stress management in the workplace framework	Assistant Chief Executive				
CRR190038/003	Provision of an adequately resourced occupational health service	Assistant Chief Executive				
CRR190038/004	Wellbeing Champions network	Assistant Chief Executive				
CRR190038/005	Mental Health First Aiders	Assistant Chief Executive				
Action Items						
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>There has been a significant increase in sickness absence related to mental health, stress, and fatigue. Resulting in an exponential increase in the demand for WSS services. This is being compounded by the cost of living crisis and the inability of the NHS to respond effectively.</p> <p>Risk wording, scoring and new control measures proposed.</p>						

Risk Ref	Risk Title	Assigned To			
CRR190033	<p>Extreme Weather Event - Operational Risk</p> <p>The physical effects of more frequent and intense weather patterns including storms and significant heat extremes conditions that compromise and stretch our operational ability to respond to widespread and prolonged emergencies both in the immediate response phase and recovery phase of a flood event, whilst also maintaining normal services. This will also include the risk of managing the public's expectation as the Council cannot respond to all requests for help during storm conditions. Response is curtailed by the resources available and the priorities at the time.</p>	Corporate Management Team			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190033/002	<p>Management of the response to a storm event in accordance with our strategic emergency plans, protocols and command structures.</p> <p>Available resources are prioritised according to strategic requirements.</p>	Director of Place & Infrastructure	Significant	Significant	20 Substantial Probable
Action Items					
<p>Departmental Review for CMT October 2023 Update (Rhodri Griffiths/ Ben Kathrens)</p> <p>Maintain existing rating – no evidence or reasoning to lower current risk</p> <p>Recent analysis as suggested that In total, there are 12,609 addresses at risk of flooding from any source in Carmarthenshire. 10,486 dwellings 1,471 businesses</p> <p>While it has been a relatively storm free winter, the risk remains the same. Projects completed include works on the outfalls at Ferryside, Betws, and Llansteffan, and an upgraded trash screen in Drefach. This work will help better manage flood risk at 55 home as 4 businesses. To manage the risk, we have again secured WG funding for investigations, asset management and capital works. This as been supplemented with an internal capital funding over the next three years. Our current funded works programme will benefit 1457 properties and businesses (only 11.5% of those at risk in Carmarthenshire). Our annual programmes or inspection, maintenance and investigation are continuing thus ensuring that existing infrastructure is maintained to the necessary standards</p> <p>Construction works have commenced on a scheme at Quarry Ffinant, Newcastle Emlyn which will manage the risk to 16 properties and 34 businesses. Our current asset inspection has been completed and defects and repairs are being implemented, prior to autumn and winter.</p> <p>During September preparatory works will be undertaken to ensure we are ready for the winter. These include checks to all pumps, checks on processes and systems, weather monitoring and forecasting rota updated. As of October 23, weekly checks of assets will be digital not on paper, we are also trailing telemetry and sensors at some high risk areas to provide timely data collections and identification of issues.</p>					

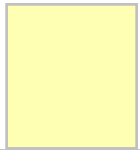
Risk Ref	Risk Title	Assigned To			
CRR190019	Failure to ensure that schools effectively manage their resources and respond to the challenges of reduced funding	Director of Education & Children Services			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190019/001	Lead the TIC Schools project, working with colleagues and schools to identify significant savings as set by the County Council through the budget efficiency programme	Director of Education & Children Services / Head of Education & Inclusion	Significant 20	Significant 20 Substantial Probable	16  4
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>School balances have reduced from £15 million March 2022 to £11 million March 2023. Director of Corporate Services presentation to Head Teachers Conference in June 2023 to highlight financial issues and to raise profile. Previous update still relevant for 2023 of 'Threat to reduced grant incomes as grants are flat cash v significant scale of pay rewards. It is hard to accurately cost grant bids due to the scale of uncertainty over pay awards and construction cost inflation thus increasing the risk', as well as 2022 Soulbury still not agreed.</p> <p>The Risk Rating has increased to 20 Significant (Substantial 4, Probable 5). Senior officers and ESAs work closely with Chairs and other members of the Governing Body to address issues in relation to finance and staffing. Governors receive detailed support and guidance from Education Support Advisers when recruiting senior leaders within their schools and when re structuring their staffing. This is ensuring an effective use of resources. Governors have been well supported to make very difficult decisions in many schools due the effective analysis of financial data. However, a minority of schools still face significant budgetary challenges and with the situation worsening more schools will be going into deficit. The Schools' Transformation Project in relation to schools will support school leaders with ensuring value for money and securing further efficiencies. A significant pressure is being placed on all schools' budgets due to delegation limitations. The number of schools serviced by the budget is placing general delegated budgets and ALN budgets under severe pressure, with services unable to meet the demands of our most vulnerable pupils. Any proposal to cut the delegated budget to schools will place more schools into deficit budget and will increase the deficit in those schools already in deficit. As a result of our Service Evaluation Report for Estyn and in light of additional financial savings required by schools, we need to review the funding formula for primary and secondary schools, and this is an Action in our Development Plan for 2023-24.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190028	School Leadership - Our ability to recruit and retain high quality and resilient school leaders who can respond to and deal with the transformation of education in Wales	Director of Education & Children Services			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190028/001	Develop and use a more robust competency based process to recruit school leaders	Head of Education and Inclusion	Significant 20	Significant 20	
CRR190028/002	Provide each new school leader with a mentor who's an experienced and successful school leader	Head of School Effectiveness		Substantial Probable	
CRR190028/003	Encourage leaders and prospective leaders to enrol on Partneriaeth's leadership courses/programmes	Head of School Effectiveness			
CRR190028/004	Provide Educational Support Adviser support for all new school leaders and provide bespoke induction/mentoring programme	Head of School Effectiveness			
CRR190028/005	Use the Headteacher Performance Management process effectively to challenge, develop and support school leaders	Head of School Effectiveness			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>The current Risk Rating remains at Significant 20, the impact remains Substantial 4 and the probability remains Probable 5. This is due to the fall out of the pandemic which has led to a rise in early retirements with less of an appetite for deputies to step up. There is a risk that the current school footprint, which still contains many small schools which need school leaders covering multiple schools, is not an attractive role for applicants.</p> <p>We continue to use an Assessment Centre approach to recruit Headteachers; provide each new school leader with a mentor, encourage prospective leaders to enrol on Partneriaeth's leadership courses/programmes; provide Educational Support Adviser support for all new school leaders and use the Headteacher Performance Management process effectively to challenge, develop and support school leaders. A new recruitment drive is being developed with assistance from HR and Communications colleagues in order to attract more applicants for the current vacancies, this will form a key part of the new Workforce Strategy being developed for the Council.</p> <p>Currently, there is significant demand on leadership in our primary sector. A number of headteachers retired at the end of the last academic year placing significant pressure on the system and officers to identify new leaders and attract appropriate qualified candidates. This has proved to be the case for a number of vacancies during the last couple of months.</p> <p>Therefore we are working with the Marketing and Media Team, a school recruitment campaign is planned to attract high quality candidates to Carmarthenshire.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190056	Ensuring that the Authority effectively manages its financial resources and responds to the challenges of reduced funding (formerly CRR190004)	Director of Corporate Services/Head of Financial Services			
Control Measures			Control Owner	Uncontrolled Risk Rating	Current Risk Rating
CRR190056/001	Medium Term Financial Strategy - 3 Year Plan (including efficiency targets)	Director of Corporate Services/Head of Financial Services		Significant 20	Significant 20
CRR190056/002	Full County Council Elected Member Engagement on an annual basis to set priorities and allocate the Budget	Director of Corporate Services/Head of Financial Services			Catastrophic Likely
CRR190056/003	Challenge from Scrutiny Committees	Head of Administration & Law			
CRR190056/004	Public Consultation regarding budget priorities on an Annual Basis	Director of Corporate Services/Head of Financial Services			
CRR190056/005	Engagement with Welsh Government via WLGA to ensure Carmarthenshire County Council receives fair funding from Welsh Government	Director of Corporate Services/Head of Financial Services			
CRR190056/006	Transformation programme to support services to become more commercial ensuring operating costs are fully recovered	Assistant Chief Executive			
CRR190056/007	Robust workforce planning framework to ensure Services consider and predict future needs and demands and plan accordingly knowledge, skills, service delivery models.	Assistant Chief Executive			
CRR190056/008	Wales Audit Office external challenge and assessment	Director of Corporate Services/Head of Financial Services			
CRR190056/010	Transformation programme to identify and delivery projects aimed at reducing duplication and waste	Assistant Chief Executive			
CRR190056/011	Transformation programme to maximise the benefits that AI can help us deliver	Assistant Chief Executive			
CRR190056/009	Individual Heads of Service to develop efficiencies following external budget challenge reports	Director of Corporate Services			
Action Items					

- Departmental Review for CMT
October 2023 Update

Budget outlook paper indicates savings required of £8-12 million for 2024/25 financial year. Savings proposals identification carried out by Departments during the summer to go Cabinet away day in October.



Risk Ref	Risk Title	Assigned To						
CRR190077	Significant operational pressures within the Fleet Services unit including a difficulty to retain or recruit skilled technicians and technical support staff, as well as vehicle supply chain pressures (hire/lease/purchase) combined with escalating parts, materials costs and fuel costs.	Director of Place & Infrastructure/Head of Transportation & Highways						
Control Measures					Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190077/001	Review employee remuneration to ensure competitive offer in marketplace and targeted promotion of vacancies.	Director of Place & Infrastructure/Head of Transportation & Highways	Significant	Significant				
CRR190077/002	Continue to engage with market to try to secure additional resources.	Director of Place & Infrastructure/Head of Transportation & Highways	25	20				
CRR190077/003	Prioritise HGV fleet and maintain Operator's licence.	Director of Place & Infrastructure/Head of Transportation & Highways		Substantial				
CRR190077/004	Ensure fuel security with monitoring of fuel supplies and bunkered store and have contingencies in place.	Director of Place & Infrastructure/Head of Transportation & Highways		Probable				
Action Items								
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Market engaged and additional resource secured. HGV and O Licence vehicles prioritised. Service performance report monitored. Fleet availability at 96.91%. Operational risk mitigated but Supply chain challenges emerging on vehicle supply. Nature of risk is changing from operational to strategic.</p>								

Risk Ref	Risk Title	Assigned To	Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190068	Continued deterioration of the condition of highways infrastructure and assets. Failure to address maintenance backlog (£63 million), as a consequence of falling investment levels leading to high levels of demand and Increased level of claims.	Director of Place & Infrastructure/Head of Transportation & Highways				
Control Measures						
CRR190068/001	Manage network in accordance with Highways Asset Management Plan adopting a risk based approach in accordance with the National Code	Director of Place & Infrastructure/Head of Transportation & Highways		Significant 20	Significant 20	
CRR190068/002	Continue to present the case for additional investment of capital , grant and revenue. Improve information systems on vulnerable assets such as drainage.	Director of Place & Infrastructure/Head of Transportation & Highways			Catastrophic Likely	
CRR190068/003	Inspection regime and response in line with highways asset management plan in compliance with Highways Maintenance Code of Practice	Director of Place & Infrastructure/Head of Transportation & Highways				
Action Items						
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Interim asset management report prepared, limited funding secured through resilient roads, Pressures on the network are increasing due to harsh winters. The asset management annual statement will be presented in the autumn. Reduced funding from WG along with a change of focus from road improvement work to active travel initiatives will mean that our ability to address the highway network issues are largely beyond our direct control. Consequently, we will continue to prioritise based on risk and hierarchy.</p>						

Risk Ref	Risk Title	Assigned To			
CRR190067	Lack of availability of domiciliary care to support vulnerable adults which leads to the risk of people being unsupported and potentially unsafe in the community, as well as people being delayed leaving hospital preventing others being able to access urgent medical treatment.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
Control Measures			Control Owner	Uncontrolled Risk Rating	Current Risk Rating
CRR190067/001	Support the sector to grow the workforce.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning		Significant 25	Significant 20
CRR190067/002	Review of all those receiving care to look at opportunities to safely reduce arrangements to release care hours to support others	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			Substantial Probable
CRR190067/003	Ongoing review of those waiting for care to reduce level of care needed.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
CRR190067/004	Consideration of temporary placement where appropriate to support those waiting for care.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
CRR190067/005	Bridge packages of care wherever possible.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
CRR190067/006	Refresh of domiciliary care commissioning framework completed	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
CRR190067/007	Commissioned preventative services in the third sector to develop five community hubs to reduce demand pressures.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
CRR190067/008	Developed the Care Academi.	Director of Communities/Head of Adult Social Care/Head of Integrated Services/Head of Commissioning			
Action Items					
<p>Departmental Review for CMT October 2023 Update</p> <p>We continue to experience pressures, however, there is a gradual reduction in numbers of people waiting for a package of care and on-going actions are as follows: We have recently refreshed our domiciliary care framework and this has attracted a number of new providers to the market. Our strategic approach to developing a mixed economy of care includes the continues growth of our in house service and the development of micro/ social enterprises.</p> <p>We are seeing positive results in relation to our integrated home-based care service, a partnership initiative with the Health Board which is impacting on the numbers able to leave hospital. However anticipated performance has been thwarted due to the inability to recruit significant numbers to these positions. The Care and Support Coordinators are continuing to review all those receiving or waiting for care to see whether levels of care can safely be reduced, and care hours released. In addition, we are risk assessing all those waiting for care so we can prioritise those waiting when hours become available. Bridging opportunities such as temporary residential placements are in place to temporarily provide care whilst a long-term provider is sourced.</p>					

