

Public Document Pack



County Hall
Rhadyr
Usk
NP15 1GA

Dydd Mercher, 31 Awst 2022

Hysbysiad o gyfarfod

Pwyllgor Llywodraethu ac Awdit

Dydd Iau, 8fed Medi, 2022 at 2.00 pm,
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

AGENDA

Item No	Item	Pages
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd	
4.	Nodi'r Rhestr Weithredu o'r cyfarfod diwethaf	1 - 2
5.	Datganiad Cyfrifon Drafft 2021/22 Cyngor Sir Fynwy	3 - 158
6.	Diweddariad chwarterol ac amserlen	159 - 174
7.	Adroddiad Cynnydd Archwilio Mewnol - Chwarter 1	175 - 182
8.	Archwilio Cymru: Llamu Ymlaen ac Ymateb Rheolwyr y Cyngor	183 - 204
9.	Asesiad Risg Strategol Awdurdod Cyfan	205 - 232
10.	Blaengynllun y Pwyllgor Llywodraethu ac Archwilio	233 - 236
11.	I gadarnhau cofnodion y cyfarfod blaenorol a gynhaliwyd ar 14eg Gorffennaf 2022	237 - 244
12.	I gadarnhau dyddiad y cyfarfod nesaf fel y 13eg Hydref 2022 am 2.00pm	

Paul Matthews
Prif Weithredwr

CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Andrew Blackmore

Colin Prosser

Martin Veale

County Councillor Ian Chandler	Llantilio Crossenny;	Green Party
County Councillor John Crook	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Peter Strong	Rogiet;	Welsh Labour/Llafur Cymru
County Councillor Laura Wright	Grofield;	Welsh Labour/Llafur Cymru

Gwybodaeth Gyhoeddus

Mynediad i gopiâu papur o agendâu ac adroddiadau

Gellir darparu copi o'r agenda hwn ac adroddiadau perthnasol i aelodau'r cyhoedd sy'n mynychu cyfarfod drwy ofyn am gopi gan Gwasanaethau Democrataidd ar 01633 644219. Dylid nodi fod yn rhaid i ni dderbyn 24 awr o hysbysiad cyn y cyfarfod er mwyn darparu copi caled o'r agenda hwn i chi.

Edrych ar y cyfarfod ar-lein

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i www.monmouthshire.gov.uk neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

Y Gymraeg

Mae'r Cyngor yn croesawu cyfraniadau gan aelodau'r cyhoedd drwy gyfrwng y Gymraeg neu'r Saesneg. Gofynnwn gyda dyledus barch i chi roi 5 diwrnod o hysbysiad cyn y cyfarfod os dymunwch siarad yn Gymraeg fel y gallwn ddarparu ar gyfer eich anghenion.

Nodau a Gwerthoedd Cyngor Sir Fynwy

Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

Amcanion y gweithiwn tuag atynt

- Rhoi'r dechrau gorau posibl mewn bywyd i bobl
- Sir lewyrchus a chysylltiedig
- Cynyddu i'r eithaf botensial yr amgylchedd naturiol ac adeiledig
- Llesiant gydol oes
- Cyngor gyda ffocws ar y dyfodol

Ein Gwerthoedd

Bod yn agored. Rydym yn agored ac yn onest. Mae pobl yn cael cyfle i gymryd rhan mewn penderfyniadau sy'n effeithio arnynt, dweud beth sy'n bwysig iddynt a gwneud pethau drostynt eu hunain/eu cymunedau. Os na allwn wneud rhywbeth i helpu, byddwn yn dweud hynny; os bydd yn cymryd peth amser i gael yr ateb, byddwn yn esbonio pam; os na allwn ateb yn syth, byddwn yn ceisio eich cysylltu gyda'r bobl a all helpu - mae adeiladu ymddiriedaeth ac ymgysylltu yn sylfaen allweddol.

Tegwch. Darparwn gyfleoedd teg, i helpu pobl a chymunedau i ffynnu. Os nad yw rhywbeth yn ymddangos yn deg, byddwn yn gwrando ac yn esbonio pam. Byddwn bob amser yn ceisio trin pawb yn deg ac yn gyson. Ni allwn wneud pawb yn hapus bob amser, ond byddwn yn ymrwymo i wrando ac esbonio pam y gwnaethom weithredu fel y gwnaethom.

Hyblygrwydd. Byddwn yn parhau i newid a bod yn hyblyg i alluogi cyflwyno'r gwasanaethau mwyaf effeithlon ac effeithiol. Mae hyn yn golygu ymrwymiad gwirioneddol i weithio gyda phawb i groesawu ffyrdd newydd o weithio.

Gwaith Tim. Byddwn yn gweithio gyda chi a'n partneriaid i gefnogi ac ysbrydoli pawb i gymryd rhan fel y gallwn gyflawni pethau gwych gyda'n gilydd. Nid ydym yn gweld ein hunain fel 'trefnwyr' neu ddatrysyr problemau, ond gwnawn y gorau o syniadau, asedau ac adnoddau sydd ar gael i wneud yn siŵr ein bod yn gwneud y pethau sy'n cael yr effaith mwyaf cadarnhaol ar ein pobl a lleoedd.

Caredigrwydd – Byddwn yn dangos caredigrwydd i bawb yr ydym yn gweithio gyda nhw, gan roi pwysigrwydd perthnasoedd a'r cysylltiadau sydd gennym â'n gilydd wrth wraidd pob rhyngweithio.

This page is intentionally left blank

Agenda Item 4

Audit Committee Action List 14th July 2022

Agenda Item:	Subject	Officer	Outcome
4	Action Plan	Andrew Wathan	14th July 2022: Action carried forward Committee to review final version when statement of accounts is presented at meeting on 8 th September 2022.
4	Action Plan	Andrew Wathan/Peter Davies	14th July 2022: Action below carried forward Provide GAC Members with a list of key collaborations and who audits
4	Action Plan	Peter Davies/Andrew Wathan	14th July 2022: Action carried forward Ensure reports for forward plan include reconciliation/cross reference with the terms of reference also compliance with Local Government and Elections Act 2021
6	Treasury Outturn Report	Peter Davies/Jonathan Davies	<ol style="list-style-type: none"> 1. Breakdown in changes to asset values of the three non-treasury investments <ul style="list-style-type: none"> • Oak Grove Solar Farm • Castlegate Business Park • Newport Leisure Park 2. More information on ethical investment 3. Consider inclusion of climate emergency declaration when Treasury strategy is reviewed
9.	Internal Audit Outturn Report	Andrew Wathan/Peter Davies	<ol style="list-style-type: none"> 1. Invite service managers to next meeting re Limited Opinions: <ul style="list-style-type: none"> • Concessionary Travel • Fleet (Health and Safety and Driver Management) 2. Provision of Fraud figures (not percentages)
11.	Draft Self-Assessment report	Richard Jones	Further information requested on increase tonnage of waste whilst exceeding recycling target
12.	Forward Work Plan	Andrew Wathan/Chair	<ol style="list-style-type: none"> 1. Write Report on review of terms of reference 2. Add to Forward Plan – invitation of service managers to next meeting.

This page is intentionally left blank



AGENDA ITEM TBC

SUBJECT: DRAFT STATEMENT OF ACCOUNTS 2021/22 – MONMOUTHSHIRE COUNTY COUNCIL

MEETING: Governance and Audit Committee

DATE: 8th September 2022

DIVISIONS/WARD AFFECTED: All

1. PURPOSE:

- 1.1 This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comments on the draft 2021/22 Statement of Accounts of Monmouthshire County Council.
- 1.2 Members are asked to note that the figures provided are subject to change during the external audit process and that a final audited statement of accounts will be presented to this committee at a future date.
- 1.3 The accounts were signed by the Responsible Finance Officer on the 8th August 2022 and will be subject to external audit and the public inspection period.

2. RECOMMENDATIONS:

- 2.1 That the Governance & Audit Committee:
 - Note the 2021/22 draft Statement of Accounts and highlight any queries and comments.
 - Note that following the completion of the external audit process, the audited Statement of accounts for 2021/22 will be presented to this Committee at a later meeting.

3. KEY ISSUES

- 3.1 The Local Government (Wales) Measure 2011 identifies the review of the Council's overall financial affairs and corporate governance arrangements as a specific function of the Governance & Audit Committee.
- 3.2 Under current legislation for Wales, the draft statement of accounts are to be produced and published by the Authority by the 31st May following the financial year they relate to.
- 3.3 The Authority has historically had a good record of meeting its accounts closure deadlines but during the 2021/22 closure process the finance section has continued to face considerable disruption as a result of the need to account for new grant initiatives and substantial unbudgeted grant income received by the Council during the final quarter of the financial year. With staff resources continuing to be under pressure in many of the service areas that provide key information for the statement of accounts, the primary focus of the finance teams has been directed to ensuring the ongoing financial sustainability of the Council and reporting the budget outturn position in a timely and accurate manner.

3.4 The regulations in place in Wales continue to allow the Council the flexibility to publish the statement of accounts after the statutory deadline subject to providing a statutory notice as per paragraph 10(4) of the regulations detailing the reasons for not meeting the deadline. This notice was made by the Council on the 1st June 2022 and can be viewed at:
<https://www.monmouthshire.gov.uk/app/uploads/2022/06/Notice-of-Delayed-Commencement-of-Audit-2021-22.docx>

3.5 The revised high level timetable for completion of the final accounts is as follows:

Draft accounts published	8th August 2022
Public Inspection period	25 th August to 22 nd September 2022
External audit process	August to October 2022
Final accounts / ISA 260 Report to G&AC	24th November 2022

Statement of accounts

3.6 The Statement of Accounts, shown in **Appendix 1**, is a highly technical document and its form and content are heavily regulated. The main regulations come through the:

- Code of Practice on Local Authority Accounting in the United Kingdom;
- Service Reporting Code of Practice; and
- Supported by International Financial Reporting Standards (IFRS).

3.7 In complying with these Standards, the accounts do not always make easy reading. With this in mind a summary of the main financial statements has been prepared at **Appendix 2** to assist with the scrutiny process of the primary statements.

3.8 Alongside this, the guide produced by CIPFA – **Understanding Local Authority Financial Statements** has been provided as a background paper which may assist members of the Governance and Audit Committee and other users to understand the format of the accounts.

3.9 The formal Statement of Accounts at **Appendix 1** include the following statutory primary statements:

- Movement in Reserves Statement
- Income & Expenditure Statement
- Balance Sheet
- Cashflow Statement

3.10 Supporting explanatory notes are also included in sections 10 to 17 which aim to give further information on the amounts included in the primary statements.

4. REASONS

4.1 To provide Governance and Audit Committee Members with an opportunity to review and provide comments on the draft 2021/22 Statement of Accounts of Monmouthshire County Council.

5. BACKGROUND PAPERS

Appendix 1 - Draft 2021/22 Statement of Accounts – Monmouthshire County Council

Appendix 2 – Summary of 2021/22 primary financial statements

Background paper 1 - Understanding Local Authority Financial Statements (CIPFA – 2016)

6. AUTHORS:

Jonathan S. Davies
Assistant Head of Finance

Email: jonathandavies2@monmouthshire.gov.uk
Tel: (01633) 644114

This page is intentionally left blank

MONMOUTHSHIRE COUNTY COUNCIL

DRAFT STATEMENT OF ACCOUNTS (Subject to Audit)

2021/22



monmouthshire
sir fynwy

CONTENTS PAGE

Section		Page
	<i>Introduction:</i>	
1	Narrative Report	3
2	Statement of Responsibilities	10
3	Annual Governance Statement	11
	<i>Core Financial Statements:</i>	
5	Movement in Reserves Statement	32
6	Comprehensive Income and Expenditure Statement	33
7	Balance Sheet	34
8	Cash Flow Statement	35
9	<i>Notes to the Accounts:</i>	
10	Movement in Reserves Statement Notes	37
11	Comprehensive Income and Expenditure Statement Notes	45
12	Non-Current Assets and Capital Financing Notes	50
13	Financial Instruments, Current Assets & Liabilities Notes	59
14	Post-Employment Benefits Notes	72
15	Cash Flow Statement Notes	77
16	Other Notes to the Accounts	79
17	Accounting Policies	88

1 NARRATIVE REPORT

1.1 Introduction

Monmouthshire County Council's Statement of Accounts provides a record of the Council's financial position for the year. This section of the document supplements the financial information contained in the accounts, with the aim of providing an overview of the more significant financial and accounting issues which affected the Council during the year.

Key facts about Monmouthshire



Monmouthshire is the most South Eastern County in Wales covering the area from the towns of Abergavenny & Monmouth in the North to Chepstow & Caldicot in the South. It is a predominantly rural County covering an area of 880sq miles and serving a resident population of around 93,000.

The majority of the Council's administrative and political functions are carried out at County Hall at The Rhadyr, near Usk, Monmouthshire.

Political and management structure

The Council uses a Leader and Cabinet (Executive) governance model, with the Cabinet comprised of elected members, who each have lead responsibility for an area of the Council's business, including the Leader. Council determines the Authority's policy framework and budget and other constitutional functions. Below Cabinet and Council level there are a number of committees and panels that fulfil various scrutiny, statutory oversight and regulatory functions.

Following the Local Government elections in May 2022, there are 46 locally elected councillors representing 39 Monmouthshire wards who sit on the various committees of the Council, with the current political make-up of the Council being 22 Labour; 18 Conservative; 5 Independent; 1 Green Party.

The Cabinet and elected members are supported by the Council's Strategic Leadership Team which is led by the Chief Executive. For management purposes the Council's operations are organised into Service Areas each of which is headed by a chief officer reporting to the Chief Executive. The Service Areas with a brief overview of their functions are:

Social Care, Health & Safeguarding

Adult services, Community care, Children's services, Partnerships, Resources & performance management, Commissioning, Public protection.

Children & Young People

Schools and Early Years provision, Standards and Resources.

Chief Executive's Unit

Policy, Scrutiny & Customer service

People & Governance

People, Democratic services, Emergency planning.

Resources

Finance, Information communication & technology, People, Commercial and corporate & landlord services.

Communities & Place

Business growth & enterprise, Facilities & Fleet, Neighbourhood services, Planning & housing, Highways & flooding.

Monlife

Leisure, Youth & Outdoor Adventure, and Countryside & culture.

Corporate

Corporate management, Non-distributed costs, Precepts & levies and Insurance.

1.2 Financial Performance for the Year

Revenue Budget for 2021/22

The net revenue budget of £178.2m was financed from council tax, government grants, business rates & fees and supplemented by charges for services. The Council has a good track record of managing within approved budgets and has carefully managed its services during the year despite the extraordinary ongoing financial pressures. As a result of significant unbudgeted Welsh Government grants that were communicated to and received by the Authority late in the financial year and that have offset core budget funding, the Council generated a surplus of £5.621m which was used to replenish earmarked reserves, and ensure a level of financial resilience to deal with service pressures and the wider policy commitments that will shape future service delivery.

Welsh Government continued to support Local Government through the Local Government Hardship Fund for the extraordinary additional costs & loss of income incurred in dealing with the pandemic response.

Further details on the outturn position are provided in the July 2022 outturn report to Cabinet.

	Revised Budget	Actual	Variance
	£000	£000	£000
Net Expenditure:			
Net cost of services (as per internal management reporting)	170,085	166,744	(3,341)
Attributable costs – Fixed Asset Disposal	30	234	204
Interest and Investment Income	(134)	(318)	(184)
Interest Payable and Similar Charges	3,736	3,399	(337)
Charges Required Under Regulation	6,404	6,391	(13)
Borrowing Cost Recoupment	(3,619)	(3,710)	(91)
Capital Expenditure Financing	185	185	(0)
Earmarked Contributions to/(from) Reserves	1,493	1,493	(0)
Net Revenue Budget	178,180	174,417	(3,763)
Financed by:			
General government grants	(69,679)	(71,049)	(1,370)
Non-domestic rates	(32,018)	(32,018)	-
Council tax	(83,636)	(84,190)	(554)
Council Tax Benefit Support (included in NCS)	7,152	7,219	67
Net Financing Budget	(178,180)	(180,038)	(1,858)
Council Fund (surplus)/deficit - Non-Schools	0	(5,621)	(5,621)
Council Fund (surplus)/deficit - Schools	1,556	(3,536)	(5,092)
Council Fund (surplus)/deficit - Total	1,556	(9,157)	(10,713)

The net cost of services in the table above of £166.74m is reported on a management accounting basis, i.e. the same basis as the budget reports to Cabinet during the year. The figure for the net cost of services in the Comprehensive Income and Expenditure (CIES) in Section 6 of £183.85m is different because it is prepared on a financial accounting basis, which is specified by accounting guidelines.

Note 11.1 to the accounts shows how these figures reconcile.

Level of general and specific reserves/balances

The following summarises the Council's general and earmarked reserves, together with specific service reserves and trading account balances. Further information on these can be found in Section 10 of the accounts.

Reserves & balances	2019/20 £000	2020/21 £000	2021/22 £000
Council Fund Balance	8,906	8,906	10,527
School Balances	(435)	3,418	6,955

Earmarked Reserves	6,383	10,671	16,115
Total Usable Reserves & balances available for Revenue Purposes	14,854	22,995	33,597

Schools: In a similar manner to the general revenue activities of the Council, Schools also received significant one-off Welsh Government support in dealing with the impacts of the Covid pandemic and recovery during 2021/22. The following table summarises the schools balances position by school type:

School Balances	2019/20 £000	2020/21 £000	2021/22 £000
Comprehensives	(931)	554	2,253
Primaries	347	2,838	4,622
Other	149	26	79
Total	(435)	3,418	6,955

Capital expenditure & financing

In addition to revenue spending the Council also spent £25.2m on its assets which is detailed below along with the corresponding finance streams:

2020/21 £000		2021/22 £000
	Expenditure	
393	Schools modernisation programme	1,328
9,482	Infrastructure	11,599
2,755	Asset management schemes	3,036
1,638	Other	1,752
926	Inclusion schemes	954
0	ICT schemes	644
2,509	Regeneration schemes	4,088
1,003	Vehicles	1,809
18,706	Total Expenditure	25,210
	Financing	
(1,042)	Capital receipts	(3,447)
(5,859)	Borrowing and Finance Lease Commitments	(5,894)
(11,553)	Grants and Contributions	(15,635)
(252)	Revenue and Reserve Contributions	(234)
(18,706)	Total Financing	(25,210)

Significant capital receipts

The most significant capital receipts received in 2021/22 were £1m for the partial disposal of Hilston Park; £1m for three County Farm holdings and £0.4m for Gilwern Old School. All other receipts totalled £0.6m. The Council currently ring fences all capital receipts to support ongoing capital investment priorities in line with its Corporate plan.

Revaluation and disposals of non-current assets

The Council has a policy of revaluing all Land & Building assets every five years on a rolling programme. During 2021/22 the valuations included Community Centres, Corporate Facilities, Hubs & Public Contact Centres and Recreational Spaces. The programme for subsequent years is as follows:

- 2022/23 – Primary Schools, Recreational Spaces, Nurseries & Playgroups and Cemeteries
- 2023/24 – Comprehensive Schools, Corporate Facilities Car Parks and Community Centres

In addition to this rolling asset revaluation programme, an annual review is also undertaken of our assets for any significant changes in their use. The Investment Property portfolio is assessed annually by the Authority's Estates section to ensure the value is accurately reflected in the accounts.

During the year the value of our non-current assets has increased from £389.9m to £405.0m, arising from recognising the in-year asset expenditure of £21.8m; the rolling programme of revaluations increasing their held value by £12.7m; depreciation of £(13.0)m; impairment of £(5.9)m; and book value of disposals of £(0.5)m.

Borrowing arrangements and sources of funds

The Council's overall borrowing, on a principal valuation basis, totalled £176.23m as at 31st March 2022 (£183.46m as at 31st March 2021), comprising of the following:

31st March 2021 £000		31st March 2022 £000
74,647	Public Works Loan Board	87,358
13,812	Market Loans & Bank loans	13,812
5,062	Welsh Government	6,031
86,944	Local Government bodies	66,025
3,000	Special Purpose Vehicle	3,000
183,466	Total borrowing	176,226

Further information on borrowing arrangements is disclosed in notes 13.3 and 13.4 to the accounts. The Council continues to operate within its limits as set according to the Local Government Act 2003 and the CIPFA Prudential Code.

Collection of Council Tax and Non-Domestic Rates

The Council Tax bill for Monmouthshire County Council in 2021/22 (including amounts raised for Police and Community Councils) was £1,785.68 (£1,717.44 in 2020/21) for properties in valuation Band D. We collected 97.4% in year of the total due (96.6% 2020/21). Our collection rate for Non-Domestic Rates was 99.1% in 2021/22 (92.8% in 2020/21). During the year £80,000 Council Tax and £11,000 Non-Domestic Rates' debts were written off (£54,000 and £27,000 in 2020/21).

Pension Liabilities

We are required to state the cost of paying retirement pensions when we become committed to the costs, not when we actually pay them. An Actuary is used to estimate the figure for Monmouthshire and 2021/22 shows a net liability of £259,212,000 (£306,704,000 in 2020/21).

There is a decrease in the combined net liability of the Greater Gwent pension funds of £47,492,000 from 1 April 2021 to 31 March 2022. This has resulted from an increase in the value of scheme assets alongside a decrease in the value of scheme liabilities. The movement in liabilities relate to changes in financial assumptions (e.g. increased inflation, decreased discount rate, increased longevity/age presumptions).

The date of the latest actuarial valuation was 31 March 2022 and this will inform the updated the employers' contribution rates from 1st April 2023 until 31st March 2026. Further details are given in section 14 of the notes to the Accounts.

1.3 The Financial Outlook

2022/23: In setting its 2022/23 revenue budget the Council was required to make difficult choices regarding service delivery and Council Tax levels. As part of the process the Council approved an annual Council Tax increase of 2.95%, which increased the annual band D charge by £42.32 to £1,476.79 (excluding amounts raised for Police and Community Councils). It also approved £10.1m of budget mitigation measures to ensure that the approved budget is balanced.

In respect of the Council's forward capital programme this has been constructed to principally support the Schools modernisation programme, Disabled Facilities Grants, Asset management and Infrastructure, with £136m (including contributions to the Cardiff Capital Region City Deal initiative) budgeted to be spent from 2022/23 to 2025/26.

The Medium Term: The medium term prognosis is still of concern with the current MTFP indicating a funding gap of £13m over the next three years based on indicative Welsh Government funding settlements, and prior to recognising updated demands upon services. Demand led cost pressures continue to increase in areas such as Children's services, Adult Social Care, Children's additional learning needs and Transport. Alongside this, the risks presenting in the wider economic environment are expected to place upward pressure on our pay budgets over the medium term.

It is also important to recognise the impact of the current economic environment with global economies having been hit hard by the pandemic, the impact of the ongoing conflict in Ukraine and the continuing resolution of Brexit agreements. All of these will inevitably impact upon future public spending and Local Government settlements.

Covid-19 Impact

The continuing response and recovery from the impact of the pandemic required the Council to incur significant additional expenditure, for example, costs relating to infection control measures, safeguarding the public and employees and support for elderly and vulnerable residents. In addition, income losses have also been substantial, during the period where services either have been closed or have experienced significant reductions in demand or footfall due to conditions experienced.

During the year Welsh Government continued to provide significant one-off funding support to mitigate these additional costs and income losses, through the Hardship fund and via specific grant funding. Welsh Government have been clear that this one-off support ended on 31st March 2022 and there therefore remains a significant budgetary risk for the Authority to carry into 2022/23 in light of a period of significant economic uncertainty, extended national policy commitments, and the continuing legacy impacts of the pandemic upon service delivery.

The notable budgetary risks identified for 2022/23 and resulting from the legacy impact of the pandemic are:

- The pandemic has brought about Welsh Government policy change, significantly in the area of Homelessness, and where the funding picture still remains unclear;
- The continuing impact on the most vulnerable members of the County and the ongoing and additional support that this may require, notably in the areas of Social Care and Additional learning needs;
- Implications on demand levels for some of our income generating services such as Leisure facilities, Outdoor Education, Investment properties and Car parking;
- The risks presenting in the wider economic environment that are expected to place upward pressure on our pay budgets over the medium term;
- Supply chains continue to be radically disrupted.

In considering all of the above and in apportioning the outturn position the future financial stability of the Council was considered, alongside the potential additional unknown costs that could occur in dealing with post Covid-19 recovery, whilst also giving financial resilience to service areas to deal with service pressures and the wider policy commitments that will shape future service delivery.

Covid-19 Support provided

In working with all parts of the Welsh Public Sector, the Welsh Government provided significant one-off support to all areas through numerous funds which have been administered by the Council during the year. This has ranged from support to local businesses, additional payments to Care workers, those needing to self isolate, and for winter fuel support, as follows:

Support fund	£000s
Business Support Grants	362
NDR Relief grants	1,474
Care Workers Payments	1,894
Covid-19 Freelancer Grant	18
Self Isolation Payments	1,002
Winter Fuel Payments	476
SSP Enhancement	147
Total	5,373

Cardiff Capital Region City Deal (CCRCD)

The Council continues to be an active member of the Cardiff Capital Region City Deal initiative. In total this Council will make a 6.1% contribution to the £120 million project, with the percentage being based on its proportion of the regional population, and which will fund the annual costs of this investment. The development and management of the £120 million investment is the responsibility of the CCRCD Regional Cabinet.

The revenue contribution required during the year was £71,263 (£67,870 in 2020/21). The capital contribution to the project was not required during 2021/22 (£122,862 in 2020/21) due to projects not being completed as planned.

The Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single entity accounting statements and disclosures. Further details of the arrangement are outlined in note 16.6.

1.4 The Accounting Statements

The Authority's accounts for the year are set out in sections 5 to 17. They consist of:

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 Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Comprehensive Income and Expenditure Statement

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 the Movement in Reserves Statement.

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 are 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 those that 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'.

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. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Notes to the Accounts

The core financial statements outlined above are supported by notes to further assist the reader in interpreting the Authority's financial position for the year ended 31st March 2022. The notes are sectioned to aid the user of the accounts to navigate the extensive supporting notes.



8th August 2022

Peter Davies
Deputy Chief Executive (S151 Officer)

Date

2 STATEMENT OF RESPONSIBILITIES

2.1 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 those affairs, in line with statute this is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

2.2 The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

APPROVAL OF STATEMENT OF ACCOUNTS

I certify that the accounts set out within sections 5 to 17 gives a true and fair view of the financial position of the Council as at the 31st March 2022 and its income and expenditure for the year ended 31st March 2022.



Peter Davies
Deputy Chief Executive (S151 Officer)

8th August 2022

Date

Monmouthshire CC

Annual Governance Statement 2021/22

May 2022

Executive Summary

The Statement itself demonstrates that Monmouthshire has appropriate governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in the majority of areas we have effective governance arrangements in place which are continually improving, but also recognise that there is always further work to do.

Despite the recent pandemic the Council has managed to maintain the majority of its governance arrangements this year and has demonstrated it has sound and effective arrangements in place in the services it delivers and the crisis it had to deal with. The majority of improvements noted in the 2019/20 & 2020/21 Action Plans have been addressed during the year (Appendix 1); the 2021/22 Action Plan is shown at Appendix 2. The Code of Corporate Governance was presented to the Council's former Audit Committee in June 2020 and presented to, and approved by Cabinet September 2021.

Audit Wales's review of Good Governance concluded that the Council has a clear strategic approach for significant changes, although, better information would help Members when deciding the future shape of the Council.

The Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021. The recommendations and actions from this Statement for the Council to improve will be integrated into the Council's Annual Wellbeing and Self-Assessment Report.

- 1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) and the Society of Local Authority Chief Executives and Senior Managers (S.O.L.A.C.E.), the 'Delivering Good Governance in Local Government Framework 2016' and Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 2 The Statement itself demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do. Progress against the 2019/20 and 2020/21 Action Plans are shown at Appendix 1.

Scope of Responsibility

- 3 Monmouthshire County Council (the Council) (MCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2011 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. The Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021.
- 4 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 5 The Council's financial management arrangements conform to the governance requirements of the 'CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)'.
- 6 The **Code of Corporate Governance**, which is consistent with the principles of the C.I.P.F.A. / S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government', was initially approved by Council in July 2011; the Code was revised and updated again in June 2020, approved by Cabinet September 2021. A copy of the Code is available from the Chief Internal Auditor. This statement explains how the Council has complied with the revised Framework and Guidance (2016) and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014. The revised Code sets out what governance arrangements are in place within Monmouthshire CC for each of the Governance Principles.

The Purpose of the Governance Framework

- 7 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its population outcomes, priorities and objectives and to consider whether those objectives have met the outcomes and led to the delivery of appropriate, cost effective services.
- 8 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of

internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, outcomes and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 9 The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

The Governance Framework

- 10 The Council's Corporate Governance is in line with the following principles:

Overarching requirements for acting in the public interest:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition achieving good governance in the Council requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Wellbeing of Future Generations (Wales) Act 2015

- 11 Monmouthshire has to demonstrate it is compliant with the Well-being of Future Generations (WFG)(Wales) Act 2015 and this compliments the way it functions in line with the above principles of good governance; the core behaviours being:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- ensuring openness and comprehensive stakeholder engagement

This needs to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes which, in turn, should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Monmouthshire and Wales.

- Long Term
- Prevention
- Integration
- Collaboration

- Involvement

Monmouthshire Council priority goal (Well-being Objectives)	Contribution of Well-being Objectives to Well-being Goals						
	Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	vibrant culture and thriving Welsh Language	Globally responsible Wales
The best possible start in life	✓		✓	✓		✓	
Lifelong well-being	✓	✓	✓	✓	✓		
Maximise the Potential of the natural and built environment	✓	✓	✓		✓	✓	✓
Thriving and well-connected county	✓	✓	✓	✓	✓		✓
Future-focused Council	✓	✓			✓		✓

- The key elements of the Council's governance arrangements are set out in its Corporate Plan 2017/2022, "A Monmouthshire that works for everyone" which was approved by Council in February 2018. A mid-term refresh was presented to Council in September 2021.
- As part of the requirements of the Well-being of Future Generations (Wales) Act 2015 the Public Service Board (PSB) is focused on improving social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. Public Service Boards have a planning responsibility to prepare and publish an assessment of local well-being, produce a local well-being plan and report annually on its progress.
- The Public Service Board has approved four well-being objectives that underpin a clear purpose of "building sustainable and resilient communities".
- An update on the emerging actions being developed to deliver the objectives contained in Monmouthshire's Well-being Plan was signed off by the PSB in April 2018. The Public Services Board Committee was renamed the Public Services Committee in March 2020 in order to scrutinise wider public service provision and where powers allow, to provide greater accountability of services delivered in collaboration or by external partners.
- The PSB presented its annual report 2020/21, in July 2021 to the Public Services Scrutiny Committee. During 2021/22 Monmouthshire PSB merged with other local PSBs to form the Gwent PSB.

Coronavirus (Covid-19) Pandemic

- The Coronavirus pandemic (WEF March 2020) had initially caused significant organisational disruption including new emergency responsibilities, increased staff absence and a requirement for staff to work from home (where possible) while continuing to ensure statutory services were maintained as expected. For the most part of 2021/22 the majority of office based staff continued to work from home. This statement assesses the governance in place during 2021/22.

- 18 In accordance with the Council's Corporate Emergency Management Plan (revised March 2019) an Emergency Response Team (ERT) was established along with a regional multi-agency Strategic Coordination Group (SCG) to deal with this pandemic. These groups started to meet on a daily basis during March 2020 and continued throughout 2020/21 and into 2021/22.
- 19 Once enacted, the Corporate Emergency Management Plan allowed for an emergency management structure and delegation of emergency powers to the ERT Gold Duty Officer in consultation with the Leader of the Council.
- 20 The pandemic has impacted on the Council's delivery of services as some staff were diverted to front line duties to ensure that critical services were prioritised. There have also been new areas of activity as part of the national response to Coronavirus for example providing emergency assistance to businesses in Monmouthshire.
- 21 There has been funding and logistical consequences of delivering the local government response. To ensure appropriate governance and accountability, these costs have been identified by staff and appropriately coded on the Council's Main Accounting System and reclaimed from Welsh Government.
- 22 In line with public health measures to mitigate the spread of Coronavirus and to enable the Council to focus on the delivery of critical services, all public meetings were initially suspended. This included Council meetings, meetings of full Cabinet and all committee and sub-committee meetings, including Select, Planning and Licensing. The Council felt it was important to re-instate public meetings as soon as it was safe to do so. Using appropriate technology, key meetings were held remotely which could be viewed by the public through live streaming or through You Tube channels later. MCC was the first Council in Wales to get its meetings back up and running.
- 23 Urgent decisions initially were made in accordance with the officer and Members' schemes of delegation as detailed in the Council's Constitution and urgent decision-making procedures.
- 24 As the use of technology came into operation, minimal Council meetings were cancelled; they were held remotely through live video links.
- 25 Moving into 2021/22 Welsh Government restrictions eased. Covid 19 Recovery updates and Response and Progress continued to be reported through Cabinet.
- 26 An evaluation of the Council's progress against its Coronavirus Strategic Aims was taken through Cabinet in June 2021 and December 2021.
- 27 As much as possible, the systems of internal control have continued to operate during the pandemic and subsequently into 2021/22. The Council's implementation of Office365 (Teams) has allowed the majority of employees to successfully work from home without major disruption.
- 28 In the Chief Internal Auditor's opinion, adequate assurance was obtained over the course of 2021/22 to result in an overall '**Reasonable**' audit opinion to be issued for the Council's activities, although this was based on the limited work undertaken by the team due to reduced resources. One member of the team was seconded to support the administration of the Welsh Government business grants. Reliance on previous year's audit work has also been taken into consideration in arriving at this year's opinion in that there have been no significant systems or staff changes. 64% of the approved revised audit plan was completed against the target of 82%; 20 audit opinions were issued; with 2 *Limited Assurance* audit opinions issued. Further detail regarding the Internal Audit team's performance is included within the Internal Audit Annual Report 2021/22.
- 29 In conclusion, during 2021/22 the Coronavirus pandemic did not lead to significant internal control or governance issues which impacted on the overall review of effectiveness. This will be monitored during 2022/23 and reviewed as part of future Annual Governance Statements.

Review of Effectiveness

- 30** The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Strategic Leadership Team within the Authority which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 31** The governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 32** The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:
- i. The Monitoring Officer presented the revised and updated Council Constitution to the Democratic Services Committee in January 2021 and to full Council in March 2021 with a further update May 2022;
 - ii. Periodic reviews of the financial controls including the financial procedure rules by the Chief Finance Officer (Head of Finance); financial procedure rules were approved by Council in September 2014; Contract Procedure Rules were reviewed and updated during 2020/21 and approved by full Council within the Constitution in March 2021;
 - iii. Whole Authority Strategic Risk Management Assessment and amendments to the Policy were approved by Cabinet in April 2021;
 - iv. Formal risk management and ongoing review of the processes involved reported through Governance and Audit Committee November 2021;
 - v. The Governance and Audit Committee undertook a self-evaluation exercise towards the end of 2019/20; summary reported to Governance and Audit Committee June 2020;
 - vi. Annual Governance and Audit Committee report to Governance and Audit Committee July 2021 and Council September 2021;
 - vii. Code of Corporate Governance to Cabinet September 2021;
 - viii. The Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that agreed recommendations are implemented; reported through Governance and Audit Committee.;
 - ix. The work of the Council's Select and other Committees, including its Governance & Audit and Standards committees;
 - x. The opinions and recommendations of the Council's external auditors, following both financial audit work and per the Local Government Measure in regard to matters, including governance issues, which are considered for action and implementation and reported to Council, Cabinet and Governance and Audit Committee, as appropriate;
 - xi. The opinions and recommendations of other inspection, regulation and review agencies which are reported to Council, Cabinet, Select Committees and Governance and Audit Committee as appropriate. Governance and Audit Committee receives a regular report on the progress made with recommendations and proposals issued by Audit Wales.;
 - xii. Regular monitoring of performance against the Corporate Plan and service plans and of key targets, and reporting of this to senior management and members;

- xiii. Corporate Plan update 2020/21 – Council September 2021;
- xiv. Through the coronavirus pandemic establishing a series of interim strategies to provide clarity in direction and ensure accountability – to Cabinet June 2021 & December 2021;
- xv. Annual Safeguarding Evaluation Report - Council November 2021;
- xvi. Estyn's report into Local Government Education Services in Monmouthshire County Council – Cabinet May 2020;
- xvii. Annual appraisal of the effectiveness of the authority's performance management arrangements reported annually to Governance and Audit Committee.
- xviii. Chief Officer for Children and Young People's Annual Report presented to Council June 2021; Chief Officer for Social Care, Safeguarding & Health's Annual Report presented to Council September 2021; Annual Statutory Report on Performance 2020/21 from the Director of Social Care, Safeguarding and Health – Council September 2021;
- xix. Updated policies and strategies reported through Cabinet and Council.