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Risk Ref	Risk Title	Assigned To			
CRR190049	Risk of local business and economy not recovering from the cost-of-living crises and rises in energy and inflation.	Head of Regeneration			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190049/001	Financial support to businesses	Head of Regeneration	Significant 20	Significant 16	
CRR190049/002	Advice to businesses	Head of Regeneration		Substantial Likely	
CRR190049/003	Support to businesses	Head of Regeneration			
CRR190049/004	Embed the Carmarthenshire 1st approach as part of our progressive procurement process.	Head of Regeneration			
CRR190049/005	Robust economic plans to protect jobs and safeguard businesses.	Head of Regeneration			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Work continues to deliver the Carmarthenshire Economic Recovery Plan (ERP). £4.5m of financial support has been made available to businesses over the next two years through the Shared Prosperity Fund (SPF) business anchor projects via the Property development Fund, Business Renewable Energy Fund and Business Growth & Start Up Fund. Businesses have been invited to apply and demand for the funding has been high. To date several applications have been assessed and grant offers are starting to be made to successful businesses. Funding has also been secured under the SPF business anchor to deliver the Sir Gâr Business Engagement Project that will see support provided to businesses to encourage inter trading, support local supply chains, support delivery of progressive procurement initiative and encouraging entrepreneurship. Staff recruitment is underway, and we anticipate this area of the programme to accelerate over the coming months.</p>					

Risk Ref	Risk Title	Assigned To				
CRR190069	Contractor and internal capacity issues leading to a high backlog of housing responsive repairs and housing voids which reduces the number of homes available to let and a delay in repairs being completed.	Director of Communities				
Control Measures		Review Date	Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190069/001	Parcel work based on type and geographical location to encourage take up by contractor		Head of Housing Property & Strategic Projects	Significant 20	Significant 16	
CRR190069/002	Introduce a new Property Works Framework by August 2023		Head of Housing Property & Strategic Projects		Substantial Likely	
CRR190069/003	Staffing resources to be reviewed as part of Divisional realignment in 2022		Head of Housing Property & Strategic Projects			
CRR190069/005	Employment of additional operational staff to provide greater in-house resilience and to reduce dependence on limited contract contractor base in the area		Head of Housing Property & Strategic Projects			
CRR190069/006	Undertake a review of Voids repair processes		Head of Housing Property & Strategic Projects			
CRR190069/007	Upgrade Total Repairs property maintenance job management system to Total Connect and Asset Management system to CX Assets to improve data management and issuing of work to contractors / in-house staff, plus improved communication with tenants		Head of Housing Property & Strategic Projects			
CRR190069/008	Discussions with contractors to encourage take up of work during remaining period of the Minor Works Framework		Head of Housing Property & Strategic Projects			
Action Items						

- Departmental Review for CMT
October 2023 Update

Availability of contractors under the current Minor Works Framework had improved during the spring / summer, but we are now experiencing a repeat of last year's unavailability / unwillingness to take work due to high demand from other clients and framework rates remaining unattractive. We are continuing to batch and package work together to encourage take-up, but this is resource-hungry and often extends work delivery programmes. The decision in June to extend the current framework to 31st July 2024 and a subsequent inflation uplift, for those that have requested it, will provide greater certainty and hopefully encourage contractors to employ additional staff / sub-contractors.

The new Housing Contract & Commissioning Team is now fully resourced and has an agreed action plan to ensure implementation of the new framework by August 2024 including a successful cross-County series of awareness raising events to inform local contractors of the future opportunity. A cross-departmental implementation group has been established to monitor progress and ensure ongoing key stakeholder engagement.

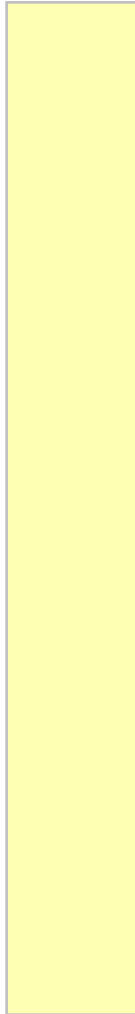
Staffing resources have been supplemented in part, but major areas of the Divisional realignment have not yet been approved and backlogs of work are ongoing. 2 Temporary posts to manage an enlarged scheduling team has enabled all follow-on calls to be diverted from the corporate contact centre and has significantly improved communication with tenants and detailed identification of outstanding repair work. Together with diverting heating-related calls directly to the servicing contractor, this has reduced housing repairs calls to the corporate contact centre by 2/3rds. 2 senior management secondments have also significantly assisted with implementing improvements across the service and an additional Responsive Maintenance Manager has now been appointed, splitting the County into 2, to increase management capacity.

Discussions have been held with a number of contractors to identify reasons for not taking work, with some success, although framework rates, skills shortages and high demand remain barriers to framework contractors taking work.

Some additional operational staff have been recruited for responsive maintenance and voids, but approval is awaited to employ in-house staff for Adaptations. The ambition remains to significantly further increase in-house resources from spring 2024, subject to a review of productivity and efficiency of the current in-house team.

The Voids Review was completed in May 2022 and all the recommendations have been accepted. Implementation of many have completed and some are ongoing. A cross-Divisional Implementation Group has been established to monitor and deliver ongoing progress. Voids have reduced from a peak of 399 at the end of May 2022 to a current level of 211 as at 6th September 2023.


Implementation of Total Connect is ongoing and is due to be completed on a phased basis over various teams between now and April 2024.




Risk Ref	Risk Title	Assigned To			
CRR190032	<p>Flood - Strategic Risk</p> <p>The physical effects of more frequent and intense storm conditions that compromise homes, businesses, essential infrastructure and services. This will also include the risk of managing the public's expectation that the Council can completely address, control and mitigate all flood risks regardless of source or asset owner.</p>	Director of Place & Infrastructure			
Control Measures					
		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190032/001	Flood Risk Strategy and FRMPs	Director of Place & Infrastructure	<p>Significant</p> <p>20</p>	<p>Significant</p> <p>16</p>	
CRR190032/002	Community Plans in terms of self-help where practicable	Director of Place & Infrastructure		<p>Substantial</p> <p>Likely</p>	
CRR190032/003	Continue to work with our professional partners (as a LLFA)	Director of Place & Infrastructure			
CRR190032/004	S19 Reports and action plans	Director of Place & Infrastructure			
CRR190032/005	Pro-active maintenance programme for flood assets	Director of Place & Infrastructure			
CRR190032/006	Making more use of contemporary flood data and information from partner agencies	Director of Place & Infrastructure			
CRR190032/007	SAB for future development and TAN 15 compliance	Director of Place & Infrastructure			
CRR190032/008	Effective communication strategy	Director of Place & Infrastructure			
Action Items					
<p>Departmental Review for CMT October 2023 Update (Rhodri Griffiths/ Ben Kathrens)</p> <p>Maintain existing rating.</p> <p>In 2023, we are currently developing a flood risk management strategy which will seek to evaluate the risk across the county and in our 6 primary risk catchments. The strategy and associated plan will set out our priorities for managing flood risk over the next 7 years (2024-2030).</p> <p>Our annual works programme also involves the strategic evaluation of flood risk at community level. This has included to date Llanybydder, Llandyfel, Llangennech, Kidwelly, Penyfan and Trostre (East Llanelli), Heol Buckey (Llanelli), Bynea (Llanelli), Ammanford. New project for 2023 include Whitland and Dafen in Llanelli</p>					

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Risk Ref	Risk Title	Assigned To			
CRR190016	Delivery of the Authority's Waste Management and Recycling Strategy to ensure that we meet our statutory recycling targets and wider obligations including improvements to the quality of recyclable materials to support circular economy principles and reduce carbon outputs in accordance with Welsh Governments Beyond Recycling national strategy	Head of Waste & Environmental Services			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190016/001	Maintain current provision and infrastructure for recycling	Head of Waste & Environmental Services	Significant	Significant	
CRR190016/002	Continue education and awareness activity to improve participation	Head of Waste & Environmental Services	20	16 Substantial Likely	
Action Items					
<p>• Departmental Review for CMT October 2023 Update (Daniel John)</p> <p>Maintain current provision and infrastructure for recycling –</p> <p>In January 2023 we implemented our first stage of the waste strategy and kerbside recycling service change. This has resulted in our overall recycling rate improving by 3.57% compared to last year, thereby exceeding the statutory minimum of 64%. We are in the process of delivering the second phase of change with a timeline and project plan developed. Currently in the final stages of business case development for new sorting infrastructure in conjunction with CWM Environmental.</p> <p>Continue education and awareness activity to improve participation -</p> <p>We have recently appointed 6 Waste Wardens – These Wardens will Carry out community engagement, undertaking proactive and reactive inspections throughout the County in relation to matters surrounding and arising from domestic waste that is presented at kerbside for scheduled collections in relation to the upcoming changes to the waste and recycling collections. We have developed a communications and engagement plan with Corporate Media & Marketing to ensure consistent and continual awareness and engagement with the public and wider communities to support recycling participation.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190029	Net Zero Carbon Failure to deliver the Council's commitment to become a net zero carbon local authority by 2030	Director of Place & Infrastructure/Head of Place and Sustainability			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190029/001	The Council has adopted a realistic, pragmatic and achievable approach in its Net Zero Carbon Plan.	Head of Place & Sustainability	Significant 20	Significant 16 Substantial Likely	12  4
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update (Rhodri Griffiths/ Kendal Davies) <p>Increase the risk rating to Substantial x Likely = 16</p> <ul style="list-style-type: none"> In 2022/23, our finalised total reported emissions reduced by -6.3% compared to 2021/22 i.e., Streetlighting (-2.8%), Fleet (+0.3%) and Business Mileage (+7.5%). There was a significant -9.1% reduction in emissions from our Non-Domestic Buildings (these account for ~70% of our total reported carbon emissions). Since 2016/17 our reported carbon emissions have reduced by -36%. In August 2023 we secured Welsh Government Low Carbon Heat Grant funding for six primary schools. Total project cost is £4.42m with 90% funding of £3.57m (2023/24) plus £0.41m (2024/25). Welsh Government are funding Local Area Energy Plans (LAEPs) to ensure coverage across each local authority area by 31/03/2024. We are the lead local authority for the SW Wales Region, and work is progressing well. We are on target to publish a revised Net Zero Carbon (NZC) / Decarbonisation Plan by 31/03/2024 that will incorporate Welsh Government guidance, together with trajectories for carbon emission reductions accompanied by milestone targets. The estimated cost of achieving the council's low carbon net zero plan is £166+m. This estimate is based on £133m in achieving 80% compliance with the target recognising the disproportionate cost of additional mitigation measures in achieving the residual 20% reduction through carbon mitigation measures. It is anticipated that the 20% residual carbon would likely be delivered through carbon offsetting . Total cost is therefore likely in excess of £166m+ to achieve the net zero commitment. In light of the budget settlement and while the council will explore all avenues of funding to support the programme, the total cost of monies to fund the programme is yet to be identified ahead of 2030 . 					

Risk Ref	Risk Title	Assigned To				
CRR190076	Failure to secure the full extent of home-to-school transport services from third party providers due to a range of economic and market specific issues including increasing fuel costs, driver and maintenance technician shortages across the industry, supply market challenges (vehicles and parts) and an increasing complexity in demand management.	Director of Place & Infrastructure/Head of Transportation & Highways				
Control Measures						
			Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190076/001	Introduce emergency fuel supplement payments to operators to sustain services.		Director of Place & Infrastructure/Head of Transportation & Highways	Significant	Significant	
CRR190076/002	Continue to engage with operators.		Director of Place & Infrastructure/Head of Transportation & Highways	20	16	
CRR190076/003	Work closely with Education.		Director of Place & Infrastructure/Head of Transportation & Highways		Substantial	
CRR190076/004	Continue to make representations to WG via the WLGA.		Director of Place & Infrastructure/Head of Transportation & Highways		Likely	
Action Items						
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Officers continue to work with private transport operators to ensure the supply of transport services continue to meet the changing demand for home to school transport. Active engagement by officers on a national and regional basis with WG takes place to maximise passenger transport services for the available funding with services adjusted in accordance with allocated WG funding.</p>						

Risk Ref	Risk Title	Assigned To			
CRR190061	Attracting, recruiting and retaining talent	Assistant Chief Executive			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190061/001	Improved internal recruitment processes including approach to interviews.	Assistant Chief Executive	Significant 25	High 15	20 
CRR190061/002	Flexible People Management policies	Assistant Chief Executive		Catastrophic	-5
CRR190061/003	Up to date Workforce Strategy	Assistant Chief Executive		Possible	
CRR190061/004	Robust Workforce Planning	Assistant Chief Executive			
CRR190061/005	Improved employer branding	Assistant Chief Executive			
CRR190061/011	Visible career pathways with sponsored qualification frameworks for progression (alternative routes to higher education)	Assistant Chief Executive			
CRR190061/006	Flexible People Management policies	Assistant Chief Executive			
CRR190061/007	Opportunities to develop	Assistant Chief Executive			
CRR190061/008	Provision of wellbeing support	Assistant Chief Executive			
CRR190061/009	Providing staff with a voice	Assistant Chief Executive			
CRR190061/010	Employer of Choice - Improve linkages between L&D and Education Department to promote career opportunities within schools e.g.	Assistant Chief Executive			
Action Items					
Departmental Review for CMT October 2023 Update Risk title changed from "CRR190061 – Effect of Covid -19 and Brexit on recruiting and impact of workforce planning." to "Attracting, recruiting and retaining talent." This risk is very narrow now – there are wider recruitment and, more importantly, attraction and retention risks, that are not linked to covid or Brexit, such as an aging workforce, private sector competition, workforce engagement, AI, being employer of choice, etc. New control measures proposed and current risk rating lowered from a score of 20 (Substantial / Probable) to 15 (Substantial / Possible).					

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Risk Ref	Risk Title	Assigned To			
CRR190073	Ensure effective Business Continuity Arrangements are in place.	Corporate Management Team			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190073/001	Risk Management group to establish and coordinate working group on behalf of CMT to look at Business Continuity Plans across the Authority.	Corporate Management Team	Significant 20	High 15 Significant Probable	
Action Items					
<ul style="list-style-type: none"> Departmental review for CMT October 2023 Update <p>Title of Corporate Risk has been re-worded after consultation at Corporate Services DMT. The Business Continuity Task and Finish Group are due to meet and will have a wider remit than first thought across the Authority. Group members to be considered and to meet in due course.</p>					


Risk Ref	Risk Title	Assigned To				
CRR190050	<p>Risk of contractor and suppliers failing to deliver projects/schemes, because of highly volatile macro economic conditions and inflation/disruption to suppliers, service goods and materials, which has an impact of the non-delivery of capital works.</p> <ul style="list-style-type: none"> - Failure to meet grant expenditure conditions. - contractors resources depleted - contract failure - cost increases - sourcing materials - Contractors unwilling to carry out work at framework prices 	Director of Place & Infrastructure				
Control Measures			Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190050/001	Review pipeline of projects with clients to align project delivery and budget with supply side capacity and market conditions.	Director of Place & Infrastructure	Significant	High		
CRR190050/003	Undertake regular financial checks on suppliers.	Director of Place & Infrastructure	20	Catastrophic		
CRR190050/004	Approved exception process in place for exceptional circumstances	Director of Corporate Services		Possible		
CRR190050/005	Undertake a review of the Council's Contract Risk allocation	Director of Place & Infrastructure				
Action Items						
<p>Departmental Review for CMT October 2023 Update (Jason G Jones)</p> <p>Maintain existing risk rating</p> <p>Control updates</p> <p>CRR 190050/001 – The pipeline of projects continues to be reviewed with clients as part of on going scheme progress and budget monitoring meetings. CRR 190050/003 – Financial checks continue to be undertaken on an on going basis, as part of the procurement process for each project. As part of the Framework requirements and on going management, contractors are required to maintain the minimum financial requirements to allow pre qualification. Individual scheme monitoring, and programme budget monitoring for collective schemes, is undertaken on an on going basis. CRR 190050/004 – The approved exception process continues to be used when required to progress projects. CRR 190050/005 –The Head of Risk and Compliance has examined the contractual limitation of liability and has made a deliberated decision to align the cap with the level of Professional Liability. The determination of the Professional Liability level will be established by the Risk Section as an integral part of a procurement call off process.</p>						

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Risk Ref	Risk Title	Assigned To			
CRR190072	Deterioration of the condition of school and non-school buildings due to resource pressures (financial and human) necessitating postponement of timely interventions	Director of Place & Infrastructure / Property Maintenance Manager			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190072/001	Building condition surveys on non-school buildings and reports to be reinstated	Property Maintenance Manager	Significant 25	High 15	
CRR190072/002	Building condition surveys on school buildings and reports to be reinstated	Director of Place & Infrastructure / Property		Catastrophic	
CRR190072/003	Risk Management bid to be considered to fund urgent building condition surveys	Director of Place & Infrastructure / Property Maintenance Manager		Possible	
CRR190072/004	Establishment of a Schools Handy Van service for Primary school, with 2 inspections by an inspector annually.	Director of Place & Infrastructure / Property Maintenance Manager			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update (Jason G Jones) <p>001 & 002 Ongoing condition surveys of educational facilities are being conducted as per the established program, in accordance with the framework agreed upon with Corporate Property. Notably, the most recent condition surveys indicate a noteworthy enhancement in overall facility conditions. However, it is essential to acknowledge that this improvement may be attributed to the implementation of a revised methodology introduced by the Welsh Government.</p> <p>Presently, our projections indicate a substantial projected requirement of £80 million over the ensuing five years. This funding is necessary to ensure the continued maintenance of our entire commercial property portfolio at a level that aligns with reasonable condition standards.</p> <p>004 The TIC Programme Board is overseeing the progress of the Schools Handy Van service. As part of this oversight, regular inspection visits for primary schools by the Handyvan team and Building Inspectors persist.</p> <p>Within our Property Maintenance team, a comprehensive list of repair requirements, necessitating budgetary approval from the respective schools. Regrettably, there have been some delays in securing these approvals.</p> <p>In parallel, we have undertaken a cost analysis for the expansion of our services to encompass Secondary Schools and Corporate buildings. A business case has been developed and is presently under consideration through a DOR.</p> <p>In pursuit of continuity beyond the trial period, the Education Department has been tasked with the responsibility of formulating a growth bid to sustain the Primary Schools Handyvan Service.</p>					

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Risk Ref	Risk Title	Assigned To			
CRR190014	Delivery of the Pentre Awel Project (Outcomes / Budget)	Chief Executive			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190014/001	Project Board is operational with suitable governance and representative membership	Chief Executive	Significant 16	High 12	8 
CRR190014/002	Development of Zones 1-4 of Pentre Awel consisting of business, education and skills, research and clinical delivery and leisure facilities (Zone 1), assisted living (Zones 2 and 3), affordable and social housing (Zone 2) and hotel and open market housing (Zone 4)	Chief Executive		Substantial Possible	4
CRR190014/003	Financial Planning	Director of Corporate Services			
Action Items					
<p>Departmental Review for CMT October 2023 Update</p> <p>Current risk rating has been raised to High (Probability Possible and Impact Substantial).</p> <p>Team strengthened with HoS now in post to drive forward the project.</p> <p>The Governance Structure evolves as required to meet best practice as the project implementation progresses. At all times the Project Board heads the governance structure and reports within the Council Democratic Process and that of the City Deal. The project structure chart has been updated to reflect the new working groups on the construction, operational and service delivery. For example, the Whole Site Operational Group is focusing on the management and maintenance as Zone 1 as a priority.</p> <p>Carmarthenshire County Council and Bouygues entered into a construction contract in February 2023 for the Zone 1 works. Zone 1 construction progression to programme. The project has recently reached a major milestone following the completion of the pilings works onsite. In addition, BYUK has completed its site set up and has commenced excavation of the pool and works to the car park. An opportunities savings list is maintained and will need to be realised in order to meet the agreed contract sum. CCC continues to work closely with Bouygues to support its community benefits programme which consequently will deliver key socio economic outcomes for employment and training, local supply chain engagement, education and community initiatives. £1.2M secured from the PNC Trust fund along with a further £300,000 from charitable donations to contribute to the capital costs of the hydrotherapy pool. Capital bid developed with the Health Board to fund key areas of clinical fit out and meet any gap in hydrotherapy funding.</p> <p>Early scoping work to commence on Zone 2 with a lead resource now identified. Zone 3 – assisted living design about to conclude at RIBA Stage 2</p>					

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Risk Ref	Risk Title	Assigned To	Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190075	Continuing to improve the way we respond to the current pressures on Homeless Services through innovative working practices, support, flexibility and investment. Failure to do so will result in us not meeting housing need, increasing homelessness, an unsustainable service and residents not having the right home at the right time.	Director of Communities				
Control Measures						
CRR190075/001	Managing demand at the front end through the newly formed "Housing Gateway" team that will ensure a full assessment of housing and support needs to ensure accommodation offered is sustainable.	Director of Communities	Director of Communities	Significant 16	High 12	
CRR190075/002	Weekly monitoring of homelessness presentations use, and availability of temporary and permanent accommodation.	Director of Communities	Director of Communities		Substantial Possible	
CRR190075/003	Continuing with direct allocation of homes to those in greatest need as per Emergency Allocation Policy.	Director of Communities	Director of Communities			
CRR190075/004	Implementation of Rapid Rehousing Transitional Plan in partnership with internal and external stakeholders to ensure right home	Director of Communities	Director of Communities			
CRR190075/005	Continued delivery of affordable homes programme to increase availability of affordable homes through new build (ourselves and RSLs), access to additional private rented accommodation, buying private sector homes, bringing more empty properties back into use and s106 agreements.	Director of Communities	Director of Communities			
CRR190075/006	Continuing to deliver our commitments to the resettlement programmes in a managed and co-ordinated way.	Director of Communities	Director of Communities			
Action Items						
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Communities Update - Risk has been updated to cover the wider housing pressures (not just the resultant homelessness) in terms of managing housing demand and increasing housing supply.</p> <p>Education & Children Update - There has been a marked increase in youth homelessness since the pandemic, particularly amongst 16/17 year olds in the Llanelli area. The Youth Support Service is working with other relevant departments and agencies to ameliorate this trend. Furthermore, Housing and Public Protection are working with secondary schools on an unit of work to deliver three learning outcomes on: Housing; Budgeting and preparing to manage a home independently.</p>						

Risk Ref	Risk Title	Assigned To			
CRR190031	Failure to comply with the requirements of the Local Government and Elections (Wales) Act	Corporate Management Team			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190031/001	Public participation strategy being produced	Corporate Management Team	High 12	High 12	
CRR190031/002	Petition scheme being developed	Corporate Management Team		Substantial Possible	
CRR190031/005	Collaborative working with Principal councils - awaiting further guidance from WG	Corporate Management Team			
CRR190031/006	Corporate Joint Committees - Guidance awaiting from WG - LG engagement will be expected in developing regulation	Corporate Management Team			
CRR190031/007	Webcasting of meetings arrangements in place and work ongoing on developing the arrangements for moving from remote attendance meetings to hybrid meetings	Corporate Management Team			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Impact of poor planning assumptions, no comprehensive project plan and lack of coordination with other Returning Officers will lead to electors being disenfranchised, inconsistent voter experience and potential breach of legislation. The control measures we have in place such as a robust Project Team that has a wealth of experience in Finance, Communication, IT and election law, live issue and risk registers ensure that all necessary activities are planned for and sufficient resources are available.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190015	Delivery of the Approved Capital Programme (Outcomes / Budget)	Director of Corporate Services			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190015/001	Strategic Asset Steering Group	Head of Financial Services	Significant	High	
CRR190015/002	Project Grants Manual and Project Management Tool Kit	Head of Regeneration	16	12	Significant
CRR190015/003	Project Management Training	Assistant Chief Executive			Likely
CRR190015/004	Long term Treasury management / loan funding	Director of Corporate Services			
CRR190015/005	Consideration to be given to prioritisation of approved schemes to maximise outcomes, subject to grant conditions.	Director of Corporate Services			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Quarter 1 budget monitoring indicates £60 million potential variance/slippage, risk of potential delays to high profile levelling up projects.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190005	Ensuring effective management of Grant Funding (including accessing Grant Funding) Threat of having to repay significant Grant monies. Failure to manage grants and maximise on the funding resources available Failure to secure funding Failure to deliver current projects within the set timescales Failure to deliver outputs in line with the T&Cs of grant paying department	Director of Corporate Services			
Control Measures					
		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190005/005	Recovery Group reviewing financial position	Director of Corporate Services	Significant	High	
CRR190005/006	Reprioritisation of funding to best address the current liabilities	Director of Corporate Services	16	12	
CRR190005/007	Reprioritisation of capital programme	Director of Corporate Services		Substantial	
CRR190005/001	Project Management Training	Director of Corporate Services		Possible	
CRR190005/002	Grant Funding Bodies Guidance Briefings and Training	Director of Corporate Services			
CRR190005/003	Grants Panel	Director of Corporate Services			
CRR190005/004	Grants Manual / CPRs / FPRs	Director of Corporate Services			
CRR190005/008	Effective Budget Monitoring	Director of Corporate Services			
CRR190005/009	Contract management toolkit has been developed & E-Learning to be launched	Director of Corporate Services			
Action Items					
Page 18 of 18 Departmental Review for CMT October 2023 Update	Inflationary risks remain a live issue. Joint projects with other public sector bodies are significantly increasing delivery risk.				