33 The following paragraphs review the effectiveness of the governance arrangements in Monmouthshire under the 7 principles.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- 34** The Code of Conduct for Members and a protocol on Member / Officer relationships are set out in the Constitution, updated March 2021 & May 2022. The Council also has a local protocol for the self regulation of Member conduct.
- 35** The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Members' Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members. The Standards Committee met 3 times during 2021/22.
- 36** Public Service Ombudsman Wales Annual Report (2020/21) was presented to Cabinet in November 2021.

Conduct Complaints about MCC Members received by the Public Services Ombudsman:

	2018/19	2019/20	2020/21
Not upheld	1	2	1
Referred to Standards Committee	0	0	0
Referred to Adjudication Panel	0	0	0
TOTAL COMPLAINTS CLOSED	1	2	1

- 37** Agreed arrangements enable the Council to comply with statutory requirements in respect of child protection and the protection of vulnerable adults. Recruitment procedures help ensure that Council employees and Members working with children or vulnerable adults are checked for their suitability to do so through independent DBS checks.
- 38** In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.
- 39** There were no successful "call-in" challenges to decisions on procedural grounds.
- 40** Policy and decision-making is facilitated through (i) Council and Cabinet; the meetings of which are open to the public and live streamed online except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution: Five select committees (including the statutory Public Services Scrutiny Committee) and a separate Governance and Audit Committee review, scrutinise and hold to account the performance of the Cabinet, decision making committees and officers. A Scrutiny "Call-In" process for decisions which have been made but not yet implemented is incorporated in the Constitution in order to consider their appropriateness.
- 41** A Scrutiny and Executive Protocol is in place which is aligned to the updated constitution of March 2021/ May 2022 and provides parameters for effective executive and scrutiny relationships.
- 42** The Constitution is updated periodically by the Monitoring Officer; the latest update approved by Council was in May 2022. It can be found on the Council's website.
- 43** To ensure agreed procedures and all applicable statutes are complied with, the Monitoring Officer attends full Council meetings, Cabinet and SLT. To ensure sound financial management is a key factor in decisions, the Deputy Chief Executive and Chief Officer Resources (Interim Head of Finance) attends SLT, Cabinet and Council meetings.
- 44** The ethical governance framework includes:
- codes of conduct for officers and Members
 - a protocol governing Member/Officer relations
 - a whistle-blowing policy widely communicated within the Council
 - registers of personal and business interests for Members
 - declarations of interests for Chief Officers
 - an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied
 - equalities awareness training.
- 45** In accordance with the Local Government and Housing Act, 1989, the Monitoring Officer ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration. The Monitoring Officer has not issued a Section 5 report in 2021/22 or in the previous year, 2020/21.
- 46** All exemptions of the Contract Procedure Rules are reported through Governance and Audit Committee periodically. The Internal Audit team co-ordinates the exemption process in conjunction with strategic procurement.
- 47** The Governance and Audit Committee has the opportunity to call in senior managers during the year and challenge them on why a procurement process went outside the Council's normal tendering processes. There were no call-ins during 2021/22.

- 48 As a result of Covid-19 the Internal Audit Team was repurposed during most of 2020/21 to undertake extensive counter fraud activities on Welsh Government business grants and support TTP; a report was taken to Governance and Audit Committee explaining the situation, January 2021. The team managed to work through the audit plan for 2021/22 with 20 Internal Audit opinions being issued in the year; 2 audit jobs resulted in **Limited** assurance.
- 49 The overall opinion on the adequacy of the internal control environment for 2021/22 was **REASONABLE**. Management agreed to implement the recommendations made in audit reports in order to address the weaknesses identified. The Internal Audit opinions issued in 2021/22 were as follows:

	2019-20	2020-21	2021-22
Substantial Assurance (Very Good)	2	2	5
Considerable Assurance (Good)	11	6	6
Reasonable Assurance	7	1	7
Limited Assurance (Unsatisfactory)	9	0	2
Total	29	9	20

- 50 Reasons why the outcome of the audit reviews which were deemed to provide Limited assurance have been, or will be, presented in a separate report to Governance and Audit Committee; assurances have been sought from respective operational managers that action will be taken to make the necessary improvements in control.
- 51 The Internal Audit team did not have a full complement of staff for the full year; the Auditor was seconded out of the team and was then successful with an internal promotion and the Audit Manager left the organisation in February 2022. Despite reduced resources, 64% of the 2021/22 audit plan was achieved, which was better than the previous year (57%). The Chief Internal Auditor's overall audit opinion is based on the number of audits undertaken and their individual opinions; he was able to give an overall opinion on the adequacy of the control environment but this was based on a limited number of opinions issued. The 2021/22 audit opinion was supported by the knowledge that there were appropriate governance, risk management and internal control assurances in place in previous years, with no significant changes. The Assistant Head of Finance continued to be covered by the Central Accountancy Finance Manager and Deputy Chief Executive & Chief Officer Resources.
- 52 The Internal Audit team continued to ensure its compliance with the Public Sector Internal Audit Standards (PSIAS). This was validated through a peer review process at the end of 2017/18; the outcome of which was that the team are compliant.
- 53 An Improvement Framework is in place to ensure the economic, effective and efficient use of resources and for securing continuous improvement. This is supported by a range of mechanisms including collaborative working initiatives and reviews undertaken both internally and by the external auditors and inspectors. This framework works in conjunction with the Local Government Wales Measure 2009 & 2011. Performance and Improvement Objectives reported to Council in September 2021 through the Corporate Plan Annual Update 2020/21. Work is ongoing with the Council's improvement framework to reflect new performance arrangements and duty established by the Local Government and Elections (Wales) Act 2021.
- 54 The strategies which support this Framework include the Asset Management Plan, People Strategy, Local Development Plan, Financial Plan, Digital Strategy, Economy & Enterprise Strategy which are

delivered through service business plans and employee aims & objectives, evaluated and risk assessed.

- 55 Chief Officers and Heads of Service are accountable for ensuring that the Council Priorities are delivered and performance against key targets is regularly monitored via the performance management framework and is regularly reported to members via Select Committees.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- 56 The agendas are published in advance of all meetings on the Council's website; corresponding minutes are published post meeting.
- 57 The scrutiny /select reports on recommendations/outcomes from scrutiny activity are presented to Cabinet quarterly. The scrutiny function has a 'Scrutiny Service Business Plan'. The plan is built into the Council's improvement framework. At Monmouthshire, scrutiny is undertaken by 5 select committees.
- Children and Young People's Select Committee
 - Adults Select Committee
 - Economy and Development Select Committee
 - Strong Communities Select Committee
 - Public Service Select Committee
- 58 The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles. The Scrutiny Handbook and a Scrutiny and Executive Protocol have been developed to support Members to carry out their responsibilities effectively provides a guide for Members, officers and the public on the role and value of scrutiny and the website displays the Scrutiny Forward Work Programme and invites public submissions. Development of Customer Insight to better understand our communities.
- 59 Social media, Twitter, Facebook and You Tube for example, is used to engage local people and communicate the corporate message. Scrutiny has a Twitter account to help engage more effectively with the public on democracy. Chief Officers, Members and the Communications team are very proactive in engaging with the public.
- 60 Public engagement events and You Tube continued to be used in 2021/22 for the budget proposals. The Council has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided. This links back to the principles of the Well-being of Future Generations Act which sets out five ways of working including involvement.
- 61 In addition to regular internal communications, throughout the pandemic, and subsequently, the Chief Executive has extensively engaged with the public providing updates on essential Covid-19 related statistics and Council service provision.
- 62 In May 2018, Monmouthshire Public Services Board (PSB), adopted their Well-being Plan in line with the requirements of the Well-being of Future Generations (Wales) Act. The plan was informed by the Monmouthshire Well-being Assessment which sought the views of Monmouthshire residents and draws together findings from data, academic research and policy papers and the views of local people. This Plan is challenged publicly through Public Services Select Committee, July 2021. During 2021/22 several local PSBs merged to form the Gwent Public Services Board.
- 63 The "Our Monmouthshire" approach, which was essential to the Well-being Assessment is about all of us addressing the needs of the future as well as current generations. People in Monmouthshire were asked "*what's good about your community and what would make it better, now and in the future*".

The well-being assessment was also used as evidence to inform the Council's Corporate Plan, making sure it addresses some of the really big challenges that Monmouthshire faces in coming years.

- 64 Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance and Audit Committee process before being endorsed by Cabinet and Council. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Corporate Plan progress, Council activities, achievements, developments, updates and events were included on the Council's intranet and website, with all Council, Cabinet, Governance and Audit Committee and Select Committees live streamed. All public meetings of the Council are live streamed and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.
- 65 Individual Cabinet Members can make decisions under the scheme of delegation; agendas and decisions for all Cabinet Members are published on the Council's website.
- 66 The Council's website contains links to the following areas of open data in the interests of openness:

Data published by Monmouthshire County Council:

- List of expenditure over £500
- Our spend data as a useful dashboard
- Food Hygiene ratings
- Business property data set
- List of Primary Schools
- List of Secondary Schools

- 67 The Medium Term Financial Plan (MTFP) supports the vision for Monmouthshire and extensive public engagement continued in 2021/22 for the 2022/23 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions, Cabinet Member YouTube video and open meetings. These were key to providing people with the opportunity to become informed; Cabinet January 2022.
- 68 Public engagement and consultation is key to the WFG Act; one of the five ways of working is Involvement. This along with the other ways of working is now considered in all relevant decision making reports for Cabinet and Council through a Future Generations Evaluation which includes Equalities and Sustainability Impact Assessments. The progress of implementing the WFG Act was reported through the PSB in 2021/22, July 2021.
- 69 Implementing Open Government standards which enable us to effectively engage with our citizens and open up our data for anyone who needs to use it. Making the most of digitisation and digital inclusion to enable us to engage with people across our County.

Principle C: Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits

- 70 The Council's five priority goals, which are also the Council's well-being objectives, are set out in its Corporate Plan 2017-2022, "A Monmouthshire that works for everyone" which was approved by Council in February 2018. The 2020/21 Corporate Plan annual report was presented to Council in September 2021. Building sustainable and resilient communities is the unifying purpose of the diverse

range of services the Council delivers. This is shared with our partners on the PSB, which is responsible for setting well-being objectives for the County.

- 71** Monmouthshire County Council is a member of the Monmouthshire PSB (became Gwent PSB July 2021), where we work with other public services and the voluntary sector on the delivery of the local well-being plan. This includes countywide well-being objectives that are a focus for public services that are part of the PSB. Combining the ingenuity and initiative of all partners is key to finding new solutions to pressing, social, economic and environmental problems. This sense of 'power of the collective' is central to its core purpose, reflected in its values and embodied in its culture.
- 72** The Well-being Plan sets out the vision of the PSB. The four identified objectives are to:
- Provide children and young people with the best possible start in life
 - Respond to the challenges associated with demographic change
 - Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change
 - Develop opportunities for communities and business to be part of an economically thriving and well connected county.
- 73** Under the Well-being of Future Generations (Wales) Act 2015 The Council has a responsibility to:
- Set and publish well-being objectives
 - Take all reasonable steps to meet those objectives
 - Publish a statement about well-being objectives
 - Detail arrangements to publish an annual report of progress
- 74** In March 2018 Council approved the Council's Corporate Plan 2017-2022, which incorporated the Council's well-being objectives, and endorsed the Area Plan. The well-being objectives bring together the latest evidence from the well-being assessment, policy and legislation and show how the Council will strive to deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Well-being Objectives are now incorporated within the Corporate Plan; the 2020/21 update was presented to Council September 2021.
- 75** The Corporate Plan Objectives for 2017 to 2022 are supported by service business plans to operationally deliver these objectives. Service plans are made available on the Council's Hub intranet site. These are quality assessed as part of the service planning process. All service plans were developed to align the delivery of the Council's Corporate Plan. Through the pandemic in 2020/21 the Council's established performance framework had been adjusted and prioritised in its application, where necessary, to reflect the Council's response and this continued into 2021/22. Through the coronavirus pandemic a series of interim strategies to provide clarity in direction and ensure accountability have been established– Cabinet June 2021 & December 2021. To support this, structures and mechanisms were put in place to track and evaluate progress.
- 76** Audit Wales presented its Certificate of Compliance for the audit of Monmouthshire's 2020/21 Improvement Plan to the Governance and Audit Committee in November 2021. It has carried out work with all councils on improvement assessment, the WFG Act, the service user perspective and scrutiny as well as some local work. It concluded that the Council meets its statutory requirements for continuous improvement and there are no formal recommendations.
- 77** Reports were taken through the select / scrutiny process during the year which included links to the Council's policies, priorities and objectives. The agendas and minutes of which became public documents are available through the Council's website.
- 78** WFG Act continued to be a key theme and foundation through the reporting processes in 2021/22.

- 79** The Council is embracing the benefits of digital communications including social media use, for example “My Monmouthshire”, which enables people to interact and transact with the Council using mobile devices. The Council’s website includes more transactional functions. In 2018-19 the Council also launched a “chatbot” to further broaden the channels people can use to interact with their local authority. During 2021/22 there was extensive use of Twitter, Facebook and You Tube to raise awareness of forthcoming events, to provide live streaming of Cabinet, Council, scrutiny and other political meetings, to promote the activities and services provided and to show support and encouragement for community groups.
- 80** Enhancing the digital services with economic (effective and efficient processes aiding business interaction), environmental (less travel and print consumables) and social (digital customer centric services) continued to be a key aspect of improving services throughout 2021/22. Outcomes are measured via the Digital Programme Office Service plan and performance planning process.
- 81** To ensure the best use is made of resources and that taxpayers and service users receive excellent value for money, there are a number of mechanisms within the Council to support this. The Option appraisals now form part of the Cabinet report template. All IT investments are considered through SLT and then Cabinet before decisions are taken as required via Cabinet or Council.
- 82** Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year; June 2021, July 2021, December 2021, & March 2022. The budget management actions of Cabinet and senior officers are scrutinized by 4 of the Select Committees quarterly. The budget monitoring reporting cycle periodically contains some output measures and unit cost data, so that economic comparison of costs with other Councils can be made. Previously the Council has compared very favourably to others.
- 83** The MTFP process for 2022/23 to 2025/26 was reviewed and approved by Cabinet in December 2021. The Draft Capital Budget Proposals 2022/23 to 2025/26 were taken to Cabinet in January 2022. Draft Revenue Budget Proposals 2022/23 also went to Cabinet in January 2022. Final Proposals went to Cabinet before being approved by Council in March 2022. Ongoing scrutiny of the Council’s budget position in line with the MTFP has provided Members with a greater understanding of the budget setting process and the pressures within individual directorates.
- 84** An authority-wide performance measurement system for the Council, the “data hub”, hosted on the Council’s intranet site continues to be updated. This enables Members and officers to track and monitor data in key strategic plans through “dashboards”. This also allows performance to be compared against other council areas, where applicable. The “data hub” has been reviewed and streamlined to ensure information is up to date and focussed on the most pertinent performance data.
- 85** Audit Wales presented the Audit Wales Certificate of Compliance for the audit Monmouthshire County Council’s assessment of performance for 2020/21 to Governance and Audit Committee in November 2021. This was an update on the current effectiveness of the Authority’s performance management arrangements. Audit Wales concluded that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- 86** The Equality Impact Assessment and Sustainable Development checklists were revised and combined to align with the Future Generations Act. The “Future Generations Evaluation” ensures the decisions the Council makes are carefully considered to take equality and sustainable development into account, this includes legislation that Monmouthshire County Council is subject to the Equality Act 2010, WFG Act and Welsh Language (Wales) Measure 2011. A range of these were undertaken during 2021/22 which have been published on the website accompanying decision making reports. The integrated checklist has been updated to ensure that new policy decisions are considered against the socioeconomic duty which came into effect on 31 March 2021.
- 87** The Council has a long-standing commitment to equality and diversity and under the Equality Act 2010, has to produce a Strategic Equality Plan. The Council’s third Strategic Equality Plan 2020-2024

sets the Council's objectives to ensure it delivers better outcomes for people with protected characteristics. An annual monitoring report for 2020/21 was produced and scrutinised by Strong Communities Select Committee in November 2021.

- 88 The Council has a Welsh Language Strategy for 2017 – 2022, which sets out a vision of how Welsh language will look in Monmouthshire in 5 years, and is accompanied by targets to help achieve that vision. Also the Welsh Language Monitoring Report 2020/21 was presented to Strong Communities Select in June 2021 to note compliance and progress made with the Welsh Language Standards allocated to Monmouthshire County Council.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 89 The Local Authority is a partner in the South East Wales Consortium Schools Causing Concern protocol. This Policy forms a part of, and is aligned with, the National Model for School Improvement in relation to the informal support and challenge provided by the Local Authority (LA) to a school prior to any issuing of a warning notice or invocation of formal powers of intervention based on the six grounds for intervention. It also aligns with the Welsh Government (WG) Guidance on Schools Causing Concern (March 2016).
- 90 Contract Procedure Rules exemptions are normally reported to the Governance and Audit Committee every six months; July 2021. Managers are challenged in year to justify their procurement outside the Council agreed procedures.
- 91 Regular reporting into Cabinet, Scrutiny and Governance and Audit Committee enables the achievement of the Council's objectives to be challenged and appropriate actions put in place to address any identified issues so that the intended outcomes can be achieved. The Strategic Risk Register was reviewed by Governance and Audit Committee in November 2021. The Whole Authority Strategic Risk Assessment 2020/21 was also reported to Governance and Audit Committee (March 2021) and signed off by Cabinet April 2021.
- 92 Dealing with customer complaints helps Monmouthshire to identify and deal with failures in service delivery. The Council's complaint / compliment procedure is available on the web site. Out of 158 complaints received in 2020/21, 150 were resolved informally with 7 being formally investigated, 2 of which were referred the Ombudsman, with none formally investigated. 379 comments were received along with 204 compliments; (Governance and Audit Committee February 2022).

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 93 The Council's recruitment procedures provide equality of employment opportunities. The equality assessed pay structure meets the requirements of the Single Status Agreement of 1997. The Single Status Collective Agreement was approved by Cabinet in September 2010. This is complemented by the People Strategy. The Pay Policy is approved annually by Council and is available on the MCC website.
- 94 Developing the digital capabilities of people and systems to enable effectiveness, efficiency and enhanced customer services is important within Monmouthshire and is measured via the Digital Programme Service Business Plan. To further enhance service delivery and better deal with cyber

security / information risks the Digital Programme Office has been split into the Information Security and Technology Team and the Digital Design and Innovation Team.