Risk Ref	Risk Title	Assigned To	Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190057	Maintain and develop an effective Local Development Plan	Head of Place & Sustainability				
Control Measures						
CRR190057/001	Development of an effective Local Development Plan (LDP)	Head of Place & Sustainability		High	High	
CRR190057/002	Adopted LDP in place with no defined end date – continued monitoring through Annual Monitoring Reports to assess effective implementation.	Head of Place & Sustainability		12	12	Substantial Possible
CRR190057/003	Develop policy interventions to ensure the effective implementation of the adopted LDP including use of LDO's etc enabling policy approaches to be agile and adaptable to changes in context and strategic objectives.	Head of Place & Sustainability				
CRR190057/004	To continue the preparation of the Revised LDP reflecting of the Councils corporate and strategic objectives whilst having appropriate regard to national policy and legislation.	Head of Place & Sustainability				
CRR190057/005	Put in place a revised Delivery Agreement and timetable by April 2022 for the preparation of the Revised LDP with WG agreement.	Head of Place & Sustainability				
CRR190057/006	To participate and collaborate regionally on the preparation of the Strategic Development Plan for South-West Wales.	Head of Place & Sustainability				

Action Items

Departmental Review for CMT
October 2023 Update (Rhodri Griffiths/Ian Llewelyn)


CRR190057/001 AND 004 – Revised LDP 2nd Deposit and supporting documents published for public consultation between 17 February to the 14 April 2023. The response received are currently being registered with over 1200 representations received in relation to all aspects of the LDP as well as 12 for the Integrated Sustainability Appraisal and 17 for the Habitat Regulations Assessment predominately from technical and regulatory technical consultees.

The responses received will moving forward be considered and will form part of the suite of documentation to be submitted to the Welsh Government as part of the Examination into the Revised LDP.

CRR190057/006 – Joint evidence has been prepared regionally with the dual benefit of supporting the preparation to a future Strategic Development Plan but also informing reviews of the LDPs across the region. This evidence has included a regional Strategic Flood Consequences Assessment, Defining the extent of the National Growth Area for Swansea Bay and Llanelli as well as Nutrient Credit Trading Feasibility Study.

CRR190057/002 – Annual Monitoring Report for 2022/23 in relation to the Adopted LDP reported to CMT 24/8/23. Scheduled for reporting to the meeting of County Council on the 11th October ahead of submission to the Welsh Government by the 31st October deadline.

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Risk Ref	Risk Title	Assigned To			
CRR190018	Failure to deliver a quality Education Service	Director of Education & Children Services			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190018/003	Raise standards at each key stage	Head of Education and Inclusion	Significant 16	High 12	16 
CRR190018/004	Support schools to develop and deliver new curriculum	Head of Education and Inclusion / Head of Curriculum and Wellbeing		Substantial Possible	-4
CRR190018/005	Support schools to implement ALN reform	Head of Education and Inclusion			
CRR190018/007	Provide appropriate support for vulnerable learners - ALN, LAC, EAL, Travellers, e-FSM	Head of Education and Inclusion			
CRR190018/008	Manage the 21st Century School Programme and reduce the number of surplus places with the schools system	Head of Access to Education			
Action Items					

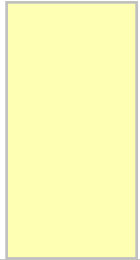
- Departmental Review for CMT
October 2023 Update

The updated risk rating is High 12 (the Impact remains Substantial 4, and possibility is now Possible 3).
 The Education service will be severely disrupted due to any proposed cuts in the education service budget. The department will have to identify what services need to be reduced and what services can no longer be delivered. The Budget Consultation process has restarted and will be reflected in the Risk score on conclusion of this process.
 The Departments work on our Service Evaluation and individual Service reviews coupled with Estyn school inspections and our quality assurance in school's success indicates that the possibility of failure to deliver a quality Education Service has reduced. However, we will continue to monitor wellbeing issues in schools amongst the children and staff which has been a concern following the lockdown period. Attendance in our schools also remains below the Welsh average. This may be linked to the difficulties arising from the pandemic.
 Attendance at the start of the new term has improved for most schools and overall, compared to the same period last year, however the overall figure remains below the pre COVID benchmark of 90%. Education Services and Children's Services will continue to work to link together to tackle all wellbeing issues.
 Standards at each key stage remain high but slightly below pre-COVID benchmarks. Following WG guidance, Standards are also moving away from attainment and toward progress and wellbeing. While we await a national set of measures for progress and wellbeing, we are currently reflecting progress based on Education Support Advisors conversations with schools and evidence of individual progress during the academic year.
 The majority of schools feel that they are supported appropriately in curriculum reform, with particular strengths in certain key areas such as Digital Learning and Foundation Phase Learning. However, the regional professional learning offer needs to strengthen. The ECS department continues to work robustly with Partneriaeth to ensure that the professional learning offer in relation to the curriculum meets the needs of all our schools.
 Our ability to support ALN reform has been impacted by the Authority being unable to secure funding for the statutory posts of Designated Coordinators. This means that the LA will not be able to transfer pupils from existing statements to new IDPs. This will mean that the LA will miss statutory deadlines, leading to appeals and tribunals against the LA.
 The Vulnerable Learners Strategic Focus Group draws together all officers and services involved with supporting vulnerable learners to provide a supportive structure to provide appropriate support for all vulnerable learners. Therefore, the department is able to provide a wide range of effective mechanisms of support and deploys its resources well in support of the bespoke needs of all vulnerable learners. The LA's integrated approach caters very well for the full range of needs, making provision that supports all categories of identified vulnerable pupils as well as providing universal provision, targeted intervention and additional learning provision for those identified and those who may be at risk of becoming vulnerable.
 The Modernising Education Programme is currently undertaking a review in order to re invigorate the 21st Century School Programme. The Department was inspected by Estyn during July 2023. We believe we have produced a robust Service Evaluation Report which coupled with any recommendations from the inspection will give us a Development Plan going forward to allow us to continue to deliver a quality Education Service. The inspection report is due later in September 2023 and this external view of our services will be used to review the risk rating and commentary in the next update.
 Estyn concluded that Carmarthenshire's education services are led robustly by senior leaders and elected members, who share a clear vision for education within the authority. This is supported by an open and positive culture and self-evaluation and improvement planning processes that are rigorous, on the whole. Through this, leaders have a positive effect on improving education provision and learners' outcomes in most of their areas of responsibility and are able to set a clear direction for further improvement in the future.
 The authority has productive working relationships with schools and other providers. This contributes beneficially towards ensuring that new initiatives, changes in provision and sharing of ideas happen jointly, in partnership.
 Over time, the inspection outcomes of schools in Carmarthenshire vary, although more recently, since 2022, the proportion requiring follow-up activity by Estyn has decreased.

Risk Ref	Risk Title	Assigned To
CRR190027	Fraud & Corruption The cost of fraud to the Welsh Public Sector is estimated to be in the region of between £100million and £1billion annually (as reported by Audit Wales)	Head of Revenues & Financial Compliance/Director of Corporate Services
Control Measures		
		Control Owner Uncontrolled Risk Rating Current Risk Rating Previous Rating since 18/07/2023
CRR190027/001	Anti-Fraud & Anti-Corruption Strategy	Head of Revenues & Financial Compliance/Director of Corporate Services Significant High
CRR190027/009	CRR190027/0009 Financial controls in place to mitigate fraud	Head of Revenues & Financial Compliance/Director of Corporate Services 20 12 Substantial Possible
CRR190027/010	CRR190027/0010 Fraud is specifically included in the Internal Audit Plan	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/007	Counter Fraud proficiency within the Internal Audit Team	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/005	Participation in the National Fraud Initiative Exercise	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/008	Effective relations with Dyfed Powys Police	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/002	Whistleblowing Policy	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/003	Financial Procedure Rules	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/004	Code of Conduct - Members & Officers	Head of Revenues & Financial Compliance/Director of Corporate Services
CRR190027/006	Dedicated Fraud Investigation Officer dealing with Revenue & Benefit Frauds	Head of Revenues & Financial Compliance/Director of Corporate Services
Action Items		
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- Departmental Review for CMT
October 2023 Update

Financial Procedure Rules for Schools are currently under review - once all stakeholder have fed into the revised document, it will then need to go through the appropriate approval process before being published. screen saver on the the Corporate Website has been in place - this raised further awareness of fraud, and how to report it, across the Authority. We are continually looking for opportunities to get counter fraud message out to all staff - an example of this is a recent article on the 'Marketing & Media' staff e-mail. The National Fraud Initiative (NFI), which is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud, is currently under way.



Risk Ref	Risk Title	Assigned To			
CRR190009	Deliver Effective Safeguarding Arrangements - Children (Detail in separate Safeguarding Risk Register)	Head of Children Services			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190009/002	Develop implement and regularly monitor effective safeguarding policies and procedures for Children's Services	Head of Children Services	Significant 25	High 10	
CRR190009/003	To have a sound procedure for professional abuse allegations effectively promptly and correctly	Head of Children Services		Catastrophic	
CRR190009/004	To respond appropriately to Regulators reports and recommendations	Head of Children Services		Unlikely	
CRR190009/005	To proactively monitor adequate procedures are being effectively operated by third party providers	Head of Children Services			
CRR190009/006	Ensure sexual exploitation Risk Assessments (SERAFs) and Missing Persons Risk Assessments are completed as required	Head of Children Services			
CRR190009/010	New arrangements implemented for our leaving care services in accordance with the Social and Well-being Act 2014	Head of Children Services			
Action Items					

- Departmental Review for CMT
October 2023 Update

The Risk Rating remains High, the impact of failing to deliver effective safeguarding remains Catastrophic 5. Circumstances have not changed since the last review and therefore the probability remains Unlikely 2.

The corporate parenting panel has had their first meeting with new council members. The corporate parenting strategy is due for review and will need to be re written with new targets based on more specific corporate parenting expectations placed on councils and specifically education, housing, community and leisure services. There is an increase in the number of looked after children. There is an increase in the number of children requiring specialist residential care. There is a reduction in the number of foster carers able to provide care for our looked after children in their own communities. There is an increase in the number of children being temporary excluded from schools or without a school placement. The new corporate parenting strategy will have to ensure that there is commitment to sufficient resources to fulfil the local authority's corporate parenting responsibilities effectively.

Regular MALAC (Multi Agency Care Management meetings) and CYSUR Audit and Evaluation Meetings have continued to take place virtually to ensure the council fulfils its corporate parenting role and progress is monitored as part of the Corporate Parenting Strategy. Service Managers continue to carry out monthly audits and assessments, plans and reviews. Internal inspection is carried out within the Internal Audit and Evaluation sub group of the Safeguarding Board.

There is a sound procedure for professional abuse allegations to be dealt with effectively, promptly and correctly. We continue to ensure the regional threshold and multi agency child protection arrangements are working effectively.

We continue to contribute widely to the Regional Safeguarding Board and have representatives in most of their subgroups; this allows Children Services to share new policies, procedures and social work practice to the wider workforce in a timely manner. An example of our active involvement being that two senior managers are currently chairing child practice reviews within the region and therefore are able to bring the rich debates back to the service. Furthermore we continue to hold internal threshold meetings to consider whether we are consistently applying the threshold for S47 investigations, care and support assessments and early help. Internally we also ensure that we are meeting our national safeguarding standards by considering our data as a management group each quarter.

All regulatory reports and recommendations are included in business planning and monitored quarterly.

We continue to ensure that appropriate Safeguarding measures are included in all Third Party contracts.

Sexual Exploitation Risk Assessments (SERAFs) are regularly monitored via the Childrens Safeguarding Audit and Evaluation Group and the Multi Agency Operational Group.

Schools are required to undertake a School Safeguarding Review to identify effective practice and challenges. All schools have completed and submitted their reviews. All Safeguarding Training for schools is currently up to date and all within timescales including Governors' training. The current school leadership issue, see Risk CRR190028, could have an impact on safeguarding in schools. Therefore we have added a specific Safeguarding in schools Risk to the Department RR which will become a control measure within this Risk and which we may propose is escalated as a Risk in the Corporate Risk Register.



Risk Ref	Risk Title	Assigned To			
CRR190078	Failure to address recent concerns regarding the presence of Reinforced Autoclaved Aerated Concrete (RAAC) in non-housing properties.	Head of Regeneration			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190078/001	Initial desktop inquiries have been conducted across our maintained property estate. Additional extensive surveying to be undertaken over next 3 months. Corporate RAAC Task & Finish group established to provide effective oversight of the investigation and management of Reinforced Autoclaved Aerated Concrete (RAAC) within the Council's building assets.	Head of Regeneration	High 15	Medium 9 Significant Possible	
Action Items					
<ul style="list-style-type: none"> Newly Approved Risk for inclusion on the Corporate Risk Register. 					

Risk Ref	Risk Title	Assigned To			
CRR190079	Managing Premises with emphasis of Fire Safety in the Hybrid working environment.	Head of Regeneration			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190079/001	Identify staff regularly based at relevant venues to ensure continuity of fire warden cover	Head of Regeneration	High 15	Medium 9	
CRR190079/002	Provide appropriate training to additional staff identified	Head of Regeneration		Significant	
CRR190079/003	Review procedures for management	Head of Regeneration		Possible	
Action Items					
<ul style="list-style-type: none"> Newly Approved Risk for inclusion on the Corporate Risk Register. 					

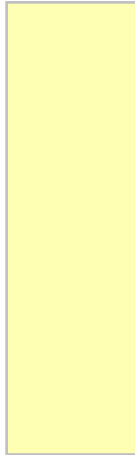
Risk Ref	Risk Title	Assigned To						
CRR190023	Management and delivery of UK Government's Shared Prosperity Fund	Economic Development Manager						
Control Measures					Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190023/001	Corporate Funding Group with representations from all council services to ensure compliance and timely delivery.		Economic Development Manager	High	Medium			
CRR190023/002	Ongoing review of external funding opportunities emanating from all CCC services / business plans		Economic Development Manager	12	9			
CRR190023/003	Follow guidance from and regular dialogue with UK Government and WLGA		Economic Development Manager		Significant			
CRR190023/004	Communications with communities and businesses		Economic Development Manager		Possible			
Action Items								
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Control Measures revised to reflect current position with inflationary pressures on Budgets.</p>								

Risk Ref	Risk Title	Assigned To			
CRR190058	SAC Phosphate & NRW Interim Planning Advice	Director of Place & Infrastructure/Head of Place and Sustainability			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190058/001	Identify and triage "major" applications and those related to the Council's Covid Recovery Strategy along with those with grant related potential - identify opportunities for consideration where available.	Head of Place & Sustainability	Significant 20	Medium 9	
CRR190058/002	Lobby and work with WG/NRW to get clarity around the scope of the requirements resulting from the Interim Advice to ensure that the authority can progress with determinations whilst still meeting its duties as a Competent authority in relation to the Habitat Regulations	Head of Place & Sustainability		Significant Possible	
CRR190058/003	Stakeholder Engagement - Instigate a communication and awareness raising programme reaching out across all sectors to ensure the implications are known and to develop an understanding of shared ownership and solution finding in addressing the issue	Head of Place & Sustainability			
CRR190058/004	Developer and Applicant Guidance - Preparation of a guidance pack for applicants and developers on the type and application of mitigation in relation to proposals impacted by the NRW guidance	Head of Place & Sustainability			
CRR190058/005	Develop a Catchment based Phosphate Calculator - Develop and implement including NRW endorsement. Calculator would enable the phosphate loading from any given development to be understood and consequential mitigation/compensation schemes to be identifiable.	Head of Place & Sustainability			
CRR190058/006	Specialist Legal and Ecological Support - Ensure decision making is supported by robust interpretations of the Council's duties and of the NRW guidance including identifying opportunities to refine the scope of the guidance and our understanding of the types of development that may be permissible.	Head of Place & Sustainability			
CRR190058/007	Provide a dedicated and continually refreshed webpage to set out the latest information and any updated guidance. To include also provide guidance for planning applicants, businesses and other interested parties - ensuring support and information is available.	Head of Place & Sustainability			
CRR190058/008	Collaborate across sectors on developing an understanding of the issues and in establishing solution based approaches.	Head of Place & Sustainability			
Action Items					

- Departmental Review for CMT
October 2023 Update (Rhodri Griffiths/ Ian Llewelyn)

CRR190058/002 – As part of NRW's wider Review of Permits for wastewater treatment works (WwTW) in phosphorus sensitive Special Area of Conservation (SAC) river catchments, updated permits are being issued for WwTWs which where appropriate include a total phosphorus limit reduction. These may have implications on the potential headroom for development to take place which discharges into a particular treatment works. We are monitoring the implications of the review of permits on pending and future planning applications as well as allocations within the Revised LDP.

CRR190058/003, 007 and 008 – The next meeting of the Nutrient Management Board will take place on the 4th October. This will be preceded by further meetings of the Nutrient Stakeholder Group on the 30th August and the Nutrient Technical Officers Group on the 5th September. Both preceding meetings will build on existing stakeholder engagement and cross sector collaboration to feed into the NMB meeting. We are currently engaging through the Nutrient Management Boards with the Welsh Government to establish and identify the scope and content of the Nutrient Management Plans for the affected catchments. The Phosphate webpage will be updated to explain the nature of the Review of Permits and the implications of any changes on the calculations in phosphate loading on development proposals.



Risk Ref	Risk Title	Assigned To			
CRR190060	Critical Authority wide IT systems	Head of ICT & Policy			
Control Measures			Control Owner	Uncontrolled Risk Rating	Current Risk Rating
CRR190060/001	Main server and backup server at different sites	Head of ICT & Policy		Significant	Medium
CRR190060/002	Microsoft database SQL expertise in IT department	Head of ICT & Policy		20	8
CRR190060/003	Frequent DR testing to simulate different loss of availability scenarios	Head of ICT & Policy			Substantial
CRR190060/004	Two data centres located in Ammanford and Carmarthen, benefiting from independent power supply. Each data centre has the capacity to accommodate all systems independently of the other if required.	Head of ICT & Policy			Unlikely
CRR190060/005	UPS (uninterruptable power supply) and generator backup power supply options at both locations.	Head of ICT & Policy			
CRR190060/006	Remote workers can access internal critical systems via two internet connections which will also work independently if one is lost.	Head of ICT & Policy			
CRR190060/007	Key network components facilitating connectivity to critical systems are configured in high availability (HA) mode for redundancy.	Head of ICT & Policy			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>We've dropped the impact of the current risk from catastrophic to substantial. This is due to the fact that we've mitigated the risk of total system outage to some degree through our work on cloud migrations, disaster recovery, a second data centre at Ty Parc Yr Hun, our incident response planning, mock response exercise etc. We've also provided a more comprehensive list of control measures, which hopefully provides more assurance.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190010	Deliver Effective Safeguarding Arrangements - Vulnerable Adults	Director of Communities			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190010/001	Representation at the Regional Board	Director of Communities	Significant	Medium	
CRR190010/002	Implementing effective safeguarding policies and procedures for vulnerable adults	Director of Communities	16	8	
CRR190010/003	Monitoring the performance of safeguarding within adult services	Director of Communities		Substantial	
CRR190010/004	Responding to regulators reviews and recommendations	Director of Communities		Unlikely	
CRR190010/005	Monitoring of third party providers to ensure safeguarding procedures are being effectively operated	Director of Communities			
CRR190010/006	Robust process for professional concerns and increase staffing resource to respond to increasing demands	Director of Communities			
Action Items					
<ul style="list-style-type: none"> Departmental Update for CMT October 2023 Update <p>There is an argument for this risk to be removed from the corporate risk register as it is a core operational business action within the safeguarding adults service area. There are robust systems and measures in place to ensure compliance and assurance in relation these areas of work and other statutory responsibilities which will highlight ant emerging areas of risk. There are currently no areas of risk or concern in relation to adult safeguarding. If significant areas of risk emerge these will be flagged through the appropriate governance channels and inclusion on the corporate risk register will be requested where appropriate. It has been decided however, that this risk remains on the Corporate Risk Register for discussion and review following the Audit Wales report.</p>					

Risk Ref	Risk Title	Assigned To	Next Review Date		
CRR190022	Manage and Develop Cwm Environmental & Llesiant Delta Wellbeing	Corporate Management Team			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190022/001	Governance arrangements incl management and Councillor representation on Shareholder/Governance Boards	Corporate Management Team	Significant 16	Medium 8	
CRR190022/002	Compliance with Companies Act and relevant legislation	Corporate Management Team		Substantial Unlikely	
CRR190022/003	Financial Planning Financial Reporting arrangements Audit programme	Corporate Management Team			
CRR190022/004	Training to be arranged for Directors	Corporate Management Team			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>A review of the Governance arrangements for both Local Authority Trading Companies with a view to aligning the arrangements and clarifying roles of Members and Scrutiny Committees in relation to Local Authority Trading Companies is being led by Linda Rees Jones and is now nearing completion and will shortly be reporting to Cabinet. Governance reporting through to Scrutiny and training for Directors was discussed at the CWM Shareholders earlier this year and the outcome was that this would be incorporated into the review being led by Linda Rees Jones.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190007	Ensuring effective management of Procurement / Contract Management and Partnership arrangements	Head of Revenues & Financial Compliance			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190007/002	Participation in the WLGA Heads of Procurement Forum	Head of Revenues & Financial Compliance	Significant 16	Medium 8	
CRR190007/003	Procurement strategy - this was updated and endorsed by CMT in July 2023	Head of Revenues & Financial Compliance		Substantial Unlikely	
CRR190007/005	Transformation Expenditure Stream	Head of Revenues & Financial Compliance			
CRR190007/006	Economic Recovery Plan / Progressive procurement approach - agreed and signed off by CMT, P&R, Scrutiny and Cabinet	Head of Revenues & Financial Compliance			
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>The procurement strategy has been updated and was reviewed and endorsed by CMT on the 20th July (2023) subject to some minor changes. This will now be taken to Pre-Cabinet in the Autumn. Contract management guidance and an accompanying e-learning module and introductory video are now live on the procurement intranet pages.</p>					

Risk Ref	Risk Title	Assigned To			
CRR190012	Failure to adhere to an effective Corporate Governance Framework	Head of Revenues & Financial Compliance			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190012/001	Corporate Governance Group	Head of Revenues & Financial Compliance	Significant 16	Medium 8	
CRR190012/003	Annual Governance Statement	Head of Revenues & Financial Compliance		Substantial Unlikely	
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Corporate Governance Group continues to meet on a quarterly basis. Code of Corporate Governance has been signed off and approved by CMT, Cabinet and Governance and Audit Committee. Better use of resources and building a better council are aligned to the Annual Governance statement which are structured based on the seven CIPFA principles of Good Governance. Code of corporate governance also updated to reflect the future generations act and the 7 CIPFA principles of good governance.</p>					

Risk Ref	Risk Title	Assigned To						
CRR190063	Failure in Determination of Major Planning Applications (Failure to determine major planning applications within timescale is adversely impacting on our ability as an Authority to achieve our regeneration ambitions)	Head of Place & Sustainability						
Control Measures					Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190063/001	A dedicated officer and support staff have commenced work on 'Major Projects' that support the county's economic recovery plan outputs and aspirations		Head of Place & Sustainability	Significant	Medium			
CRR190063/003	Protocol to be developed covering applications for major development projects (schemes above 10 residential units or 1,000 m ² of commercial development) – setting out how we will engage with applicants / developers, with clarity and commitment on the process(es) we will adopt to provide a quality and efficient planning process. Protocol will include, and clearly articulate, the programme activities, timescales and responsibilities that will support CCC's protocol and commitment to determine major applications.		Head of Place & Sustainability	20	6	Moderate Possible		
CRR190063/004	Consideration to be given to whether a Planning Performance Agreement (PPA) should be entered into with applicants for major development projects. PPA would set out set out the scope and timetable for pre-application engagement and subsequent submission and determination of the planning application. Possible useful project management tool that would be bespoke to each development, requiring commitment from both parties – applicant and LPA.		Head of Place & Sustainability					
Action Items								

- Departmental Review for CMT
October 2023 Update (Rhodri Griffiths/ Hugh Towns)

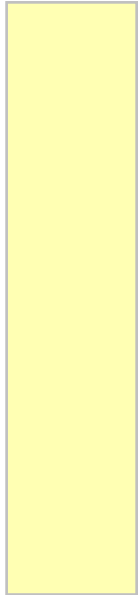
The Authority is actively seeking Planning Performance Agreements to ensure major development is delivered in a timely manner. We currently have 30 major applications under consideration (17 for major housing schemes and 13 for major non housing projects). 3 are awaiting S106 Agreements being completed. 12 have been received so far in 2023 and 18 determined so far this year.