- 95 There is continued support for Members' development through briefing sessions and other learning opportunities. A comprehensive training programme was developed for the intake of new Members following Council elections in May 2017. This will be reviewed and updated following the May 2022 elections.
- 96 There is also ongoing training and development which meets the needs of officers and Members through the corporate programme. Coaching and leadership skills training will be rolled out to all managers in due course. Check in, Check Out provides a value-based performance assessment approach between staff and line managers and aims to ensure employees have clear and effective understanding of their contribution to the objectives of their teams and subsequently the Council.
- 97 A Scrutiny Member Development Training Programme is in place which provides ongoing specific skills based training for Members and includes scrutiny induction; this is agreed by the Scrutiny Chairs' Group. The training programme forms part of the Scrutiny Service Plan.
- 98 Appropriate and relevant job descriptions were in place for the Chief Executive, Strategic Leadership Team (SLT), Monitoring Officer and Head of Finance.

Partnerships/collaboration working

- 99 There is Council policy on information sharing along with numerous information sharing protocols with our partners; this is included within the Data Protection Policy. Information sharing is key to joined-up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales. The Authority is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the General Data Protection Regulation 2018. The Information Sharing protocol has been developed to ensure information is only shared appropriately, safely and compliantly.
- 100 The Council ensures that it has appropriate governance arrangements around its collaborations with other public agencies and other third parties. These can take a range of forms, from informal arrangements to those where governance arrangements are determined through legislation. The governance arrangements form a key part of the decision making processes that the Cabinet or Council follow when deciding to enter a collaborative arrangement, transparent local accountability is a key area of focus.
- 101 As a key example of our commitment to effective governance, arrangements have been developed for the PSB Select Committee; the Public Services Scrutiny Committee from March 2020.
- 102 The Community & Partnership Development Team was developed in order to help build sustainable and resilient communities that support the wellbeing of current and future generations in Monmouthshire which is a shared purpose with the public service board partners. The Team work with communities and partners to help bring about social change and improve the quality of life in the county. The team act as enablers, unlocking potential and supporting sustainability through collective impact; providing a resource and tangible link between local communities and a wide range of partners; enabling the delivery of measureable and sustainable programme of activities that will constantly look to the future. The team will ensure MCCs statutory duties are fulfilled across the partnerships landscape.

Principle F: Managing risks and performance through robust internal control and strong public financial management

- 103** There are robust arrangements for effective internal financial control through the Council's accounting procedures and financial regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to Members comparing actual revenue and capital expenditure to annual budgets. The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in the Contract Procedure Rules and Financial Procedure Rules. The Council's Treasury Management arrangements follow professional practice, are subject to regular review and are contained in the Treasury Management Strategy approved by Council each year.
- 104** In July 2017 Audit Wales reported to Governance and Audit Committee that the "Council has a clear strategic approach for significant service changes, although better information would help Members when deciding the future shape of the Council" (Good Governance when Determining Significant Service Changes report, March 2017).
- 105** Audit Wales presented its Certificate of Compliance for the audit of Monmouthshire's 2020/21 Improvement Plan to the Governance and Audit Committee in November 2021 and concluded that the Council is meeting its statutory requirements.
- 106** The Anti-Fraud, Bribery and Corruption Strategy was revised and updated during 2017/18. It was approved by Cabinet July 2017 and provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention. An Annual risk assessment on fraud and corruption is presented to Governance and Audit Committee. The Council's Council Tax Reduction Anti-Fraud Policy was approved by Cabinet in June 2015. A training package has been developed and was previously presented to Governance and Audit Committee (January 2020). This needs to be further rolled out across the Council.
- 107** The Governance and Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management arrangements. The Governance and Audit Committee also considers corporate governance, monitors the work of auditors and inspectors, and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. It also has responsibility for reviewing the Annual Statement of Accounts and its associated reports (which include this statement) before approval by Council. The Governance and Audit Committee has an independent, non-political, Chairman who prepares an annual report of the work of the Governance and Audit Committee.
- 108** Internal Audit operate to the standards set out in the 'Public Sector Internal Auditing Standards' which have been developed from the Institute of Internal Auditors (IIA) International Internal Auditing Standards which came into effect in April 2013. The team's role and status is set out in the Council's Internal Audit Charter (revised and updated approved by Governance and Audit Committee September 2021). The Chief Internal Auditor reports a summary of audit findings to the Governance and Audit Committee each quarter; he also reports annually an opinion on the overall adequacy and effectiveness of the Council's internal control environment through his Internal Audit Annual Report.
- 109** The Chief Internal Auditor continues to ensure Internal Audit complies with the Public Sector Internal Audit Standards. A self-assessment was undertaken during 2017/18 to assess compliance with the Standards which was validated as compliant in March 2018 by an external assessor, the Chief Internal Auditor of Neath Port Talbot Council.
- 110** The Council has an objective and professional relationship with its external auditors and statutory inspectors. It manages its information resource through strategies and policies to enable effective decision making which is managed via the Information Strategy and action plan.

Risk management

111 The Council's Strategic Risk Management Policy was updated and approved by Cabinet in April 2021; progress was reported into Governance and Audit Committee in November 2021. The policy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing high level strategic risks to the Council's priorities, services and major projects. The risk controls necessary to manage them are identified and monitored to ensure risk mitigation.

112 Within the Council the purpose of risk management is to:

- preserve and protect the Council's assets, reputation and staff
- aid good management of risk and support whole authority governance
- aid delivery of its population outcomes internally and when working with partners
- improve business performance and anticipated risks in delivering improvements
- avoid unnecessary liabilities, costs and failures
- shape procedures and responsibilities for implementation.

The strategic risk assessment ensures that:

- Strategic risks are identified and monitored by the Authority
- Risk controls are appropriate and proportionate
- Senior managers and elected members systematically review the strategic risks facing the Authority.

The risk assessment is prepared by drawing on a wide range of evidence including service plans, performance measures, regulatory reports, progress on the previous risk assessment and the views of select and Governance and Audit Committees. In order to mitigate the risks, proposed actions are recorded and also aligned back into the respective service business plan. The risk assessment is a living document and is updated over the course of the year as new information comes to light.

113 The Council's Strategic Risk Assessment for 2021/22 contains 16 risks. These were reviewed throughout the year with the latest version was presented to Governance and Audit Committee in November 2021. The majority were rated initially as medium risks. Following mitigation there was 1 low risk, 8 medium risks and 7 high risks.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

114 The South East Wales Education Achievement Service (EAS) Business Plan 2022-25 was presented to Cabinet in March 2022. The plan sets out the priorities, programmes and outcomes to be achieved by the EAS on behalf of the South East Wales Consortium.

115 The updated People Strategy was endorsed by Cabinet in July 2018; this is the overarching framework for People and Organisational Development which supports its role in ensuring the organisation is equipped with the collective capacity, capability and mindset to meet financial and improvement challenges and respond to opportunities that present

116 The Council's first Commercial Strategy was endorsed by Cabinet in July 2018; the purpose of this report was to present for approval the Council's first Commercial Strategy and accompanying action plan. The strategy builds upon aspects of the Procurement, Digital and Asset Management Strategies and is a key means through which the Council can play a role in the self-determination of its future viability and sustainability.

117 In September 2019, the updated Digital Infrastructure Action Plan was approved by Cabinet. In June 2021 Cabinet approved the creation of a new Digital Design and Innovation Team to strengthen information governance arrangements and include data analytics.

- 118** There have been significant developments in technology in the last 4 years, and the experience, data and evidence we have collected from our customers about the way they wish to engage and transact with us has informed this new strategy. Our workforce needs to have the digital knowledge and skills to build in end to-end automated customer services and business processes. We need to reduce demand through self-service facilities and provision of accurate, relevant data and information that people can use with confidence to make decisions.
- 119** Continued improvements have been made to cyber security arrangements since the onset of Covid-19 which has increased digital working methods.
- 120** In July 2018, the Council's latest iteration of its Procurement Strategy was approved by Cabinet. The Strategy builds upon workshop sessions undertaken with the Economy and Development Select Committee and the aims, aspirations and priorities for procurement, identified throughout the participative process. In July 2021 Cabinet approved the collaboration with Cardiff Council, for mutual benefit, the discharge and provision of the Council's Strategic Procurement services.
- 121** Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance and Audit Committee process before being endorsed by Council. All public meetings of the Council, including Council, Cabinet, Select, Governance and Audit Committee, Planning Committee are live streamed on YouTube and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.
- 122** The Council's enabling strategies have been revised to align to the delivery of the corporate plan, these include the Digital Strategy, People Strategy and Asset Management Strategy as well as linking in with MCC's Service Business Plans.
- 123** The Governance and Audit Committee continues to support the Internal Audit team and endorses its annual report and plan. The plan details the work and service areas the team will cover based on a risk assessment in order to provide assurance on the adequacy of the internal controls, governance arrangements and risk management process. The Governance and Audit Committee presents its Annual report to Council.
- 124** The Whole Authority Report complaints, comments and compliments 2020/21 was presented to Governance and Audit Committee in February 2022 which identified the number and types of feedback received and dealt with from 1 April 2020 until 31 March 2021.

Information Governance

- 125** Monmouthshire County Council (MCC) has restructured its Information Security and Governance offering from June 2021 in response to an increase in digital working and to maintain cyber resilience to protect our information. MCC continues to ensure training and awareness of governance issues is focussed on high risk service departments as well as through continuous updates and Information Security training events. This is to ensure compliance with the General Data Protection Regulation 25th May 2018- specifically following the "12 Steps to Compliance" as recommended by the Information Commissioner's Office (ICO). A structured approach to information security and governance is operated internally via the Information Governance Group chaired by Senior Information Risk Officer (SIRO) as well as through collaboration with the wider SRS partners providing our technology infrastructure. GDPR Operational Leads have been established, along with Digital Champions linking in with teams, individuals and volunteers to ensure compliance and messages are communicated.
- 126** MCC have a dedicated intranet site for general advice as well as assistance with GDPR legislative requirements, including templates for privacy notices, records of processing activities (ROPA's) and Data Processing Impact Assessments (DPIA's).

- 127** To keep the public informed, MCC has now published its online privacy notices for relevant service areas. Significant work is underway through 2021/22 to consolidate and update all privacy notices to make them more transparent and sustainable to maintain. A comprehensive list of all data systems is maintained centrally along with information audits for every service area, linking into the ROPA's.
- 128** The Corporate GDPR Policy is on the public website for clarity. Related policies will be updated accordingly by relevant lead officers, so that they satisfy GDPR requirement. Links are in place to work with the South East Wales Information Forum (SWIF) and WARP (Warning Advice and Security Point) on a regular basis to share best practice. Good housekeeping is encouraged as is continuous improvement to mitigating against the risk of harm to individuals, although it is recognised further work is required to back date data cleansing tasks which require considerable capacity.

Main areas for Improvement

- 129** The Council will continue to monitor and review its governance arrangements and identify any gaps. These will be addressed during the year to further strengthen governance in Monmouthshire County Council:
- Deliver awareness raising training sessions on the importance of compliance with new and revised Contract Procedure Rules and Financial Procedure Rules;
 - Raise awareness across the Council on Anti-Fraud, Bribery & Corruption.

Action Plan 2020/21 & 2021/22

- 130** Appendix 1 shows how the 2020/21 Action plan areas for improvement have been addressed during 2021/22.
- 131** The Action Plan for 2021/22 is shown at Appendix 2.

Monitoring & Evaluation

- 132** We propose over the coming year to continually review our governance arrangements to ensure they remain effective and appropriate. Steps will be taken, where appropriate, to further enhance our governance arrangements. We are satisfied that these steps will address any need for improvements e identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:**2022**

Councillor Mary Ann Brocklesby Leader

Signed:**2022**

Paul Matthews Chief Executive

Appendix 1 Progress against the Action Plan 2020/21

Governance Principle	Area for Improvement	Progress
<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Continue to deliver training sessions on the importance of compliance with the new and revised Contract Procedure Rules and Financial Procedure Rules;</p>	<p>Internal Audit have continued to deliver training sessions within schools and on the manager's induction programme.</p> <p>Internal Audit will work with the new procurement partnership to ensure the revised and updated CPRs are rolled out across MCC.</p>
<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>The Code of Corporate Governance was last approved by Council in July 2011. This will need to be updated and approved in line with Delivering Good Governance in Local Government Framework 2016'</p>	<p>Outstanding.</p> <p>The Code of Corporate Governance has been updated and was presented to Governance and Audit Committee in June 2020.</p> <p>This now needs formal Cabinet approval.</p> <p>Update: Approved by Cabinet September 2021.</p>
<p>Principle F: Managing risks and performance through robust internal control and strong public financial management</p>	<p>The Council will work through the Audit Wales proposals for improvement in the following areas:</p> <ul style="list-style-type: none"> ▪ Scrutiny: Fit for the Future? ▪ Review of Asset Management ▪ Information Management ▪ Whole Authority review of children's safeguarding 	<p>A corporate plan has been developed that sets out a clear direction for the Council up to 2022.</p> <p>The role and purpose of service planning has been reviewed and a revised process established aligned to the corporate plan.</p> <p>Council's enabling strategies have been revised to align to the delivery of the corporate plan, these include the Digital Strategy, People Strategy and Asset Management Strategy</p> <p>The Council's Strategic Risk Management Policy was updated April 2021.</p>

Appendix 2 Action Plan 2021/22

Governance Principle	Area for Improvement	Progress
	Deliver awareness raising training sessions on the importance of compliance with revised Contract Procedure Rules and Financial Procedure Rules	
	Raise awareness across the Council on Anti-Fraud, Bribery & Corruption	

Movement In Reserves Statement for the Year Ended 31st March 2022

	Note	Council Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Joint Arrangement - CCRCD	Total Reserves £000
Balance at 1st April 2020		8,471	6,383	3,208	18,061	(20,415)	2,635	283
Movement in reserves during 2020/21								
Total Comprehensive Income and Expenditure		(6,808)	-	-	(6,808)	(64,449)	34	(71,223)
Adjustments between accounting basis & funding basis under regulations	10.2	14,950	-	6,373	21,323	(21,323)		-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		8,142	-	6,373	14,514	(85,771)	34	(71,223)
Transfers to/(from) Earmarked Reserves	10.4	(4,289)	4,289		-			-
Prior period adjustment: CCRCD							29	29
Increase/(Decrease) in 2020/21		3,853	4,289	6,373	14,514	(85,771)	62	(71,194)
Balance at 31st March 2021 carried forward		12,324	10,672	9,581	32,577	(106,186)	2,699	(70,911)
Movement in reserves during 2021/22								
Total Comprehensive Income and Expenditure		(7,876)	-	-	(7,876)	79,715	434	72,274
Adjustments between accounting basis & funding basis under regulations	10.2	18,476	-	(489)	17,988	(17,988)		0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		10,601	-	(489)	10,112	61,727	434	72,274
Transfers to/(from) Earmarked Reserves	10.4	(5,444)	5,444	-	-	-	-	0
Increase/(Decrease) in 2021/22		5,157	5,444	(489)	10,112	61,727	434	72,274
Prior period adjustment: CCRCD								
Balance at 31st March 2022 carried forward		17,482	16,115	9,092	42,689	(44,458)	3,134	1,365

Comprehensive Income & Expenditure Statement for the Year Ended 31st March 2022

2020/21				2021/22			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(Restated**)							
77,070	(17,822)	59,248	Children & Young People		82,565	(20,707)	61,858
79,142	(24,684)	54,459	Social Care & Health		89,974	(31,075)	58,899
55,891	(28,534)	27,358	Communities & Place		62,657	(29,936)	32,720
10,920	(5,905)	5,015	Monlife		14,505	(7,862)	6,643
8,357	(1,418)	6,940	Chief Executives Unit		4,177	(1,107)	3,070
0	0	0	People & Governance		5,418	(864)	4,554
41,831	(24,341)	17,490	Resources		41,749	(26,946)	14,803
2,350	(3,023)	(673)	Corporate		3,005	(1,562)	1,443
288	(448)	(159)	Cardiff Capital Region City Deal (CCRCD)	16.6	385	(528)	(142)
275,850	(106,173)	169,677	Cost of Services	11.1	304,435	(120,587)	183,848
			Other operating expenditure:				
			<i>Precepts & Levies:</i>				
12,647	0	12,647	Gwent Police Authority		13,451	0	13,451
4,584	0	4,584	South Wales Fire & Rescue Authority		4,760	0	4,760
2,952	0	2,952	Community and Town Councils		2,954	0	2,954
106	0	106	National Parks		116	0	116
94	0	94	Internal Drainage Boards		94	0	94
2,184	(2,188)	(4)	Gains/losses on the disposal of non-current assets		2,868	(2,713)	155
		20,378	Total Other operating expenditure				21,530
17,984	(13,127)	4,857	Financing and investment income and expenditure	11.3	18,179	(15,013)	3,165
	(7)	(7)	Interest & Investment income: CCRCD			(10)	(10)
464		464	Change in Fair Value of Investment Properties: CCRCD		7		7
			Taxation & non-specific grant income:				
228	(80,466)	(80,238)	Council Tax	11.5	251	(84,441)	(84,190)
0	(30,037)	(30,037)	Non-domestic rates redistribution	11.5	0	(32,018)	(32,018)
0	(77,988)	(77,988)	General government grants	11.6	0	(84,603)	(84,603)
	(275)	(275)	Recognised Capital Grants & Contributions: CCRCD			(318)	(318)
	(57)	(57)	Tax Expenses: CCRCD		30		30
		6,774	(Surplus) or Deficit on Provision of Services				7,441
			Other Comprehensive Income and Expenditure:				
		201	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	12.1			(8,038)
		(327)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income				(13)
		64,575	(Gains)/losses on remeasurement of pension assets / liabilities	14.3			(71,664)
		64,449	Total Other Comprehensive Income and Expenditure				(79,715)
		71,223	Total Comprehensive Income and Expenditure				(72,274)

** Comparative year figures restated to reflect adjustment to final pension fund liability following review.

Balance Sheet as at 31st March 2022			
31st March 2021 £000s		Note	31st March 2022 £000s
(Restated**)			
229,194	Other land and buildings	12.1	234,232
10,373	Vehicles, plant, furniture and equipment	12.1	11,097
73,613	Infrastructure	12.1	77,363
4,459	Community assets	12.1	4,529
2,015	Assets under construction	12.1	4,229
10	Surplus assets not held for sale	12.1	10
4,792	Heritage Assets	12.7	4,871
65,304	Investment Property	12.5	68,620
141	Intangible Assets		88
1,362	Long-Term Investments	13.1	1,186
2,867	Long Term Debtors	13.5	3,657
394,129	Long term assets		409,881
23,444	Short Term Investments	13.1	18,170
442	Inventories		554
33,047	Short Term Debtors	13.5	41,993
19,158	Cash and Cash Equivalents	15.3	34,108
2,569	Assets Held for Sale	12.6	1,000
88	CCRCD: Deferred Tax asset		82
78,748	Current Assets		95,907
(621)	Cash and Cash Equivalents	15.3	(1,680)
(98,595)	Short Term Borrowing	13.1	(71,903)
(36,405)	Short Term Creditors	13.6	(53,451)
(4,757)	Provisions	13.7	(4,492)
(140,377)	Current Liabilities		(131,525)
(306,704)	Liability related to defined benefit pension scheme	10.9	(259,212)
(448)	Provisions	13.7	(671)
(84,871)	Long Term Borrowing	13.1	(104,324)
(2,760)	Long Term Creditors: CCRCD		(1,553)
(2,377)	Other Long Term Liabilities	13.1	(2,250)
(4,214)	Capital Grants Receipts in Advance	11.6	(2,820)
(2,037)	Revenue Grants Receipts in Advance		(2,068)
(403,411)	Long Term Liabilities		(372,897)
(70,911)	Net Assets		1,365
12,324	Council Fund Balance	10.3	17,482
10,671	Earmarked Reserves	10.4	16,115
9,581	Capital Receipts Reserve	10.6	9,091
182	Usable Reserves: CCRCD		891
32,758	Usable Reserves		43,580
38,407	Revaluation Reserve	10.7	41,870
(306,704)	Pensions Reserve	10.9	(259,212)
164,073	Capital Adjustment Account	10.8	173,754
2,692	Deferred Capital Receipts Reserve	10.11	3,612
(517)	Financial Instrument Adjustment Account		(494)
(28)	Financial Instrument Revaluation Reserve		(14)
(4,110)	Accumulating Absence Adjustment Account	10.10	(3,973)
2,517	Unusable Reserves: CCRCD		2,243
(103,670)	Unusable Reserves		(42,215)
(70,911)	Total Reserves		1,365

** Comparative year figures restated to reflect adjustment to final pension fund liability following review.

Cash Flow Statement for the Year Ended 31st March 2022

31st March 2021			31st March 2022
£000		Note	£000
6,946	Net (surplus) or deficit on the provision of services	15.1	7,441
(41,657)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15.1	(43,819)
22,126	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15.1	11,799
(12,585)	Net cash flows from Operating Activities	15.1	(24,578)
12,235	Purchase of property, plant and equipment, investment property and intangible assets		20,947
15,421	Purchase of short-term and long-term investments		15,000
0	Other payments for investing activities		0
(7,415)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(2,958)
236	Proceeds from short-term and long-term investments		(20,558)
(9,811)	Other receipts from investing activities		(9,016)
10,666	Net Cash (Inflow)/Outflow from Investing Activities		3,415
	Financing Activities		
15,504	Repayments of short and long-term borrowing		21,554
34	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		33
(11,255)	Cash receipts of short and long-term borrowing		(14,315)
0	Other receipts from financing activities		0
4,283	Net Cash (Inflow)/Outflow from Financing Activities		7,272
2,363	Net (increase) / decrease in cash and cash equivalents		(13,891)
20,902	Cash and cash equivalents at the beginning of the reporting period		18,538
18,538	Cash and cash equivalents at the end of the reporting period	15.3	32,428

**Notes to the Accounts
for the Year Ended
31st March 2022**

10 MOVEMENT IN RESERVES STATEMENT NOTES

10.1 Movement in Reserves

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 'unusable' reserves. A summary of the movement in reserves during the financial year is illustrated below. More detailed information to support the Movement in Reserves Statement follows this note.

	Note	Balance at 1st April 2020 £000	Movement in Reserve £000	Balance at 31st March 2021 £000	Movement in Reserve £000	Balance at 31st March 2022 £000
Usable Reserves:						
Council Fund balance: Authority	10.3	8,906	0	8,906	1,621	10,527
Council Fund balance: LMS School Balances	10.5	(435)	3,853	3,418	3,536	6,955
Earmarked reserves	10.4	6,383	4,288	10,671	5,445	16,115
Capital Receipts Reserve	10.6	3,207	6,373	9,581	(489)	9,091
Usable Reserves: CCRCD		392	(210)	182	709	891
Total Usable Reserves		18,453	14,304	32,758	10,822	43,579
Unusable Reserves:						
Revaluation Reserve	10.7	41,523	(3,116)	38,407	3,462	41,870
Capital Adjustment Account	10.8	167,534	(3,460)	164,074	9,681	173,754
Financial Instruments Adjustment Account		(517)	0	(517)	23	(494)
Pension Reserve	10.9	(230,526)	(76,178)	(306,704)	47,492	(259,212)
Deferred Capital Receipts Reserve	10.11	5,479	(2,787)	2,692	920	3,612
Financial Instrument Revaluation Reserve		(355)	327	(28)	13	(14)
Accumulated Absences Adjustment Account	10.10	(3,553)	(557)	(4,110)	136	(3,973)
Unusable Reserves: CCRCD	16.6	2,243	273	2,517	(273)	2,243
Total Unusable Reserves		(18,171)	(85,498)	(103,669)	61,454	(42,215)
Total Authority Reserves		282	(71,193)	(70,911)	72,276	1,365

10.2 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note summarises 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. A more detailed overview is provided in the individual notes that follows for each reserve:

Movements in 2021/22:	Council Fund Balance £000	Usable Reserves £000	Unusable Reserves £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 Property, Plant and Equipment assets	18,781	0	(18,781)
Charges for impairment of Heritage Assets	79	-	(79)
Revaluation movements on Property Plant and Equipment (charged to SDPS)	(1,559)	0	1,559
Revaluation movements on Assets Held for Sale (charged to SDPS)	(530)	0	530
Movements in the market value of Investment Properties	(3,607)	0	3,607
Amortisation and impairment of intangible assets	54	0	(54)

Capital grants and contributions applied	(13,553)	0	13,553
Revenue expenditure funded from capital under statute	1,932	0	(1,932)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	3,171	0	(3,171)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment (MRP)	(6,369)	0	6,369
Capital expenditure charged against the Council Fund	(234)	0	234
Adjustments involving the Capital Receipts Reserve:			
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(3,702)	2,958	744
Use of the Capital Receipts Reserve to finance new capital expenditure		(3,448)	3,448
Adjustments involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(22)	0	22
Adjustments involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the CIES	38,874	0	(38,874)
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,702)	0	14,702
Adjustment involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(136)	0	136
Adjustment between the Capital Adjustment Account and the Revaluation Reserve:			
Depreciation of non-current asset revaluation gains	-	-	-
Total adjustments between accounting basis & funding basis under regulations	18,476	(489)	(17,987)

Movements in 2020/21:	Council Fund Balance £000	Usable Reserves £000	Unusable Reserves £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 Property, Plant and Equipment assets	17,719	-	(17,719)
Charges for impairment of Heritage Assets	1	-	(1)
Revaluation movements on Heritage Assets	0	-	0
Revaluation movements on Property Plant and Equipment (charged to SDPS)	2,503	-	(2,503)
Revaluation movements on Assets Held for Sale (charged to SDPS)	0	-	0
Movements in the market value of Investment Properties	(2,412)	-	2,412
Amortisation and impairment of intangible assets	79	-	(79)
Capital grants and contributions applied	(10,265)	-	10,265
Revenue expenditure funded from capital under statute	1,529	-	(1,529)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	4,593	-	(4,593)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			

Statutory provision for the financing of capital investment (MRP)	(6,075)	0	6,075
Capital expenditure charged against the Council Fund	(252)	-	252
Adjustments involving the Capital Receipts Reserve:			
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(4,628)	7,415	(2,786)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(1,042)	1,042
Adjustments involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	-	0
Adjustments involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the CIES	25,629	-	(25,629)
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,026)	-	14,026
Adjustment involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	557	-	(557)
Adjustment between the Capital Adjustment Account and the Revaluation Reserve:			
Depreciation of non-current asset revaluation gains	-	-	-
Total adjustments between accounting basis & funding basis under regulations	14,950	6,373	(21,323)

10.3 Usable Reserves available for Revenue Purposes

The in-year movements in the Authority's usable Reserves that are available to be applied for revenue purposes are summarised below:

Each of the Authority's Schools is directly governed by a Board of Governors, which is responsible for managing the school's finances. The balance on the Council Fund includes £3,418,000 in respect of underspent (or overspent) budgets which have been delegated to schools. These balances are at the disposal of the respective schools and represent an earmarked reserve which is not available for the Authority to use generally.

	At 1st April 2020 £000	In Year Movement £000	At 31st March 2021 £000	In Year Movement £000	At 31st March 2022 £000
Amount of Council Fund Balance held by Schools under Local Management Schemes	(435)	3,853	3,418	3,536	6,955
Amount of Council Fund Balance generally available for new expenditure	8,906	0	8,906	1,621	10,528
Total Council Fund Balance	8,471	3,854	12,324	5,158	17,482
Earmarked Revenue Reserves	6,383	4,288	10,671	5,445	16,115
Total Usable Reserves available for Revenue Purposes	14,854	8,141	22,995	10,602	33,598

10.4 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the Council Fund into earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure.

Earmarked reserves have been set up where there has been a need to set aside resources for a specific future purpose. The purpose of each earmarked reserve is detailed below. Utilisation of these reserves is under the control of the Cabinet and has been approved by it.

The transfers to and from Earmarked Reserves in 2021/22 can be summarised as follows:

	At 1st April 2020 (Restat-ed) £000	Transfer to Reserves £000	Transfer from Reserves £000	At 31st March 2021 (Restat-ed) £000	Transfer to Reserves £000	Transfer from Reserves £000	At 31st March 2022 £000
Invest to Redesign	1,168	280	(64)	1,384	132	(32)	1,484
Priority Investment	405	1,500		1,905			1,905
Insurance and risk management	935			935		(10)	925
IT Transformation	254	600		854	173	(96)	931
Treasury equalisation	990		(400)	590			590
Capital Investment	627			627			627
Redundancy and Pensions	245	700	(88)	857		(88)	769
Capital Receipt Generation	181	300	(65)	416		(51)	365
Other reserves							
Elections	118	174		292	35	(28)	299
Museums acquisition	53			53			53
Solar Farm Maintenance & Community Fund	64	23		87	153		240
Castlegate	80	233		312	125		437
Newport Leisure Park	62	126		188	177		365
Sustainability - PV Invertor Replacement Reserve	0	15		15	50		65
Covid19 Reset Reserve	0			0	4,000		4,000
Cost of Living Discretionary Payment Reserve	0			0	499		499
SCH Electric Vehicle & Driving Lessons Reserve	0			0	214		214
Covid19 Hardship Fund Equalisation Reserve	0	819		819			819
Service Reserves:							
Local Resilience Forum	198			198			198
Grass Routes Buses	156	5		161	5		166
Schools sickness & maternity cover	48			48	95		143
Youth Offending Team	150			150			150
Outdoor education centres	0			0			0
Building Control	1			1	5		6
Rural Development Plan	530	92		621	72		693
Highways Plant & Equipment Replacement	69	75	(44)	100	5		105
Homeless Prevention	50	8		58	10		68
Total	6,383	4,950	(661)	10,671	5,750	(306)	16,115

Invest to Redesign Reserve - To fund service redesign to either improve the service, generate income or reduce costs.

I.T. Transformation Reserve - To invest in information technology in support of the organisations outcomes and generation of improved service efficiency, income generation or cost savings.

Capital Investment Reserve - To finance future capital expenditure.

Priority Investment Reserve - To fund additional one off investment in the Authority's agreed priorities.

Redundancy and Pensions Reserve - To meet redundancy costs and commuted payments for early retirements over a maximum of 5 years.

Insurance and Risk Management Reserve - To meet excesses and administration costs on claims against the Council, to provide cover on self insured risks and contribute to risk management activities.

Treasury Equalisation Reserve - Originally created from rescheduling discounts and premia, intended for use under the concept of prudence to permit a long term view to be taken of treasury decisions.

Capital Receipt Generation Reserve - Securing capital receipts is a vital element of the Authority's capital investment strategy. Improving the final disposal value by investment, either in the fabric of the asset or by proper disposal expertise ensures the Council obtains the best possible value for surplus assets.

Other Reserves - These include a number of other reserves where separate classification is not deemed necessary in the accounts due to the level of the reserve balance or its nature.

Service Reserves - Created from surpluses and deficits on the Authority's external and internal service activities, and maintained to support and develop these services.

10.5 School Balances

The balance on the Council Fund includes £3,418,120 in respect of underspent (or overspent) budgets which have been delegated to schools. These balances are at the disposal of the respective schools and represent an earmarked reserve which is not available for the Authority to use generally. Details of the movements of these reserves are shown below:

	At 1st April 2020	In Year Movement	At 31st March 2021	In Year Movement	At 31st March 2022
	£	£	£	£	£
Comprehensives					
Caldicot	(179,693)	409,100	229,408	578,377	807,785
Chepstow	(63,570)	(23,231)	(86,801)	(38,133)	(124,934)
King Henry VIII	(225,700)	423,196	197,496	558,635	756,131
Monmouth	(462,530)	676,722	214,192	600,066	814,258
Sub Total Comprehensives	(931,493)	1,485,787	554,294	1,698,946	2,253,240
Primaries					
Archbishop R Williams	83,716	122,680	206,397	(35,075)	171,322
Cantref	105,193	94,604	199,797	54,295	254,092
Castle Park	2,153	119,700	121,853	37,445	159,297
Cross Ash	64,157	18,313	82,470	(2,715)	79,755
Deri View	73,956	74,153	148,109	41,681	189,790
Dewstow	136,455	101,356	237,811	120,805	358,616
Durand	12,691	65,193	77,884	27,095	104,979
Gilwern	64,549	102,302	166,852	64,103	230,955
Goytre Fawr	34,893	56,646	91,540	26,195	117,735
Kymin View	37,955	97,350	135,305	(1,591)	133,714
Llandogo	(176,535)	89,705	(86,830)	87,044	214
Llanfair Kilgeddin CV	0	0	0	0	0
Llanfoist	24,871	68,562	93,433	125,986	219,420

Llantilio Pertholey	(21,016)	88,231	67,215	42,483	109,698
Llanvihangel Crucorney	49,684	54,986	104,670	32,152	136,822
Magor Vol Aided	(18,785)	135,987	117,202	79,614	196,816
New Pembroke Primary	1,205	124,302	125,507	93,161	218,668
Osbaston Church in Wales	(11,250)	51,859	40,609	52,538	93,147
Our Lady's & St Michael's Catholic Primary	15,859	38,534	54,393	4,256	58,648
Overmonnow	(33,928)	75,032	41,104	121,366	162,470
Raglan	(33,112)	141,989	108,878	51,715	160,593
Rogiet	(4,404)	82,499	78,095	11,128	89,222
Shirenewton	128,890	47,356	176,246	63,046	239,291
St Mary's (Chepstow)	(46,518)	67,378	20,860	84,072	104,932
The Dell	3,032	45,378	48,410	98,429	146,839
Thornwell	(47,150)	112,037	64,887	45,735	110,622
Trellech	50,948	64,743	115,691	38,248	153,939
Undy	(145,925)	152,295	6,370	204,273	210,643
Usk CV	45,942	97,113	143,055	127,785	270,840
Ysgol Gymraeg Y Fenni	(4,408)	38,775	34,367	37,648	72,015
Ysgol Gymraeg Ffin	(45,883)	61,521	15,638	51,145	66,783
Sub Total Primaries	347,236	2,490,578	2,837,815	1,784,063	4,621,878
Other					
Mounton House	172,060	(172,060)	(0)	0	(0)
Pupil Referral Unit	(22,931)	48,943	26,012	53,454	79,466
Sub Total Other	149,129	(123,117)	26,011	53,454	79,465
Total	(435,128)	3,853,248	3,418,120	3,536,463	6,954,584

10.6 Capital Receipts Reserve

Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's borrowing requirement. Receipts are appropriated to the reserve from the Council Fund via the Statement in Movements Statement.

2020/21 £000		2021/22 £000
3,207	Balance as at 1st April	9,581
4,628	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,680
2,787	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	278
(1,042)	Less: use of the Capital Receipts Reserve to finance new capital expenditure	(3,448)
9,581	Balance as at 31st March	9,091

10.7 Revaluation Reserve

The Revaluation Reserve contains the net gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The balance is reduced when assets are:

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

The Reserve contains 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.

2020/21 £000		2021/22 £000
41,523	Balance at 1 April	38,407
1,818	Upward revaluation of assets	9,357
(2,019)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,319)
(2,336)	Difference between fair value depreciation and historical cost depreciation	(2,483)
(579)	Accumulated gains on assets sold or scrapped	(2,092)
38,407	Balance at 31 March	41,870

10.8 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 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.

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

2020/21 £000		2021/22 £000
167,534	Balance at 1 April	164,074
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(17,719)	Charges for depreciation and impairment of property, plant and equipment assets	(18,781)
0	Impairment of Heritage assets	(79)
(2,503)	Revaluation movements on Property, Plant and Equipment	1,559
0	Revaluation movements on Assets Held for Sale	530
(79)	Amortisation & impairment of intangible assets	(54)
(1,529)	Revenue expenditure funded from capital under statute	(1,932)
(4,013)	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	(1,079)
0	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(176)
2,336	Adjusting amounts written out of the Revaluation Reserve	2,483
1,042	Use of the Capital Receipts Reserve to finance new capital expenditure	3,448
10,265	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,553
6,075	Statutory provision for the financing of capital investment charged against the Council Fund	6,369
252	Capital expenditure charged against the Council Fund	234
2,412	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,607
164,074	Balance at 31 March	173,754

10.9 Pensions Reserve

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

2020/21 £000		2021/22 £000
(230,526)	Balance at 1 April	(306,704)
(64,575)	Remeasurement gains or (losses) on pension assets and liabilities	71,664
(25,629)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(38,874)
14,026	Employer's pensions contributions and direct payments to pensioners payable in the year	14,702
(306,704)	Balance at 31 March	(259,212)

10.10 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account. Further information on the calculations of benefits can be found in notes 13.7(c) and 17.6 to the accounts.