All control measures are in place.

This risk arose from the Audit Wales Review of Planning Services (July 2021) and the recommendation that the Council should align its planning service to its corporate ambitions to ensure it can respond effectively to deal with its regeneration ambitions and can deliver them at pace.

The follow-up Review (October 2022) found that the Council's planning service is now focussed on helping the Council to deliver on its corporate agenda. It has a clearer strategic approach to major projects and a clearer focus on prioritising projects that deliver jobs and growth to support the Council's economic recovery plan.

Consider removing this from the Corporate Register in future if further monitoring shows that we are determining within set or agreed timescales.



Risk Ref	Risk Title	Assigned To			
CRR190043	Post Covid19 - Strategic Financial Implications - loss of income Financial implications - increased costs due to Covid-19 demands and compliance with Cabinet and Welsh Government instructions	Director of Corporate Services/Head of Financial Services/Head of Revenues & Financial Compliance			
Control Measures		Control Owner	Uncontrolled Risk Rating	Current Risk Rating	Previous Rating since 18/07/2023
CRR190043/001	Recovery of Council Tax & NNDR whilst being sensitive to the current situation	Director of Corporate Services/Head of Financial Services/Head of Revenues & Financial Compliance	25	Medium	
CRR190043/002	Recovery of Housing Rent	Director of Corporate Services/Head of Financial Services/Head of Revenues & Financial Compliance		Moderate	
CRR190043/004	CRR190043/003 Regular and robust budget monitoring to assess ongoing income loss/additional costs, unidentified correct action	Director of Corporate Services/Head of Financial Services/Head of Revenues & Financial Compliance		Possible	
Action Items					
<ul style="list-style-type: none"> Departmental Review for CMT October 2023 Update <p>Public use of Leisure Centres has returned to pre-pandemic levels. Car parking usage has also recovered , though remains below budgeted income. The Local Authority is currently considering strategic use of car parks and the balance between income and regeneration.</p>					

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CORPORATE RISK REGISTER IMPACT GRID

Risk classes / Impact	Minor 1	Moderate 2	Significant 3	Substantial 4	Catastrophic 5
Reputation Adverse / critical comment Ombudsman Investigation	<i>Ward / village</i>	<i>Local media</i>	<i>Welsh media</i>	<i>National media</i>	<i>Welsh Government Intervention</i>
Service Delivery Health / Education / Leisure Facility Support / Admin Facility	<i>Internal disruption only – no loss of service</i>	<i>Short Term disruption to service</i>	<i>Action required to overcome short-term difficulties</i>	Key targets missed Some services compromised	<i>Prolonged interruption to core services</i>
Environmental impairment Recovery / remediation time People / Casualty Employee accidents	No lasting detrimental effect on the environment or the community Minor injuries	Short-term, local environmental or social impact Ill health	Medium-term environmental or social impact Multiple ill health Disabling injury	Major public health / environmental incident or loss of significant community facility Serious disabling injuries	Recovery impossible or extremely long term Fatalities
Financial Implication	<i>Less than £5k</i>	<i>£5k - £50k</i>	<i>£50k - £500k</i>	<i>£500k - £2m</i>	<i>More than £2m</i>

STRATEGIC RISK REGISTER PROBABILITY GRID

Improbable Lowest Probability 1	Unlikely 2	Possible Median Probability 3	Likely 4	Probable Highest Probability 5
<i>Circumstances rarely encountered / Unlikely to occur</i>	⇒	<i>Circumstances occasionally encountered / medium likelihood of occurrence</i>	⇒	<i>Very likely to occur</i>

Probability - Impact Grid for Project, Strategic, & Service Risks

Probability	Probable (5)	Low (5)	High (10)	High (15)	Significant (20)	Catastrophic (25)
	Likely (4)	Low (4)	Medium (8)	High (12)	Significant (16)	Significant (20)
	Possible (3)	Very Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
	Unlikely (2)	Very Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	Improbable (1)	Negligible (1)	Very Low (2)	Very Low (3)	Low (4)	Low (5)
		Minor (1)	Moderate (2)	Significant (3)	Substantial (4)	Catastrophic (5)
		Impact				

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

MINUTES OF RELEVANT GROUPS TO THE GOVERNANCE & AUDIT COMMITTEE		
Recommendations / key decisions required:		
Minutes to be received.		
Reasons:		
Terms of Reference for the Governance & Audit Committee stipulate that minutes of the Grants Panel, Corporate Governance Group and Risk Management Steering Group be received by the Governance & Audit Committee.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A		
Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr A Lenny		
Directorate: Corporate Services Name of Head of Service: Helen Pugh Report Author: Helen Pugh	Designation: Head of Revenues and Financial Compliance	Tel No.: 01267 246223 E Mail Address: HLPugh@carmarthenshire.gov.uk

GOVERNANCE & AUDIT COMMITTEE

27 OCTOBER 2023

MINUTES OF RELEVANT GROUPS TO THE GOVERNANCE & AUDIT COMMITTEE

To provide Members with minutes from supporting Governance Groups for information.

The following Minutes are attached:

- Grants Panel
- Risk Management Steering 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
NONE	NONE	NONE	NONE	NONE	NONE	NONE

CONSULTATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

CABINET MEMBER PORTFOLIO HOLDER AWARE/CONSULTED? No

**Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:**

THERE ARE NONE

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MINUTES OF THE GRANTS PANEL MEETING HELD ON 28th JUNE 2023 VIA TEAMS		
PRESENT:	Randal Hemingway, Head of Financial Services Caroline Powell, Principal Auditor, Internal Audit (IA) Nia Thomas, Chair of PWG, Education & Children (Revenue) Les James, Chair of PWG, Communities David Williams, Audit Lead, Audit Wales Delyth Thomas, Grants Compliance Officer (GCO)	
APOLOGIES:	Rhian Phillips, Economic Development Area Manager Stuart Walters, Chair of PWG, Chief Executive Simon Davies, Chair of PWG, Education & Children (Capital)	
	SUBJECT	ACTION
1.0	<p><u>Minutes of the last meeting</u></p> <ul style="list-style-type: none"> Minutes were agreed. 	
2.0	<p><u>Matters Arising</u></p> <ul style="list-style-type: none"> The Director of Corporate Services to confirm the role of SASG in the allocation of funding to projects via the capital programme. WG have delayed standardising the formula for the allocation of funding to schools for the Education Improvement grant to 2024/25, which is part of Regional Consortia Schools Improvement grant (RCSIG). 	RH
3.0	<p><u>Audit Wales - Update</u></p> <ul style="list-style-type: none"> The audit of Housing Benefit return for 2021/22 is still outstanding. Additional testing has been undertaken and the audited return and covering letter is due to be issued shortly. An update on the 2022/23 audit programme was provided: <ul style="list-style-type: none"> NDR3 (LA01) and Teachers Pension (PEN05) – audits to be undertaken by the Audit Wales Central Team Housing Benefits (BEN01), Pooled Budgets (HLG01) & WANLESS Money Transfers (HLG03) – audits to be undertaken by the Audit Wales local team Audit Wales index showing submission dates and audit deadlines and the Certification Instructions of grants and returns which outline the testing 	DW

	SUBJECT	ACTION
	requirements to be forwarded to GCO.	
4.0	<p><u>Internal Audit (IA) - Update</u></p> <ul style="list-style-type: none"> • An update was provided on the audits of the 2022/23 grant funded projects: <ul style="list-style-type: none"> ○ Pupil Development grant and Education Improvement grant (under RCSIG) are nearing completion ○ Housing Support Grant and Children & Communities grant – audit has commenced • Review to be undertaken later in the year to establish which projects to be included in the IA audit plan for the 2023/24 grants. 	RH/CP/DT
5.0	<p><u>Grants Register 2022/23 & 2023/24</u></p> <ul style="list-style-type: none"> • The grants register for 2022/23 to be finalised. Work to start populating the grants register for 2023/24. 	DT
6.0	<p><u>Project Working Groups</u></p> <ul style="list-style-type: none"> • Minutes of PWG meetings were received: <ul style="list-style-type: none"> ○ Education & Children (capital): 21/3/2023 ○ Communities: 22/3/2023 • It is noted that 2022/23 teachers' pay award has not been settled. When it is settled the costs will be processed in the 2023/24 financial year. Whether the payment of the pay award relating to 2022/23 would be eligible to be claimed in 2023/24 to be raised with WLGA. 	RH
7.0	<p><u>European Grants Update</u></p> <ul style="list-style-type: none"> • A number of projects are due to end on the 30th June 2023. With the current programme of European funded projects is due to end in December 2023 the projects remaining from July onwards include: <ul style="list-style-type: none"> ○ Workways Plus LTU - end date 31/8/2023 ○ Workways Plus STU – end date 31/8/2023 	

	SUBJECT	ACTION
	<ul style="list-style-type: none"> ○ Celtic Routes – end date 31/8/2023 ○ Economic Acceleration & Regeneration through Innovation – end date 30/9/2023 ○ Communities for Work P1 – end date 31/10/2023 ○ Communities for Work P3 – end date 31/10/2023 ○ Regional Engagement Team ERDF – end date 31/10/2023 ○ Regional Engagement Team ESF – end date 31/10/2023 <ul style="list-style-type: none"> ● An update was provided to Grants Panel on the amount of grant income outstanding to the Authority for European grant funded projects. The total amount claimed to date is approximately £25m with a total of £1.1m grant income outstanding. 	
8.0	<p><u>Successor Schemes Update</u></p> <ul style="list-style-type: none"> ● Project applications invited under the Shared Prosperity Fund (SPF) have been assessed and presented to the moderation panel for consideration. 	
9.0	<p><u>AOB</u></p> <ul style="list-style-type: none"> ● In some instances concerns have been raised where applications for grant funding are being submitted that have implications on other departments in the Authority, that there is little or no communication regarding capacity issues or timescales required to deliver the project. Consideration also needs to be given when accepting grants: <ul style="list-style-type: none"> ○ financial benefit/resourcing ○ is it something the Authority is already doing? ○ reporting requirements <p>Issues to be brought to the attention via the Heads of Services and Chairs of the PWGs.</p>	RH
10.0	<ul style="list-style-type: none"> ● Date of next meeting – 2nd October 2023 at 2pm via Teams 	

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RISK MANAGEMENT STEERING GROUP

Minutes of Meeting held on

Thursday, 10th August 2023

Via Microsoft Teams

Members Present:			
Jonathan Fearn	Communities	Chair of Risk Management Steering Group	JF
Helen Pugh	Corporate Services	Chair of Contingency Planning Group	HLP
CLlr Alun Lenny		Cabinet Risk Champion	AL
Richard Stradling	Communities	Communities (Leisure) Risk Champion	RS
Simon Davies	Education and Children	Chair of Property & Liability Risks Working Group	SD
Andrew Kenyon	Place and Infrastructure	Place and Infrastructure Risk Champion	AK
Jackie Bergiers	Chief Executives	Lead Business Partner (H&S)	JB
John M Williams	Chief Executives	ICT Operations & Governance Manager	JW
Suzanne Wride	Corporate Services	Senior Risk Officer	SW

Item No	Subject	Action
1.	<p>Apologies</p> <p>Heidi Font - Employee Wellbeing Manager, Chief Executives</p> <p>Sue P John – School Organisation & Admissions Manager, Education and Children</p> <p>Stephen G Pilliner - Chair of Transport Risks Working Group, Place and Infrastructure</p> <p>Richard Davies, Communities (Social Care) Risk Champion, Communities</p> <p>Robert Edgecombe - Legal Services Manager, Chief Executives</p> <p>Gareth Jones – Chief Digital Officer, Chief Executives</p> <p>Kelvin Howell - Building Manager (Minor Works), Place and Infrastructure</p> <p>Huw Jones – Marsh UK Ltd</p>	
2.	<p>Minutes of Last Meeting</p> <p>The Minutes of the Risk Management Steering Group Meeting held on Thursday, 11th May 2023 via Teams, were confirmed as a true record.</p>	