2020/21 £000		2021/22 £000
(3,553)	Balance at 1 April	(4,110)
3,553	Settlement or cancellation of accrual made at the end of the preceding year	4,110
(4,110)	Amounts accrued at the end of the current year	(3,973)
(4,110)	Balance at 31 March	(3,973)

10.11 Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which full cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

The balance at the 31st March 2022 is primarily made up of £2.65m relating to the Old Abergavenny cattle market site disposed of under a finance lease and £1.0m relating to the phased receipts agreed for the disposal of the Hilston Park site.

2020/21 £000		2021/22 £000
5,479	Balance at 1 April	2,692
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(102)
(2,787)	Transfer to the Capital Receipts Reserve upon receipt of cash	1,022
2,692	Balance at 31 March	3,612

11 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

11.1 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2020/21				2021/22		
Net Expenditure Chargeable to the general fund £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the general fund £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000
56,093	3,155	59,248	Children & Young People	57,494	4,365	61,858
51,327	3,132	54,459	Social Care & Health	52,658	6,241	58,899
18,360	8,997	27,358	Enterprise	19,523	13,197	32,720
3,328	1,688	5,015	Monlife	3,622	3,021	6,643
4,524	2,416	6,940	Chief Executives Unit	2,676	394	3,070
0	0	0	People & Governance	3,542	1,013	4,554
6,454	11,036	17,490	Resources	4,293	10,509	14,803
20,403	(21,076)	(673)	Corporate	22,937	(21,494)	1,443
0	(159)	(159)	Cardiff Capital Region City Deal (CCRCD)	0	(142)	(142)
160,488	9,189	169,677	Cost of Services	166,744	17,104	183,848
(160,489)	(2,415)	(162,903)	Other Income & Expenditure	(168,365)	(8,041)	(176,407)
(0)	6,774	6,774	Surplus or Deficit	(1,621)	9,062	7,441
(8,906)			Opening General Fund Balance	(8,906)		
(0)			Surplus or Deficit on General Fund	(1,621)		
(8,906)			Closing General Fund Balance	(10,527)		

Adjustments from the General Fund to arrive at the CIES Amounts:

2020/21					2021/22			
Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other differences £000	Total Adjustments £000
8,174	1,117	(6,136)	3,155	Children & Young People	6,546	3,398	(5,580)	4,365
1,049	2,239	(156)	3,132	Social Care & Health	1,164	5,855	(778)	6,241
6,162	1,953	883	8,997	Enterprise	7,581	4,987	630	13,197
1,584	595	(491)	1,688	Monlife	1,852	1,520	(351)	3,021
2,130	390	(104)	2,416	Chief Executives Unit	139	556	(301)	394
			0	People & Governance	97	620	296	1,013
2,864	549	7,623	11,036	Resources	1,593	1,048	7,868	10,509
0	(609)	(20,467)	(21,076)	Corporate	0	(119)	(21,375)	(21,494)

0	0	(159)	(159)	Cardiff Capital Region City Deal (CCRCD)	0	0	(142)	(142)
21,963	6,233	(19,007)	9,189	Cost of Services	18,973	17,865	(19,734)	17,104
(16,649)	5,370	8,865	(2,414)	Other Income & Expenditure	(20,174)	6,307	5,826	(8,041)
5,314	11,603	(10,142)	6,774	Adjustments between the Funding & Accounting Basis	(1,201)	24,172	(13,908)	9,062

11.2 Expenditure & Income analysed by nature

The authority's expenditure and income is analysed as follows:

2020/21		2021/22
£000		£000
(Restated)		
131,822	Employee benefits expenses	153,310
132,394	Other services expenses	143,324
24,198	Depreciation, amortisation and impairment	22,584
20,382	Precepts & levies	21,375
3,703	Interest payments	3,381
4,593	Gain/loss on disposal of non-current assets	3,171
317,091	Total Expenditure	347,145
(48,320)	Fees, charges & other service income	(60,090)
(239)	Interest and investment income	(343)
(110,560)	Income from council tax & NNDR	(116,459)
(146,570)	External grants and contributions	(159,108)
(4,628)	Gain/loss on disposal of non-current assets	(3,702)
(310,317)	Total Income	(339,703)
6,774	Surplus or Deficit on the Provision of Services	7,441

11.3 Financing and Investment Income and Expenditure

A summary level breakdown of Financing and Investment Income and Expenditure reported on the face of the Comprehensive Income and Expenditure Statement for the year is shown below. Further information is contained within the respective notes to the accounts.

31st March 2021			Note	31st March 2022		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(Restated)						
3,703	-	3,703	Interest payable and similar charges	3,381	0	3,381
5,370	-	5,370	Pensions interest cost and expected return on pensions assets	6,307	0	6,307
-	(206)	(206)	Interest receivable and similar income	-	(303)	(303)
-	(7)	(7)	Interest receivable and similar income: CCRCD share	-	(10)	(10)

6,200	(10,315)	(4,115)	Income and expenditure in relation to investment properties and changes in their fair value	4,925	(11,880)	(6,955)
2,711	(2,581)	130	(Surpluses)/deficits on trading undertakings not included in the Net Cost of Services	3,566	(2,816)	750
-	(25)	(25)	Other investment income	-	(15)	(15)
17,984	(13,134)	4,850	Total Financing and Investment Income and Expenditure	18,179	(15,024)	3,155

11.4 Agency Income & expenditure

The Council acted as an agent on behalf of the following in the provision of goods and services:

Covid-19 Grants

Due to the impact of the Covid-19 pandemic on the need for additional services, support for individuals and businesses there have been a large number of new grants and financial support made available by Welsh Government. Local Authorities have been requested to administer on the Welsh Government's behalf because they have the local knowledge and ability to put in place systems quickly to make payments.

The below table details each scheme:

Amount Received 2020/21 (£000's)	Scheme	Purpose	Amount Received 2021/22 (£000's)
25,417	Business Support Grants	Grants to support businesses during lockdown closures	362
13,621	NDR Relief grants	Relief given to retail, leisure and hospitality	1,474
1,193	Care Workers Payments	Bonus payment for individual care workers	1,894
440	Covid-19 Freelancer Grant	Payment available for freelancers in the culture sector of up to £2.5k	18
145	Self Isolation Payments	£500 & £750 payments for eligible individuals who have to self isolate	1,002
0	Winter Fuel Payments	£200 Winter Fuel Support Scheme	476
143	Covid-19 Start Up Grant	Financial assistance for newly created businesses facing operational and financial challenges as a result of the Covid-19 outbreak	0
127	SSP Enhancement	To top up to full salary where employees only receive statutory sick pay when off sick with Covid-19 or having to self isolate as an infection control measure	147
41,084	Total		5,373

11.5 Council Tax & National Non-Domestic Rates

Council Tax

Council tax derives from charges raised according to the value of residential properties. Each dwelling has been classified into one of nine valuation bands according to its capital value at 1 April 2003 for this specific purpose. Charges are calculated by taking the amount of income required for the Authority, Office of Police and Crime Commissioner for Gwent and Town and Community Councils for the forthcoming year and dividing this amount by the Council Tax Base. The Council Tax Base is the total number of properties in each valuation band adjusted by a proportion to convert the number to a Band D equivalent, totalled across all bands and adjusted for discounts. The tax base was £46,711.94 for 2021/22 (£46,331.92 for 2020/21).

This average basic amount for a Band D property, £1,785.68 (£1,717.44 in 2020/21), is multiplied by the proportion specified for the particular band to give the individual amount due.

Council tax bills were based on the following multipliers for bands A to I.

Band	A	B	C	D	E	F	G	H	I
Multiplier	6/9	7/9	8/9	1.0	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	518	3,402	7,095	9,236	7,375	7,870	5,448	1,770	667
Valuation (£000)	up to 44	44-65	65-91	91-123	123-162	162-223	223-324	324-424	424+

The analysis of the net proceeds from council tax are as follows:

2020/21 £000		2021/22 £000
(80,466)	Council tax collectable	(84,441)
228	Provision for non-payment of council tax	251
(80,238)	Total Council Tax proceeds	(84,190)

National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government specifies an amount for the rate, 0.535p per £ in 2021/22 (0.535p per £ in 2020/21) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The NNDR income after relief and provisions of £23,836,768 (£25,952,192 for 2020/21) was based on an average rateable value of £60,009,711 (£62,197,106 for 2020/21).

The Authority acts as the Welsh Government's agent and collects rates due from ratepayers in its area and then pays the proceeds into the NNDR pool administered by the Welsh Assembly Government. The Welsh Government redistributes the sums payable to the local authorities on the basis of a fixed amount per head of population. The total amount redistributed from the National Pool to the Council in 2021/22 was £32.02m (£30.04m in 2020/21).

A net debtor of £3,385,117 at 31st March 2022 (£1,042,517 debtor as at 31st March 2021) is included in the balance sheet which represents the amount by which the cash received from Welsh Government is less than the amount collected from ratepayers.

11.6 Grant Income

Capital Grants and Contributions

The Authority has credited the following capital grants & contributions to the Comprehensive Income and Expenditure Statement in 2021/22:

2020/21 £000		2021/22 £000
2,423	WG General Capital Grant	2,438
507	Section 106 Developer Contributions	509
8,623	WG Grants	12,078
0	Other Contributions	0
11,553	Total	15,025
	Credited to the Comprehensive Income and Expenditure Statement:	
(1,288)	Grants and contributions applied towards Revenue Expenditure Funded from Capital under Statute	(1,472)
(10,265)	Capital grants and contributions applied and credited to Taxation and Non-specific Grant Income	(13,553)
(11,553)	Total	(15,025)

Capital Grants and Contributions Received in Advance

The Authority has also received a number of capital grants and contributions 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 provider. The balances at the year-end are as follows:

2020/21 £000		2021/22 £000
	Developer Contributions held in Advance:	
4,214	S106 Developer contributions	2,820
4,214	Total	2,820

Revenue Grants and Contributions

The Authority credited the following revenue grants and contributions to the Comprehensive Income and Expenditure Statement:

2020/21 £000		2021/22 £000
	Revenue Grants credited to services	
	Central Government:	
17,553	Housing Benefit Subsidy	16,714
	Welsh Government:	
9,103	Welsh Government Covid-19 Hardship fund - Expenditure Support**	10,733
8,382	Welsh Government Covid-19 Hardship fund - Income loss Support	3,617
2,566	Welsh Government Covid-19 Hardship fund - Other	1,018
3,959	Education Improvement Grant (PDG)	4,158
3,452	Sixth Form Funding (DCELLS)	4,238
622	Concessionary Fares, Transport Subsidy (PTSG)	1,102
1,117	Children & Communities (Flying Start)	1,168
990	MYST (Children's Services Care)	0
0	WG - LA Social Care Recovery Fund	3,970
651	Families First	646
2,116	Housing Support Grant (Supporting People)	2,784
509	Waste Management	675
362	Rural Development Plan	409
0	WG 20mph Trial Scheme (Monmouthshire)	404
541	Floods and SUDS	251
0	INFUSE - Innovating Public Services	823
315	Government Tech Innovate	28
7,393	Other WG grants	7,841
	Home Office:	
203	Support /Afghan / Syrian / Unaccompanied Asylum Seekers	107
52	Police and Crime Commissioner	152
1,078	Other Grants & Contributions	2,721
60,965	Total Revenue Grants credited to services	63,560
	Non-Specific Grant Income	
30,037	Non-Domestic Rates	32,018
67,723	Revenue Support Grant	71,049
97,760	Total Non-Specific Grant Income	103,067

** Excludes grant income received as part of hardship funding but paid to MCC acting as the agent

12 NON-CURRENT ASSET & CAPITAL FINANCING NOTES

12.1 Property, Plant and Equipment

The following tables summarise the movements in the Authority's property, plant and equipment portfolio by asset type for the years ending 31st March 2022 and 31st March 2021.

Movements in 2021/22:	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000
Cost or Valuation:								
At 1st April 2021	245,034	23,205	98,228	4,459	10	2,015	372,951	1,241
Additions	6,385	2,554	9,943	217		2,316	21,415	
Revaluation movements taken to Revaluation Reserve	1,191	(2)					1,189	9
Revaluation movements taken to Surplus/Deficit on Provision of Services	98	(5)					93	(5)
Impairment movements taken to Surplus/Deficit on Provision of Services	(1,959)		(3,728)	(147)			(5,834)	
Reclassified (to)/from Held for Sale		(2,399)					(2,399)	
Disposals			(2,971)				(2,971)	
Other transfers	(15)					(152)	(167)	
CCRCD Assets		257				50	306	
At 31st March 2022	250,734	23,609	101,472	4,529	10	4,229	384,583	1,245
Accumulated Depreciation:								
At 1st April 2021	(15,840)	(12,832)	(24,615)	0	0	0	(53,288)	0
Depreciation charge	(8,438)	(2,043)	(2,465)				(12,947)	(49)
Depreciation written out on revaluation to Revaluation Reserve	6,304	1					6,305	47
Depreciation written out on revaluation to Surplus/Deficit on Provision of Services	1,463	2					1,466	2
Depreciation written out on impairment to Surplus/Deficit on Provision of Services							0	
Reclassified to/(from) Held for Sale	10	2,396	2,971				5,377	
Disposals							0	
CCRCD Assets		(37)					(37)	
At 31st March 2022	(16,502)	(12,512)	(24,110)	0	0	0	(53,124)	0
Net Book Value:	234,232	11,097	77,363	4,529	10	4,229	331,459	1,245

Movements in 2020/21	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000

Cost or Valuation:								
At 1st April 2020	251,758	21,829	95,742	4,459	0	2,844	376,632	1,259
Additions	3,604	2,906	6,820	(3)	-	1,425	14,753	-
Revaluation movements taken to Revaluation Reserve	(3,031)	(7)	-	0	-	-	(3,038)	(18)
Revaluation movements taken to Surplus/Deficit on Provision of Services	(2,943)	-	-	-	-	0	(2,943)	-
Impairment movements taken to Surplus/Deficit on Provision of Services	(2,168)	(790)	(2,079)	3	0	-	(5,035)	-
Reclassified (to)/from Held for Sale	(2,269)	(733)	-	(1)	10	-	(2,993)	-
Disposals			(2,255)	(0)		-	(2,256)	
Other reclassifications	2,254					(2,254)	(0)	
CCRCDC Assets	(2,169)	-	-	-	-		(2,169)	-
At 31st March 2021	245,034	23,205	98,228	4,459	10	2,015	372,951	1,241
Accumulated Depreciation:								
At 1st April 2020	(10,535)	(11,359)	(24,592)	-	-	-	(46,486)	0
Depreciation charge	(8,243)	(2,163)	(2,279)	-	-	-	(12,684)	(53)
Depreciation written out on revaluation to Revaluation Reserve	2,497	7	-	-	0	-	2,504	-
Depreciation written out on revaluation to Surplus/Deficit on Provision of Services	440	-	-	-	0	-	440	53
Depreciation written out on impairment to Surplus/Deficit on Provision of Services	-	-	-	-	-	-	0	-
Reclassified to/(from) Held for Sale	-	683	-	-	-	-	683	-
Disposals			2,255				2,255	
At 31st March 2021	(15,840)	(12,832)	(24,615)	-	-	-	(53,288)	0
Net Book Value:	229,194	10,372	73,613	4,459	10	2,015	319,663	1,241

12.2 Revaluations of Property, Plant & Equipment

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Authority's Estates Section overseen by a qualified member of the Royal Institution of Chartered Surveyors (RICS). Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

The following statement summarises the progress of the Authority's rolling programme for the revaluation of fixed assets:

- The 2021/22 revaluations were carried out or approved by qualified valuers within the Authority's Estates section or external qualified valuers. The basis for valuation is set out in the accounting policies within section 17 of the notes to the accounts.
- All assets requiring valuations have been revalued in the 5 year period ending 31st March 2022. The valuations carried out during 2021/22 primarily include Community Centres, Corporate Facilities, Hubs & Public Contact Centres and Recreational Spaces.

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Carried at historical cost	0	11,097	77,363	4,529	10	4,229	97,227
Valued at current value as at:							
31st March 2022	49,545	-	-	-	-	-	49,545
31st March 2021	19,373	-	-	-	-	-	19,373
31st March 2020	35,595	-	-	-	-	-	35,595
31st March 2019	84,099	-	-	-	-	-	84,099
31st March 2018	45,619	-	-	-	-	-	45,619
Total Cost or Valuation	234,232	11,097	77,363	4,529	10	4,229	331,459

12.3 Schools Non-Current Assets

The Authority currently owns and runs four comprehensive schools, twenty four primary schools and one special school. In addition to the twenty four primary schools, there are two voluntary controlled schools and four voluntary aided schools.

The Authority runs the voluntary controlled schools on behalf of 3rd party organisations such as charities and religious organisations who own the underlying assets. The Authority does not record these school assets on its balance sheet other than Raglan Primary (£3,832,484 as at 31st March 2022) as the transfer of legal ownership to the third party is still ongoing.

With regards to voluntary aided schools within Monmouthshire, and similar to voluntary controlled schools, the assets are owned by 3rd party organisations and are not recorded on the Authority's balance sheet other than Osbaston Primary (£1,567,900 as at 31st March 2021) as the transfer of legal ownership to the third party is still ongoing.

The net book value of school non-current assets as at 31st March 2022, shown in the Authority's balance sheet, is £159,141,677 (£163,484,094 as at 31st March 2021).

12.4 Private Finance Initiatives

Monmouth Health & Social Care Facility (Monnow Vale)

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan Local Health Board. Under the arrangements funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide health and social care in the form of inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. This agreement came into effect from the 1st June 2006.

The Facility is a unique project that replaced a number of out dated or separate facilities scattered throughout the County with a new building that has been financed by a private finance partner over a period of 30 years.

The Authority accounts for its 28% share of the PFI assets, comprising buildings and equipment, with a corresponding liability amounting to its long term obligation for financing these assets.

The life of the building had originally been established for valuation purposes as being 40 years and the equipment as being 15 years. As the life of the building is 10 years beyond that of the PFI agreement, it is anticipated that the facility will be used by the parties beyond the 30 year PFI agreement. At the end of the agreement, the buildings revert to the Health Board at nil consideration. There have been no changes in the arrangements during the year.

The Authority's share in the assets used to provide services at the facility are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.1, their total net book value at 31st March 2022 being £1,245,399.

12.5 Investment Properties

Investment Properties are those that are used solely to earn income and/or for capital appreciation. Investment Properties are not used in any way to deliver a service and are not held for sale. The Authority's current portfolio of investment properties consists of long held assets such as County Farms and District Shops and also a Solar Farm, Newport Leisure Park and Castlegate Business Park constructed/acquired more recently. The resultant impact on the Authority's net income is shown below.

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:

2020/21 £000		2021/22 £000
(4,845)	Rental income from investment property	(5,026)
1,725	Direct operating expenses arising from investment property	2,358
(3,120)	Net (gain)/loss	(2,667)

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

2020/21 £000		2021/22 £000
63,427	Balance at start of the year	65,304
141	Additions	233
(2,458)	Disposals	(526)
2,412	Net gains/(losses) from fair value adjustments recognised in Financing and Investment Income and Expenditure	3,607
1,781	Transfers (to)/from Property, Plant and Equipment	5
0	Movement in CCRCD balances	(3)
65,304	Balance at end of the year	68,620

Capital receipts totalling £1,992,620 were credited to the Capital receipts reserve during 2021/22 in relation to investment properties (£5,102,490 in 2020/21).

Fair Value Hierarchy

Details of the Authority's investment properties and information about the fair value hierarchy:

2020/21				Type of Property	2021/22			
Quoted Prices in active markets for identical assets	Other Observable inputs	Significant Unobservable inputs	Total		active markets for identical assets	Other Observable inputs	Significant Unobservable inputs	Total
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£000	£000	£000	£000		£000	£000	£000	£000
		95	95	Freehold Reversions			115	115
	29,692		29,692	Agricultural Properties		32,936		32,936
		1,236	1,236	Retail Units			1,521	1,521
		1,940	1,940	Industrial Properties			1,894	1,894
		5,098	5,098	Solar Farm			5,389	5,389
		1,781	1,781	Share of CCRCD Asset			1,778	1,778
		25,463	25,463	Properties acquired for rental income			24,987	24,987
0	29,692	35,611	65,304		0	32,936	35,684	68,620

There have been no transfers between levels during the year. The authorities share in CCRD assets have recognised at Level 3.

Level 2 Other Observable inputs: The fair value for the Agricultural Portfolio (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets locally. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Level 3 Significant Unobservable Inputs: The Freehold Reversions, Retail Properties, Industrial Properties & Solar Farm located in the local authority area & properties acquired in 2018/19 for rental income are measured using the income approach, by means of a term and reversion method. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration, rent growth, occupancy levels, bad debt levels, maintenance costs, etc. These property types are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use: In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques: There has been no change in the valuation techniques used during the year for investment properties.

Level 3 Investment Properties

A summary of the movement in the fair value of level 3 investment properties over the year:

2020/21 £000		2021/22 £000
33,896	Balance at start of the year	35,612
1,781	Transfers (to)/from Level 3	0
8	Additions	(15)
0	Disposals	0
(73)	Net gains/(losses) from fair value adjustments included in Surplus or Deficit on the Provision of Services	87
35,612	Balance at end of the year	35,684

Fair Value Measurement

The valuers arrive at a Fair Value for level 3 Investment Properties by applying a yield to the income stream. The yield reflects the risk and is derived from factors such as the use made of the property, the quality of the tenant, the length and security of the income and also in the case of retail, the location. These impact on rent growth, occupancy levels, bad debt levels and maintenance costs. The yield is arrived at from the valuers knowledge of the market, from contacts and published information alongside knowledge of the individual asset.

Type of Property	Valuation Technique used to measure Fair Value	Unobservable Inputs	Range	Sensitivity
Freehold Reversions	Income approach, by means of a term and reversion method	Yield	4%	The Fair Value of the Property will increase as the yield reduces.
Retail Units		Yield	7% - 10%	
Industrial Properties		Yield	12%	
Solar Farm		Yield	6%	
Investment Assets		Yield	6%	
Investment Assets		Yield	7%	

12.6 Assets Held for Sale

Assets held for sale comprise those assets that are available for immediate sale and where the sale is highly probable and will be actively marketed at its market value. The in-year movement and balance of assets held for sale as at 31st March 2022 are shown below:

2020/21 £000		2021/22 £000
2,060	Balance outstanding at start of year	2,569
0	Additions	0
2,320	Assets newly classified as held for sale: From Plant, Property & Equipment	3
(10)	Assets declassified as held for sale: To Plant, Property & Equipment	0
334	Revaluation gains	1,074
0	Revaluation losses	0
0	Impairment losses	0
(2,135)	Assets sold	(2,645)
2,569	Balance outstanding at year-end	1,000

12.7 Heritage Assets

The Code requires that heritage assets are measured at valuation in the financial statements, together with comparative year information. The Code however permits some relaxations in the valuation requirements of heritage assets, meaning that the authority could potentially recognise more of the museums collections in the Balance Sheet. However, whereas the Authority recognises some heritage collections in financial statements, it is of the view that obtaining valuations for the vast majority of these collections would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Authority's financial statements. Whilst this exemption is permitted by the Code, the position will be subject to ongoing review.

The Authority would not typically consider disposing of any heritage assets even though previously offers have been received.

The following table summarises the movement in the carrying value of Heritage assets:

	Property Heritage Assets £000	Museum Exhibits £000	Civic Regalia, Artwork & Collect'n £000	Total £000
Cost or Valuation:				
1st April 2020 (Restated)	149	4,488	156	4,792
Additions	1	0	-	1
Revaluation increases/ (decreases) recognised in the SDPS	0	-	-	0
Impairment (losses)/reversals recognised in the SDPS	(1)	-	-	(1)
Reclassified from property, plant and equipment	0	-	-	0
31st March 2021 (Restated)	149	4,488	156	4,792
Cost or Valuation:				
Additions	158			158
Revaluation increases/(decreases) recognised in the SDPS	0			0
Impairment (losses)/reversals recognised in the SDPS	(79)			(79)
Reclassified from property, plant and equipment				0
31st March 2022	228	4,488	156	4,871

Property Heritage Assets

The Authority owns six property assets which meet the criteria for inclusion as heritage assets. These comprise the following assets:

- Caldicot Castle

- Angidy Ironworks, Tintern
- The Slaughterhouse - Arches, Monmouth
- Clydach Ironworks, Clydach
- War Memorial, Frogmore St, Abergavenny
- Tintern Station, Tintern

These assets were last valued on an existing use value (EUV) basis and were carried out internally by the Authority's Estates Section under the supervision of the Head Of Commercial and Integrated Landlord Services (MRICS).

Further to this Abergavenny Museum and Castle is leased by the Authority.

Museum Exhibits

Monmouthshire operates four museums, namely Monmouth, (The Nelson Museum), Abergavenny, Caldicot (Castle) and Chepstow. Each individual museum maintains an inventory of exhibits and the Authority last commissioned a valuation of material items in August 2012.

The most significant museum exhibit is the Nelson collection which is included on the balance sheet at a valuation of £4.3m and was last valued by external valuers in August 2012. The valuation was limited to selected items with market prices in excess of £1,000.

Civic Regalia, Artwork & Collections

Five other assets are classified as Heritage assets under this classification where cost information was readily available. These comprise the following assets:

- Henry Tapestry
- Chairman's Chain of Office
- Vice Chairman's Chain & Insignia
- Lady Chairman's Chain & Insignia
- Vice Lady Chairman's Chain & Insignia

These assets are currently valued at their most recent insurance valuation. The Authority currently has insurance cover in place for the majority of the exhibits. This was agreed through negotiation with the insurance underwriters.

12.8 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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.

31st March 2021 £000		31st March 2022 £000
189,451	Opening Capital Financing Requirement	189,235
	Capital investment:	
	Enhancing value:	
9,569	Property, plant and equipment	13,721
8	Investment properties	(15)
0	Vehicles	1,859
0	Heritage assets	79
	Not enhancing value:	
5,035	Property, plant and equipment	5,834
133	Investment properties	247
0	Intangible assets	
0	Assets held for sale	
1	Heritage assets	79

2,816	Revenue Expenditure Funded from Capital under Statute	3,404
1,147	Loans & advances treated as capital expenditure	0
	Sources of finance:	
(1,042)	Capital receipts	(3,448)
(2,423)	General Capital Grant	(2,438)
(8,623)	Capital Grants and Contributions	(12,078)
(507)	S106 Contributions	(509)
(252)	Direct revenue contributions	(234)
	Other:	
(6,075)	Minimum revenue provision	(6,369)
0	Capital receipt set aside	0
189,236	Closing Capital Financing Requirement	189,370
	Explanation of movements in year:	
2,417	Increase in underlying need to borrowing - supported by Government financial assistance	2,431
3,442	Increase in underlying need to borrowing - unsupported by Government financial assistance	4,072
(6,075)	Less: Minimum revenue provision	(6,369)
(216)	Increase / (decrease) in Capital Financing Requirement	134

12.9 Capital Commitments

At 31st March 2022, the Authority had entered into 3 major contracts (those individually £200,000 and more) for the construction of Property, Plant and Equipment in 2021/22 and later years, budgeted to cost a total of £5,864,423 (£1,090,595 at 31st March 2021). The major contractual commitments are as follows and are not included within these financial statements.

	£000
Upgrade School Kitchens	400
Abergavenny Borough Theatre Works	503
Crick Road Care Home	4,662
	5,565

12.10 Minimum Revenue Provision

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual minimum revenue provision (MRP) from revenue to contribute towards the reduction in its overall borrowing requirement.

Provision is made in accordance with the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2014 and adjoining MRP guidance which places a simple duty for an authority each year to make an amount of MRP which it considers to be "prudent".

The Authority also makes additional voluntary revenue contributions in respect of finance leased assets.

The amount of revenue provision made by the Authority in 2021/22 was £6,368,725 (£6,075,366 in 2020/21).

12.11 Leases - Authority as Lessor

Operating Leases

The Authority has entered into operating lease arrangements to lease property assets to various individuals and organisations. These primarily consist of Industrial units, County Farms, Land parcels and Recreation halls.

The minimum lease payments receivable includes rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. During the financial year £2,932,638 of minimum lease payments were receivable by the Authority (£2,819,107 in 2021/22).

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

2020/21 £000		2021/22 £000
2,660	Not later than one year	2,838
6,285	Later than one year and not later than five years	7,088
10,849	Later than five years	10,377
19,794		20,304

Finance Leases

In 2016/17, the Authority entered into a Finance lease arrangement for land at the Old Cattle market in Abergavenny.

The gross carrying amount and present value of the minimum lease payments receivable under this finance lease is detailed below.

2020/21		2021/22	
Present Value of Minimum Lease Payments to the Authority	Gross Amount outstanding from Lessee	Present Value of Minimum Lease Payments to the Authority	Gross Amount outstanding from Lessee
£000		£000	
156	160	156	160
592	640	592	640
1,906	2,560	1,806	2,400
2,655	3,360	2,554	3,200

The present value of the minimum lease payments has been reduced during 2021/22 by the £160,000 receivable in year, offset by finance lease interest receivable.

12.12 Leases - Authority as Lessee

Operating Leases

The Authority has acquired property, vehicles, plant and equipment by entering into operating leases.

The expenditure charged to the services within the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £324,288 (£354,511 in 2020/21).

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

2020/21 £000		2021/22 £000
297	Not later than one year	251
652	Later than one year and not later than five years	624
181	Later than five years	153
1,130		1,028

13 FINANCIAL INSTRUMENTS, CURRENT ASSETS & LIABILITIES NOTES

13.1 Categories of Financial Instruments

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

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets.

Under the new Accounting Standard IFRS 9, financial instruments may be held at amortised cost or at fair value either through other Comprehensive income or Profit & Loss.

Financial assets are held as amortised cost where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows. This is the majority of our treasury investments such as term deposits, certificate of deposits, call accounts, trade debtors for goods and services provided contractually and also lease receivables. This excludes council tax debtors and grants receivable as they are non-exchange transactions.

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council. For most assets, this is 12 month expected credit losses until the risk increases significantly, then it is lifetime expected losses. For trade debtors expected lifetime losses are always used. Due to the high credit rating of counterparties used for treasury investments 12 month expected credit losses are minimal.

Financial assets are held at fair value through other comprehensive income where cashflows are solely payments of principal and interest and it is the Council's business model to collect these cashflows and sell the instruments before maturity. The authority does not hold any such investments. The standard also allows the authority to elect to account for equity investments through other comprehensive income if they are being held for strategic investment purposes, see table below.

All other financial assets are held at fair value through Profit & Loss. This includes an existing unquoted equity investment; a principal of £40,000 representing an equal share with Torfaen County Borough Council in SRS Business Solutions Limited. This investment comprised seed funding for the company and is revalued at £60,000 representing the most likely cash inflows resulting from this asset in the future. Further information is provided in note 16.6.

The following categories of financial assets are carried in the Balance Sheet as at 31st March 2022:

Long-Term 31st March 2021 £000	Short-Term 31st March 2021 £000		Note	Long-Term 31st March 2022 £000	Short-Term 31st March 2022 £000
		Financial Assets			
		Investments at amortised Cost:			
1,179	20,458	Principal invested	13.4	1,003	14,184
		Accrued Interest			
		Investments at fair value through other comprehensive income:			
	2,986	Equity Investments elected FVOCI			3,986
		Investments at fair value through profit & loss:			
183		Unquoted equity investments	13.4	183	
1,362	23,444	Total Investments		1,186	18,170
		Cash & Cash Equivalents at amortised cost:			
	19,158	Principal	15.3		34,108
		Accrued Interest			
0	19,158	Total Cash & Cash Equivalents		0	34,108
		At amortised cost:			

	9,879	Trade Receivables			8,640
	(597)	Loss allowance			(575)
2,557	100	Lease Receivables		2,452	103
210	1	Loans made for service purposes		204	(4)
2,766	9,383	Included in Debtors	13.5	2,656	8,164
4,128	51,985	Sub-Total Financial Assets		3,841	60,442
	3,098	Current assets which are not Financial Instruments			1,636
100	23,665	Debtors which are not Financial Instruments	13.5	1,001	33,830
4,228	78,748	Total Financial Assets		4,842	95,907

Long-Term 31st March 2021 £000	Short-Term 31st March 2021 £000		Note	Long-Term 31st March 2022 £000	Short-Term 31st March 2022 £000
---	--	--	------	---	--

All of the Council's financial liabilities are held at amortised cost including short and long term loans, bank overdraft, lease payables, PFI contracts and trade payables for goods and services.

The following categories of financial liabilities are carried in the Balance Sheet as at 31st March 2022:

		Financial Liabilities			
		Loans at amortised Cost:			
(84,843)	(97,911)	Principal sum borrowed		(104,297)	(71,169)
0	(683)	Accrued Interest			(732)
(28)	(1)	EIR adjustments		(27)	(1)
(84,871)	(98,595)	Total Borrowings	13.4	(104,324)	(71,903)
		Loans at amortised Cost:			
	(621)	Cash & cash equivalents	15.3		(1,680)
0	(621)	Total Cash & Cash Equivalents		0	(1,680)
		Liabilities at amortised Cost:			
(674)		PFI and finance lease liabilities		(642)	
(1,703)		Other Long Term Liabilities		(1,608)	
(2,377)	0	Total Other Long Term Liabilities		(2,250)	0
		Liabilities at amortised Cost:			
	(1,134)	Trade Payables			(2,366)
0	(1,134)	Included in Short Term Creditors	13.6	0	(2,366)
(87,248)	(100,349)	Total Financial Liabilities		(106,574)	(75,948)
	(35,271)	Short term creditors which are not Financial Instruments	13.6		(51,085)
(316,163)	(4,758)	Other Current & long term liabilities which are not Financial Instruments:		(266,323)	(4,492)
(403,411)	(140,378)	Total Balance Sheet Liabilities		(372,897)	(131,525)

Equity instruments elected to fair value through OCI

31st March 2021	31st March 2021	31st March 2021		31st March 2022	31st March 2022	31st March 2022
£000	£000	£000		£000	£000	£000
Fair value	OCI	Dividends		Fair value	OCI	Dividends
1,539	243	67	Kames Capital diversified monthly income fund	2,024	485	84
1,001	88	37	Investec Asset Management Ltd diversified income fund	1,443	442	37
446	(3)	19	CCLA LAMIT Property Fund	519	73	17
2,986	327	124	Total Balance Sheet Asset	3,986	1,000	139

The Council has elected to account for the investments in pooled funds above which are equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

13.2 Financial Instruments - Income, Expense, Gains and Losses

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

31st March 2021					31st March 2022
£000					£000
	Financial Liabilities measured at:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
15	Interest expense - finance lease /private finance initiative debtors				16
0	Losses on de-recognition				0
0	Losses from changes in fair value				0
0	Impairment losses				0
3,688	Other Interest expense				3,364
3,703	Subtotals	0	0	0	3,381
3,703	Total Interest payable and similar charges				3,381

	Financial assets measured at:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
(64)	Interest income relating to finance lease debtors				(58)
0	Interest from deferred receipts				0
(124)	Dividend income (elected equity instruments)			(140)	0
0	Gains on derecognition				0
0	Gains from changes in fair value				0
0	Impairment loss reversals				0
(43)	Other Interest income				(119)
(231)	Subtotals	0	0	(140)	(177)
(231)	Total Interest & Investment income				(317)
3,472	Net impact on surplus/deficit on provision of services				3,063

	Impact on other comprehensive income:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
330	Gains on revaluation			77	

(3)	Losses on revaluation			(64)	
0	Amounts recycled to surplus/deficit on provision of services				
327	Subtotals	0	0	13	0
327	Impact on other comprehensive income				13
3,799	Net (gain)/loss for the year				3,076

13.3 Fair Values of Financial Instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions

- Shares in SRS Business Solutions Limited have been valued by discounting the expected future cashflows at a rate reflecting the risk to the cashflows.