3.	Matters arising from Risk Management Steering Group Minutes.	
3.1.1	<p>Water Safety Equipment</p> <p>JB advised that this was progressing, risk assessments of each current site were almost complete, trial of monitoring devices has commenced, and signage is being developed. A report is being developed and a Bid for funding will be submitted when appropriate. Pending submission of the Bid, It was agreed that the item should be removed from the agenda as an ongoing item.</p> <p>In response to a question about network coverage for the range of equipment to be monitored, JW to send the Low Power Wide Area Networking (LoRaWAN) coverage map to the group and invited them to provide feedback.</p>	JW
3.1.2	<p>Secure by Design Fencing - Schools</p> <p>SD advised that the Senior Business Partner (Working Safely) would provide an update on this matter in the next meeting.</p> <p>With regards to the questionnaire sent out to schools, many had been returned and high-risk areas of concerns have been prioritised.</p>	EC
3.1.3	<p>Review of Health & Safety Documentation</p> <p>Some documents were awaiting agreement at Corporate Health & Safety Leadership Board. JB to update the group as and when required and it was agreed that this item should be removed as a standard agenda item.</p>	JB
3.1.4	<p>CEX – H7S – Noise at Work</p> <p>JB advised that part 1 of the benchmark testing has been completed and the next part will commence early September. The outcomes of that testing will identify what (if any) further work is required. JB to update the group as and when required and it was agreed that this should be removed as a standard agenda item.</p>	JB
3.1.5	<p>Covid Measures in Schools</p> <p>SD advised that the matter was discussed at DMT level and, due to financial constraints, there were no immediate plans to place air purifiers into classrooms. Public Health Wales was currently undertaking an air quality schools project. SD to provide an update on this at the next meeting.</p>	SD
3.1.6	<p>Business Continuity Task & Finish Group</p> <p>HLP to meet with Chief Digital Officer to discuss the approach moving forward. IT to provide support with developing Departmental Business Continuity Plans. Update to be provided next meeting.</p>	HLP
3.1.7	<p>Property Claims</p> <p>KH to provide update on the meeting arranged to discuss the ongoing issues.</p>	KH
3.1.8	<p>Electric Vehicles</p> <p>Head of Environmental Infrastructure to provide an update on the meeting with Insurers.</p>	DJ
3.1.9	<p>Alcohol & Drug Testing Policy – Update</p> <p>Head of Environmental Infrastructure to provide an update at the next meeting.</p>	DJ

3.1.10	Zurich Municipal MV Review – Update Head of Environmental Infrastructure to provide an update next meeting.	DJ
3.1.11	Ysgol Bryn Teg / Dolen Teifi – Electric Minibuses Head of Environmental Infrastructure to provide an update next meeting.	DJ
3.1.12	Risk Appetite Statement HLP advised that no feedback had been received from the group. HLP to confirm current position on sign off.	HLP
4.	Minutes of Property & Liability Risks Working Group Meeting Wednesday, 2nd August 2023 The Minutes were noted.	
4.1	Matters arising from the Property & Liability Risks Working Group Minutes	
4.1.1	Alarm Receiving Centre The Principal Compliance & Condition Manager advised that discussions were ongoing with alarm contractors in relation to the last financial year so there is little to report at present. He also advised that he had been in discussions with IT concerning the digitalisation of systems, which links into the dual path signal which is an issue with the Alarm Receiving Centre. IT are considering a bid re the managing of the problem.	
4.1.2	Works on school sites by external agencies (e.g. Big Bocs Bwyd) In relation to the issues of external companies being asked to work on school sites. SD advised that a letter has been prepared but has been deliberately withheld pending the tweaking of an e form, an incoming framework etc which will lead to the updating of the letter to ensure schools go through appropriate channels and obtain permission from the Council. The intention is to issue the letter at the start of the Autumn term. SD also suggested that this formed part of any update training.	
4.1.3	Any Other Business SD advised that Marsh will be confirming the level of Insurance cover for pollution including contamination issues.	
5.	Minutes of Contingency Planning Working Group Meeting – Friday, 28th July 2023. The Minutes were noted.	
5.1	Matters arising from Contingency Planning Working Group Minutes	
5.1.1	Risk Registers HLP advised that she was currently working on a review of Risk Registers to highlight areas of concern for the Chief Executive. Asked the group to remind their DMTs to revisit all registers to check appropriate updates are in place.	All
5.1.2	A Review of Loggists - Improvement The Civil Contingencies Manager has written a job description for loggists which is awaiting sign-off. This is part of a longer-term plan for a resilient loggist programme and for loggists to gain recognition and financial reward.	

5.1.3	Emergency Response Plan Training The Civil Contingencies Manager had circulated the Emergency Response Plan and an update to include Emergency Planning Work Plan actions. The Civil Contingencies Manager recommended that the “Plan” is replaced with “Guidance” but is satisfied that it reflected all current principles and is up to date. The Emergency Response Plan is due to be signed off by CMT. Awaiting the All Wales National and Security Risk Assessment to be published before the Local Authority version is available so it better reflects the Welsh centric version. Rest Centre procedures are currently being reviewed along with Rest Centre Training. Recently undertook an exercise at the Eisteddfod to test the process and lessons learned will be explored further.	
5.1.4	Exercise Lemur Exercise Lemur was an awareness raising event on the effects of, and response to, a short notice and prolonged loss of electricity at a tactical deployment level. The Civil Contingencies Manager provided an update that the event was well organised and focussed on mechanisms of resilience, essential communication strategies, and vulnerability hubs. “Mighty Oak” was the strategic look at a power outage, coordinated by Welsh Government. The focus was on a resilient power source separate to the National network. The full outcome of the exercises is awaited, as a number of Working Groups have been established to present findings.	
6.	Transport Risks Working Group Meeting – postponed until Tuesday, 12th September 2023.	
7.	Bids for Financial Assistance tabled at the Property & Liability Working Group – Wednesday, 2nd August 2023	
7.1	E&C – Ysgol Rhydaman Bid related to fencing to the front and side of the school due to concerns surrounding pupil absconding / abduction. Due to the urgency of the situation the normal process had been circumvented and was approved in advance by SD as Chair of the Property & Liability Working Group and JF for this Steering Group. The meeting endorsed the approval.	
7.2	CE Contract Management Review Officer Bid related to funding of a 12-month temporary post to undertake a ‘health-check’ review of the Council’s contract management arrangements. Figures to be confirmed with Accountancy. The matter was discussed and recommended for approval on a Corporate (100%) basis	SW
7.3	E&C Halfway School Bid related to fencing to replace what is currently in place to ensure pupil safety. Recommended that this bid be approved on a Departmental (50%) basis	
7.4	E&C Cefneithin School Bid related to fencing in order to ensure pupil safety.	

	Recommended that this bid be approved on a Departmental (50%) basis	
8.	Any Other Business None	
9.	Next Meeting November 2023 - Exact date to be advised via Microsoft Teams.	

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GOVERNANCE & AUDIT COMMITTEE 27 OCTOBER 2023

GOVERNANCE & AUDIT COMMITTEE ACTION LOG		
Recommendations / key decisions required: To receive the report.		
Reasons: Action Log to inform Members of the actions to be progressed following previous meetings.		
Relevant scrutiny committee to be consulted: N/A		
Cabinet Decision Required: N/A Council Decision Required: N/A		
CABINET MEMBER PORTFOLIO HOLDER: Cllr A Lenny		
Directorate: Corporate Services Name of Head of Service: Helen Pugh Report Author: Caroline Powell	Designation: Head of Revenues and Financial Compliance Principal Auditor	Tel No.: 01267 246223 E Mail Address: HPugh@carmarthenshire.gov.uk CaPowell@carmarthenshire.gov.uk

**GOVERNANCE & AUDIT COMMITTEE
27 OCTOBER 2023**

GOVERNANCE & AUDIT COMMITTEE ACTION LOG

Action Log to inform Members of the actions to be progressed following previous meetings.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

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

CONSULTATIONS

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

Signed: H L Pugh – Head of Revenues and Financial Compliance

1. Scrutiny Committee: Not Applicable
2. Local Member(s): Not Applicable
3. Community / Town Council: Not Applicable
4. Relevant Partners: Not Applicable
5. Staff Side Representatives and other Organisations: Not Applicable

CABINET PORTFOLIO HOLDER(S)
AWARE/CONSULTED: No

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THERE ARE NONE

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Governance & Audit Committee - Action Log

Reference	Meeting Date	ACTION	PROGRESS	Responsible Officer(s)	Status
GAC - 2023/01	14/07/2023	Audit Wales Report: Time For Change - Poverty in Wales The Committee requested that a progress update report be brought to the Committee in 6 months' time.	Progress Update Report on the Audit Wales Report: Time For Change - Poverty in Wales to be brought to the December meeting.	Corporate Policy & Partnership Manager	Due December 2023
GAC - 2023/02	14/07/2023	Annual Governance Statement (AGS) The Committee noted some suggestions for amendments to be made to the AGS.	Amendments will be made, as appropriate, to the document; the Final AGS will be presented to the Committee when the full Statement of Accounts is presented.	Head of Revenues & Financial Compliance	Complete (27.10.2023)
GAC - 2023/04	29/09/2023	Complaints Report: the Committee made suggestions for improvements to the Complaints Report.	Revised Complaints Report to be brought to the December meeting of the Governance & Audit Committee.	Corporate Policy & Partnership Manager	Due December 2023
GAC - 2023/05	29/09/2023	Payroll Staff Certification Exercise: the Committee requested an update be provided on the completion rate of the exercise, and details of any outstanding requests.	Progress update on the Payroll Staff Certification Exercise to be brought to the December meeting of the Governance & Audit Committee.	Head of Financial Services / Principal Auditor	Due December 2023
GAC - 2023/06	29/09/2023	Internal Audit Report - Safeguarding: the Committee requested that a follow up review be undertaken as part of the 2024/25 Internal Audit plan.	Review to be included on the 2024/25 Internal Audit plan; Final Report to be brought back to the Committee when complete (target: September 2024)	Principal Auditor	Due September 2024
GAC - 2023/07	29/09/2023	Internal Audit Report - Welfare Cards: the Committee requested that a follow up review be undertaken as part of the 2024/25 Internal Audit plan.	Review to be included on the 2024/25 Internal Audit plan; Final Report to be brought back to the Committee when complete (target: September 2024)	Principal Auditor	Due September 2024

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2. DECLARATIONS OF PERSONAL INTERESTS.

Member	Agenda item	Nature of Interest
Mr Malcom MacDonald	6 – Council Complaints Policy Annual Report 2022-23 and 7 - Ombudsman's Annual Letter 2021/2022	Mr MacDonald has an involvement with one of the cases recorded as a statistic within the report. Mr MacDonald remained in the meeting and did not partake in the discussions or the voting therein.
Councillor Alex Evans	6 – Council Complaints Policy Annual Report 2022-23	He has a relative who works in the Democratic Services section of the Council.

3. AUDIT WALES WORK PROGRAMME UPDATE

The Committee considered a report presented by the Corporate Policy and Partnership Manager in the absence of the Audit Wales representative. The report included the Audit Wales Work Programme and Timetable quarterly update, as at 30 June 2023.

The following queries/comments were raised in relation to the report:-

- In relation to the setting of the well-being objectives cited on page 12 of the report, gratitude was expressed in receiving the report which was circulated to Committee Members last week. In addition, the Corporate Policy and Partnership Manager explained that the digital review had been received which was expected to be published on the Audit Wales website within the next week. Members were informed that both reports would be brought to Committee with a Carmarthenshire Council response for consideration.
- In response to a query regarding the accounting report on the ISO 260 and when it would be presented to the Committee, the Director of Corporate Services stated that this year, it was planned that the report and the statements of accounts would be available to the Committee at its scheduled October meeting.

UNANIMOUSLY RESOLVED that the Audit Wales Work Programme Update be noted.

4. INTERNAL AUDIT PLAN UPDATE 2023/24

The Committee considered a report which provided an update on the progress made on the implementation of the Internal Audit Plan 2023/24. It was reported that to date the completion rate was at 33% against a completion target of 35%. The Committee duly reviewed the progress made in respect of the delivery of the audit programme.

The Committee then considered the review on Payroll which was appended to the report as Part B. The attention of Committee Members was drawn to the key issues stated within the report.

The following observations raised by the Committee were addressed as follows:-

- Regarding the Employee Certification exercise, members raised concerns and several comments of dissatisfaction and disappointment in relation to the issues identified within the report. The Director of Corporate Services acknowledged that this matter was an important issue which needed to be addressed, explaining that the point of the employee certification exercise was to provide assurance that databases represented the information therein accurately. In recognising the challenges that managers have in respect to their daily priorities, it was highlighted that this was an important part of internal control, hence the recommendations as cited within the review to be implemented as a measure to ensure the necessary work is complete.

It was strongly suggested in the event of a further poor response rate, more pressure should be applied. The Director of Corporate Services stated that certifications not received on first submission would be escalated to the Head of Financial Services who would then remind managers of their responsibilities regarding the Certification. Assurances were provided that further failures to return would then be escalated to Heads of Service.

It was expressed that as this matter had been brought to the attention of the Committee in previous meetings, it was frustrating to learn that the same issues continued to arise. It was commented that there seemed to be a level of complacency amongst the managerial level, which may be an explanation of the continuous poor response rate.

In response to a query raised in regard to the timing of the exercise results, the Head of Financial Services explained that the deadline set for departments was the end of September 2023, where any outstanding areas would be followed up with a matter of urgency. Furthermore, it was emphasised that a significant effort would be applied in order to ensure a better return rate; therefore, it was anticipated that a much-improved rate would be reported to the Committee in December.

UNANIMOUSLY RESOLVED that the Internal Audit Plan Update 2023/24 progress report be noted.

5. ANNUAL ANTI-FRAUD AND ANTI-CORRUPTION REPORT 2022/23

The Committee received for consideration the Annual Anti-Fraud and Anti-Corruption Report 2022/23 which provided a summary of the activities of the Council's Anti-Fraud functions for the 2022/23 financial year.

The diverse range and nature of services and activities coupled with the size of its operations and budgets inevitably places Carmarthenshire County Council at risk of fraud and corruption, from both internal and external sources.

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

The observations raised by the Committee were addressed as follows:-

- page 6 of the report denoted that in 2022/23, there had been a significant raise in the outcomes of the referrals in terms of the total detriment prevented reaching a total of £11m. In acknowledging that this was a tremendous achievement, which should be noted it was asked, why the number of preventative/proactive literature distributed had fallen from the previous year? The Principal Auditor advised that the information requested was unknown to her at the present time and would therefore circulate the information requested Committee Members outside of the meeting. The Head of Revenues and Financial Compliance added that the Trading Standards department regularly hold a variety of promotion activities which in collaboration with the Trading Standards department would be reflected in future reports.
- Compliments were conveyed to the Trading standards team for securing several convictions, particularly given the lengthy processes involved. In addition, expressions of gratitude were raised for their outstanding work in the prevention of fraud which was reflected within the report.

UNANIMOUSLY RESOLVED that the Annual Anti-Fraud and Anti-Corruption Report 2022/23 report be noted.

6. COUNCIL COMPLAINTS POLICY ANNUAL REPORT 2022-23

[**Note:** Mr M. MacDonald and Councillor Alex Evans having earlier declared an interest in this item remained in the meeting but did not partake in the discussions or the voting thereof.]

The Committee received for consideration the Council's Complaints Policy Annual Report for 2022-23 which included details on the corporate and adult services complaints process as well as the data on complaints / compliments received during 2022-23.

In presenting the report, the Corporate Policy and Partnership Manager highlighted that there had been a significant increase in complaints for this period compared to last year. It was explained that circa 500 complaints were attributed mainly to the change in waste service which was introduced early 2023. Members were informed that given the large-scale nature of the change which had impacted on all households within Carmarthenshire, together with the geographical area of the service, the increase was not unusual. However, it was reported that there were lessons to be learned from the complaints received in connection with the waste service change which would also be used in future service changes.

The observations raised by the Committee were addressed as follows:-

- It was commented that there were major challenges in regard to the change in waste service and that many lessons should be learned.
- In reference to the number of referrals to the Ombudsman in regard to complaints handling, it was asked, what was being done to address and learn from those complaints that progress onto the Ombudsman's office? The Business Support Manager, Administration and Legal Division gave reassurance that complaints data from the Ombudsman's Office would feed into future corporate reports which whilst raising awareness, would enable trends to be identified and lessons to be learned.
- It was commented that the Committee last received the Complaints report in March 2023 where several observations and comments had been raised. Whilst it was pleasing to see there had been some improvements in the quality of the report, strong concern was raised that fundamental issues remained to be addressed.
- It was observed that as the Complaints Report was a composite report which included Corporate Complaints and those covered by the Social Services Complaints Procedure Regulations 2014. In light of this, it was highlighted that the Council's Annual Report must comply with the requirements of the Regulations and the Statutory Guidance issued thereunder.

In addition, it was highlighted that the 2014 Regulations and Guidance covered all Social Services, i.e Children's and Adult Services complaints but the report included limited information thereof.

In highlighting that the Social Care Regulations state 10 working days for a resolution of Stage 1 complaints and 25 days working days for Stage 2, it was raised that the timescales set for stage 1 and Stage 2 had not been complied with. It was strongly raised that the report had not provided Committee members with adequate relevant information in regard to when the Stage 1 complaints were responded to outside of these timescales and further concern was expressed in regard to the position of the stage 2 complaints which was deemed to be far worse.

It was strongly suggested that the annual report needed to highlight when the exceptional circumstances were exercised in accordance with Paragraph 18 (3) of the Social Services Complaints Procedure Regulations 2014. This together with the information on the nature of all complaints and how they were resolved should be provided.

Reference was made to Section 5 of the report which included information on the Stage 1 and 2 of Adult Services Complaints. It was highlighted that the report had insufficient information in order for Committee Members to be able to undertake their duty in respect of scrutinising the complaints data therein. In addition, it was expressed that some of the wording in Section 6 of the report was grossly misleading and incorrect citing that 'there is no requirement for stage 1 complaints to be concluded as upheld or not upheld'.

It was expressed in view of the above-mentioned comments that the report could not be supported.

In response to the above comments/observations, the Corporate Policy and Partnership Manager stated that in regard to the stage 2 information that would be brought back to the committee for consideration. It was explained that the team would develop a way to automate the system to be able to cease undertaking the current manual method.

Furthermore, in terms of the communication and the number of referrals to the Ombudsman, the Committee was assured that ongoing dialogue between the Complaints team and the complainants was a priority at each point.

The request for further information was taken on board and a revised report would be brought back to the Committee.

In response to the observation in regard to the under performance of the Stage 2 timescales, the Corporate Policy and Partnership Manager explained that many complaints were complex in their nature and therefore appointing the most appropriate investigation officer to handle a particular complaint outweighed meeting the deadline of 20 days. In acknowledging that the current performance data was not at a satisfactory level, there were many challenges to overcome.

The Performance, Analysis & Systems Manager further added that much of the data signposted to today was available and that it was currently reported to the Departmental Management Team on a quarterly basis together with the underpinning evidence of each case. The Committee was assured that further work would be undertaken with colleagues to ensure that the complaints data in respect of adult and children's social care services would be included in future reports for the Committee to consider.

In regard to comment raised in relation to the lack of information on whether complaints at Stage 1 were upheld/not upheld, the Performance, Analysis & Systems Manager explained that the Regulation only requests that the outcomes were to be recorded in a tangible manner. This was currently achieved by setting out the component of the complaint, recommended outcomes and the recommendations that were followed. The recommendations were taken through to lessons learned to the teams, providing reassurance to Members and Management Team that complaints at any stage were transparent and open. Members were informed that the team had received compliments from the Care Inspectorate Wales (CIW) in regard to the processing of complaints within adult services.

Due to concerns having been raised by the Committee during the consideration of the report, not least whether its format complied with the requirements of the Social Services Complaints Procedure (Wales) Regulations 2014, the report was withdrawn with a view to being submitted to a future meeting.

7. OMBUDSMAN'S ANNUAL LETTER 2022/2023 CARMARTHESHIRE COUNTY COUNCIL

[**Note:** Mr M. MacDonald having earlier declared an interest in this item remained in the meeting but did not partake in the discussions or the voting thereof.]

The Committee received for consideration the 2022/23 annual letter from the Public Services Ombudsman for Wales.

Annually, the Public Services Ombudsman for Wales (PSOW) provides each County Council with a letter in the form of a factsheet with accompanying data to assist in reviewing performance.

The Committee duly considered the letter and the key points arising from the letter and appended factsheet as summarised in the report.

The report highlighted that as shown in Appendix C, in 2022/23 that there were no reports issued against Carmarthenshire, either upheld or not upheld.

UNANIMOUSLY RESOLVED that the Ombudsman's Annual Letter 2023/2023 be received.

8. REVISED CONTRACT PROCEDURE RULES

The Committee received for consideration the revised Contract Procedure Rules which had been reviewed and updated to take account of a number of changes in the Council's procurement procedures and changes in terminology in light of the UK leaving the EU.

The Contract Procedure Rules (CPR's) had been updated following the outcomes of the Task and Finish group which was appointed by the Authority's Corporate Management Team (CMT) in September 2022 and tasked to review procurement arrangements and frameworks within Carmarthenshire County Council. The Group comprised of officers from procurement, economic development, legal, and environment who were. Pre-Cabinet approved these recommendations on the 3rd July 2023 which resulted in these amendments to be made to the Council's Contract Procedure Rules.

Members noted the changes that had been made as stated within the report.

UNANIMOUSLY RESOLVED that the amendments to the Contract Procedure Rules as stated in the report be approved.

9. GOVERNANCE & AUDIT COMMITTEE ACTION LOG

The Committee considered its Action Log which included progress information in regard to the actions arising from previous meetings.

UNANIMOUSLY RESOLVED that Governance and Audit Committee Action Log be noted.

10. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE GOVERNANCE AND AUDIT COMMITTEE HELD ON THE 14 JULY 2023

UNANIMOUSLY RESOLVED that the minutes of the meeting of the Governance and Audit Committee held on the 14th July 2023 be signed as a correct record.

11. EXCLUSION OF PUBLIC

RESOLVED pursuant to The Local Government Act 1972 as amended by The Local Government (Access to Information) (Variation) (Wales) Order 2007 that the following items were not for publication as the reports contained exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A to the Act.

12. AUDIT WALES: LESSONS FROM CYBER ATTACKS - CARMARTHENSHIRE COUNTY COUNCIL RESPONSE

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 11 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act).

The public interest test in this matter related to the fact that the report contained detailed information about the business and financial affairs and ambitions of the applicants. In this case, the public interest in maintaining transparency and accountability is outweighed by the public interest in maintaining confidentiality, as Audit Wales have shared the report in confidence and have advised that it be considered in a private session due to the risk of its contents provoking or facilitating cyber attacks on public bodies.

The Committee, at its March 2023 meeting, requested a confidential position statement to be presented to the Committee in 6 month's time, to provide assurance that the questions raised within the Audit Wales Cyber Report were being satisfactorily addressed.

The Committee considered the information provided within the report.

UNANIMOUSLY RESOLVED that the report be approved.

13. INTERNAL AUDIT REPORT - SAFEGUARDING

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 11 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act).

The public interest test in this matter related to the fact that the report contained detailed information about the business and financial affairs and ambitions of the applicants. In this case, the public interest in maintaining transparency and accountability is outweighed by the public interest in maintaining confidentiality, as of the shortcomings identified would increase the risk of unsuitable individuals being recruited pending the introduction of measures to address those shortcomings.

The Committee received the Internal Audit Report on Safeguarding as one or more Fundamental Control Weaknesses had been identified.

In considering the information presented, it was proposed that the Committee receive a further report on this issue in 12 months. This was duly seconded.

UNANIMOUSLY RESOLVED that the report be approved and that a 12-month review be brought to the Committee.

14. INTERNAL AUDIT REPORT - WELFARE CARDS

Following the application of the public interest test it was **RESOLVED**, pursuant to the Act referred to in minute no. 11 above, not to publicise the content of the report as it contained exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) (Paragraph 14 of Part 4 of Schedule 12A to the Act).

The public interest test in this matter related to the fact that the report contained detailed information about the business and financial affairs and ambitions of the applicants. In this case, the public interest in maintaining transparency and accountability is outweighed by the public interest in maintaining confidentiality, as of the shortcomings identified would increase the risk of unsuitable individuals being recruited pending the introduction of measures to address those shortcomings.

The Committee received the Internal Audit Report on Welfare Cards as one or more Fundamental Control Weaknesses had been identified.

In considering the information presented, it was proposed that the Committee receive a further report following a review in 6 months. This was duly seconded.

UNANIMOUSLY RESOLVED that the report be approved and that a 6-month review be brought to the Committee early in 2024/25.

CHAIR

DATE