The value of financial instruments held at amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2022, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March 2022.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at an appropriate rate.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Financial liabilities						
Balance Sheet 31st March 2021 £000	Fair Value 31st March 2021 £000		Balance sheet position	Fair Value Level	Balance Sheet 31st March 2022 £000	Fair Value 31st March 2022 £000
		Financial liabilities held at amortised cost:				
(183,466)	(204,695)	Borrowings	Borrowing (ST & LT)	2	(176,226)	(179,030)
(674)	(695)	PFI and finance lease liabilities	Other LT Borrowing	3	(642)	(563)
(184,140)	(205,390)	Subtotal			(176,868)	(179,593)
		Financial liabilities held at amortised costs for which fair value is not disclosed:				
(1,193)		Cash & Cash equivalent	C & C E		(1,680)	
(1,134)		Trade payables	Short term creditors		(2,366)	
(1,703)		Net agency creditor and lease deposits	Other LT Borrowing		(1,608)	
(188,169)		Total financial liabilities			(182,522)	

The fair value of financial liabilities held at amortised cost is more 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 current rates available for similar loans at the balance sheet date. This commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

Financial Assets

Balance Sheet 31st March 2021 £000	Fair Value 31st March 2021 £000			Fair Value Level	Balance Sheet 31st March 2022 £000	Fair Value 31st March 2022 £000
		Financial assets held at fair value:				
2,986	2,986	Equity investments elected FV through OCI	ST Investments	2	3,986	3,986
183	183	Unquoted equity investments held at FVP&L	LT Investments	3	183	183
3,168	3,168	Subtotal			4,168	4,168
		Financial assets held at amortised cost:				
2,657	2,799	Lease receivables	LT debtors	3	2,554	2,443
		Trade receivables - deferred receipt	LT debtors			
5,825	5,967	Subtotal			6,722	6,611
		Financial assets held at amortised cost for which fair value is not disclosed:				
19,158		Cash & Cash equivalent	C&CE		34,108	
23,444		Short term investments	ST Investments		18,170	
9,879		Trade Receivables	Short term debtors		8,640	
210		Loans made for service purposes	Long term debtors		204	
58,517		Total financial assets			67,844	

There is a small difference between the fair value and carrying value of long term lease receivables and long term trade receivables.

13.4 Nature and Extent of Risks arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team in conjunction with appointed treasury advisors.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Welsh Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its management practices seek to achieve a suitable balance between risk and return or cost.

Whilst the majority of Investments used continue to be with institutions which are given a high credit rating by external rating agencies and which continue to show other measures of credit worthiness, the authority's investment portfolio now includes £4m in strategic pooled funds which achieve higher returns. The risk is controlled by following the advice of the Authority's treasury management advisors, by the use of experienced fund managers and diversification within the funds purchased.

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

- Credit risk – the possibility that the counterparty to any of the Authority's financial assets will fail to meet its contractual obligations to pay the amounts due, causing a loss to the Council.
- Liquidity risk – the possibility that the Authority might not have cash available to make contracted payments on time
- Market risk – the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

The revised Borrowing Strategy continues to take into account the fact that it is cheaper to borrow for shorter periods than for long periods as previously was the case. It also took into account that there was a net benefit to be gained from internal borrowing, where surplus cash is utilised to fund capital expenditure, compared to borrowing externally. This approach reduces surplus cash balances but produces a net benefit as the cost of borrowing is higher than the returns from investing the additional surplus cash.

a) Credit Risk

Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £4m is placed on the amount of money that can be invested in unsecured investments with a single counterparty (other than the UK government) for the majority of the Authority's activities (for more details see the Treasury Strategy).

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Balance Long-term 31st March 2021	Balance Short-term 31st March 2021	Counterparty Group	Investment Vehicle	Average	Country	Balance Long-term 31st March 2022	Balance Short-term 31st March 2022
£'000	£'000			rating		£'000	£'000
0	20,000	UK Government	Term Deposit with DMADF	AA+	United Kingdom		14,000
0	0	Local Authority	Term Deposit	AA+	United Kingdom		
0	16,187	Bank	Term Deposit	A+	United Kingdom		30,070
Credit risk Not applicable:							
0	2,986	Pooled funds			United Kingdom		3,986
1,239	274	Unquoted Equity			United Kingdom	1,063	
123	3,155	CCRCDD				123	4,222
1,362	42,602	Total Investments				1,186	52,278

* Credit risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 365% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31st March 2022, £nil of loss allowances related to treasury investments.

Trade & Lease receivables and Contract assets

Credit risk also arises from the Authority's customers and other contractual debtors. Customers for goods and services are assessed taking into account their financial position, past experience and other factors such as the current economic climate. Risk of default and uncollectability is assessed based on the nature of the underlying debt and historic collection rates. Receivables as at the year-end are illustrated in note 13.5 to the accounts, together with any associated impairment age.

Trade receivables are normally written off to the Surplus or Deficit on the Provision of Services when over due, but steps are still taken to collect sums owing until all economic avenues have been explored. The amount provided for but still subject to collection processes and its age profile is provided in note 13.5.

The Council has one finance lease receivable as a result of a lease disposal of a piece of land, which is held on the balance sheet at amortised cost. The Council's credit risk on lease receivables is mitigated by its legal ownership of the asset leased, which can be repossessed if the debtor defaults on the lease contract, so no loss allowance has been applied. At the 31st March 2022 the carrying value was £2,554,000. The fair value was £2,443,000 reflecting the difference in interest rates used for the two estimates.

Loans, Financial Guarantees and Loan Commitments

The Council has not made any material Loans, Financial Guarantees and Loan Commitments.

b) Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements occur, the authority has ready access to borrowing at favourable rates from the Public Works Loans Board, other local authorities. There is no significant risk that it will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring net short term borrowing is no more than 50% of the Council's net total borrowing.

The maturity analysis of financial instruments is as follows:

31st March 2021				31st March 2022		
£000	£000	£000		£000	£000	£000
Borrowings	Investments	Net		Borrowings	Investments	Net
			The Loans Mature as follows:-			
0	(3,626)	(3,626)	No defined maturity	0	(4,352)	(4,352)
98,595	(20,000)	78,595	Less than one year	71,903	(14,000)	57,903
3,013	0	3,013	Between one and two years	4,338	0	4,338
13,448	0	13,448	Between two and five years	10,014	0	10,014
11,510	(1,179)	10,331	Between five and ten years	11,128	(1,003)	10,125
12,924	0	12,924	Between ten and twenty years	20,269	0	20,269
43,976	0	43,976	More than twenty years	58,574	0	58,574
183,466	(24,806)	158,660	Total	176,226	(19,355)	156,871

The Counterparty analysis of Borrowing is shown below:

31st March 2021		31st March 2022
£000		£000
74,647	Public Works Loan Board	87,358
13,812	Market Loans & Bank loans	13,812
5,062	Welsh Government	6,031
86,944	Local Government bodies	66,025
3,000	Special Purpose Vehicle	3,000
183,466	Total	176,226

The financial liabilities due to Welsh Government at the 31st March 2022 are the outstanding balances from interest free loans provided to fund energy saving Street Lighting capital schemes and a loan which funded the Oak Grove solar farm construction. Accounting requirements require financial liabilities in the form of loans to be carried at amortised cost. However, some of these interest free loans have not been carried at amortised cost on the grounds that the figures quoted are not materially different.

Market loans are considered long term loans based on the remaining time to maturity, but it should be noted that they are currently within their call period. If a lender should exercise a call option on one of these loans, Monmouthshire County Council has the right to repay the loan immediately.

c) Market Risk

i) Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates – the fair value of the borrowing liabilities will fall
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Authority has a number of strategies for managing interest rate risk. The 2021/22 treasury strategy includes a limit on the Authority's exposure to interest rate risk. This limit of 50% applies to the percentage of net variable rate debt to total net debt, where net debt is debt net of investments.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. In-year analysis allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

The interest payable and interest receivable during 2021/22, on borrowings and investments held at the 31st March 2022, with all other variables held constant, would increase / (decrease), if interest rates were 1% higher. The most significant impact would relate to variable rate and short term loans & investments, with long term instruments not being affected:

31st March 2021	Effect of a 1% increase in interest rates	31st March 2022
£000		£000
829	Increase in interest payable on borrowings	491
(190)	Increase in interest receivable on investments	(136)
0	Decrease in fair value of investments held at FVP&L	0
639	Impact on Surplus or Deficit on the Provision of Services	354
(12,630)	Decrease in fair value of fixed rate borrowing *	(11,828)

* No impact on Comprehensive Income and Expenditure

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

ii) Price risk

The market prices of the bond component in the Council's multi asset pooled funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk. It is carrying a £60,000 investment in shares of SRS Limited, a company set up with and jointly owned by Torfaen Borough Council & Gwent Police Authority. The property element of the Council's multi asset pooled funds is subject to the risk of falling commercial property prices. The equity element of the Council's multi asset pooled funds is subject to the risk of falling share prices. These risks were limited by the Council's maximum exposure to strategic pooled funds of £6m. A 5% fall in the value of the property component or equity component held within these funds could result in a charge to Other Comprehensive Income and Expenditure. The due diligence carried out before these investments purchased would indicate that any such loss is expected to be either temporary or compensated for by the dividend income. One advantage of a multi asset pooled funds is that property, equity and bonds prices are not fully correlated with each other reducing the risk of losses.

iii) Foreign exchange risk

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

13.5 Debtors

The nature and value of payments due to the Council for the year but not received as at 31st March 2022, repayable in the short term (within 12 months of the balance sheet date) and long term (after 12 months of the balance sheet date), is summarised below:

31st March 2021					31st March 2022			
Long Term £000	Short Term £000	Impairment £000	Net £000		Long Term £000	Short Term £000	Impairment £000	Net £000
				Central Government Bodies:				
	9,444		9,444	Welsh Government		17,426		17,426
	1,083		1,083	HM Customs & Excise		1,549		1,549
	2,306		2,306	NNDR Debtor		2,993		2,993
	406		406	Council Tax and Housing Benefit Subsidy		0		0
			0	Other				0
				Other entities and individuals:				
	4,956	(4)	4,952	Other Local Authorities		4,600	(17)	4,583
			0	Deferred Capital receipts				0
2,557	100		2,657	Finance Lease	2,452			2,452
	7,542	(55)	7,487	Revenue debtors		6,825	(69)	6,756
	3,925	(1,895)	2,031	Council tax arrears		3,771	(2,146)	1,625
	1,323	(235)	1,088	Corporate sundry debtors		1,744	(118)	1,626
	1,284	(649)	635	Housing benefit overpayments		1,295	(741)	554
	1,756		1,756	NHS Bodies		2,663	(10)	2,653
	784	(154)	630	Social Services debtors		1,171	(181)	990
	275	(204)	71	Rent arrears		379	(249)	130
	16		16	Capital debtors		734		734
201			201	Housing Advances	196			196
109	1,043		1,152	Other	1,009	373		1,382
2,867	36,244	(3,196)	35,914	Total Debtors	3,657	45,525	(3,531)	45,650

The aged analysis of short term debtors outstanding as at 31st March 2022 is as follows:

	Not Overdue £000	Up to 3 Months £000	3 Months - 12 Months £000	Over 12 Months £000	Over 24 Months £000	Total £000
Central Government Bodies:						
Welsh Government	17,426	0	0	0	0	17,426
HM Customs & Excise	1,549	0	0	0	0	1,549
NNDR Debtor	3,207	0	(35)	(34)	(145)	2,993
Council Tax and Housing Benefit Subsidy	0	0	0	0	0	0
Other	0	0	0	0	0	0
Other entities and individuals:						
Other Local Authorities	3,966	459	177	(2)	(0)	4,600
Deferred Capital receipts	0	0	0	0	0	0
Finance Leases	0	0	0	0	0	0
Revenue debtors	6,703	0	56	27	39	6,825
Council tax arrears	0	0	946	904	1,922	3,771
Corporate sundry debtors	1,056	217	222	59	190	1,744
Housing benefit overpayments	0	0	320	212	763	1,296
NHS Bodies	2,440	22	125	66	10	2,663

Social Services sundry debtors	167	300	358	150	196	1,171
Capital debtors	734	0	0	0	0	734
Rent arrears	72	19	72	49	167	379
Housing Advances	0	0	0	0	0	0
Other	373	0	0	0	0	373
Total	37,693	1,016	2,242	1,431	3,142	45,525

The associated impairment for potential default and uncollectability for debtors outstanding as at 31st March 2022 is as follows:

	Not Overdue	Up to 3 Months	3 Months - 12 Months	Over 12 Months	Over 24 Months	Total
	£000	£000	£000	£000	£000	£000
Other Local Authorities	0	0	3	5	9	17
NHS Bodies	0	0	3	4	3	10
Revenue debtors	0	0	29	14	26	69
Council Tax Arrears	0	0	538	514	1,094	2,146
Social Services sundry debtors	39	7	96	20	19	181
Corporate sundry debtors	0	6	46	21	45	118
Rent arrears	0	4	30	49	166	249
Housing benefit overpayments	0	0	64	46	631	741
Total	39	17	809	673	1,993	3,531

13.6 Creditors

It is the Authority's policy to pay creditors promptly, without undue delay and within mutually agreed terms. 97.54% of payments were paid within a 30 day target settlement date (97.88% in 2020/21).

The nature and value of payments due to be made by the Council in the year but not actually made as at 31st March 2022 is summarised below:

31st March 2021 £000		31st March 2022 £000
10,222	Central Government Bodies	4,896
2,874	Other Local Authorities	4,736
411	NHS Bodies	1,300
4,922	Capital Creditors	8,492
17,975	Other entities & individuals	34,028
36,405	Total	53,451

13.7 Provisions and Contingent Liabilities

The value of provisions as at 31st March 2022, together with their movement for the year, is summarised below:

	Note	As at 1st April 2021 £000	New or increased Provisions £000	Used or reduced Provisions £000	As at 31st March 2022 £000
Insurance Claims	13.7a	851	572	(417)	1,006
Insurance Claims - MMI	13.7b	32	0	0	32
Accumulating Compensated Absences	13.7c	4,109	3,973	(4,109)	3,973
Shared Resource Service (Public) Debt	13.7d	86	0	(86)	(0)
CCRCDC Consolidation		127	25	0	152
Total		5,205	4,570	(4,612)	5,163

The analysis of provisions between those that are short-term and long-term where it is expected that the provision will be settled within 12 months or greater than 12 months of the balance sheet date respectively, are summarised below:

Current 31st March 2021 £000	Long Term 31st March 2021 £000		Current 31st March 2022 £000	Long Term 31st March 2022 £000
546	305	Insurance Claims	503	503
16	16	Insurance Claims - MMI	16	16
4,109	0	Accumulating Compensated Absences	3,973	0
86	0	Shared Resource Service (Public) Debt	0	0
0	127	CCRCDC Consolidation	0	152
4,757	448	Total	4,492	671

a) Insurance Claims

The Authority maintains insurance policies to cover itself against claims made. The effect of these policies is to limit the Council's costs in relation to successful claims made against it. Annual insurance premiums have been recharged to services during the financial year along with costs of claims incurred.

To satisfy IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a full actuarial assessment of open insurance claims was carried out at 30th September 2015 by the Authority's insurance brokers. The Authority has used this data to project future potential liabilities on the basis of current claims received, policy excesses and stop losses (the capped loss we can incur in any policy year). This assessment has allowed the Authority to reflect the estimated cost of liabilities at 31 March 2022. Provision has only been made where the Authority's insurers indicate a settlement is likely. The result is that the total provision is at the most likely level to be paid out in the future. Any movement in provisions has been charged against the services to which the claims relate.

The Authority maintains the insurance and risk management reserve to assist in the control of the Authority's insurance risks. The balance in the reserve is reviewed annually as part of the assessment on the adequacy of reserves by the Section 151 Officer. The reserve is required to cover potential claims not yet reported as well as recorded claims, which do not merit a provision, referred to above. It therefore represents additional cover, over and above the provision, to cover all foreseeable claims as at the balance sheet date.

The provision in place at 31st March 2022 was £1,006,362 (£851,029 at 31st March 2021) and the balance on the insurance and risk management reserve as at 31st March 2022 was £836,094 (£846,428 as at 31st March 2021). These balances are deemed to provide sufficient cover for the Authority's claims exposure.

A breakdown of the provision made across policy types is provided below:

31st March 2021 £000		31st March 2022 £000
632	Public Liability	835
219	Employer's Liability	171
851	Total	1,006

b) Municipal Mutual Insurance (MMI)

For the policy years before 1992/93, the local authority is exposed to an insurance liability relating to the closure of the MMI Fund on 30th September 1992. MMI had insufficient funds to meet existing and future claims and its liquidators exercised the option of recovering an initial levy from each scheme member of 15% via a levy notice on 1st January 2014. The levy was increased to 25% by way of a second notice on the 1st April 2016.

In addition to the levy paid for settled claims, a percentage payment is also applied to outstanding claims which are subsequently settled against the Authority. As at the 31st March 2022, a provision of £31,137 has been made for outstanding claims of this nature, unchanged from 2020/21 .

c) Accumulating Compensated Absences

Short-term accumulating compensated absences comprise employee benefits in the form of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year and are due to be settled within 12 months of the year-end.

A provision is made as a result of the earned benefit not taken before year-end being established on a sample basis of employees, extrapolated to establish the estimated total accrued benefit. The provision 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 provision is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement as required by regulations in place, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The value of the provision made in respect of such employee benefits at the 31st March 2022 was £3,973,247 (£4,109,744 at 31st March 2021).

d) Shared Resource Service (SRS) Public Debt

Financial administration of the Shared Resource Service (Public) transferred to Torfaen CBC on 1st April 2019. As part of the winding up of the administration it was considered possible that Monmouthshire CC may incur a write off for unrecoverable debt relating to bills raised by SRS Public up to and including the 31st March 2019, estimated at £86,254. Following a review during the year, there was no further evidence of such a liability presenting and as such this provision has been reversed.

e) Asbestos Indemnity (Contingent Liability)

As part of the process of transferring the Authority's council housing stock in 2007/08, Council approved changes to the Stock Transfer Agreement to include an asbestos indemnity.

It was a standard requirement of stock transfers that the local authority provides an indemnity to the funders and new landlord, in this case Monmouthshire Housing Association, with respect to the presence of asbestos in the property transferring. The indemnity does not apply in respect of the first £2.55million of costs incurred in relation to such works, as updated annually by RPI.

The resultant indemnity is one where the authority has negotiated an initial limited contingent liability of £6.003million, to be updated annually by RPI, for a period of 15 years from the date of transfer of 20th January 2008. 1 year remains of this period.

There are no immediate financial implications and professional advice suggests a low risk of future liability arising. Low risk does not however equate to "no risk" and the potential future liability, after updating for RPI is £7.176 million (£6.679 million as at 31st March 2021) , in the event the asbestos indemnity is called upon.

The latest available information indicates spend to date by Monmouthshire Housing Association (for the period 21st January 2008 to 31st March 2022) is £125,021 (previously £124,456 for the period 21st January 2008 to 31st March 2021).

14 POST-EMPLOYMENT BENEFIT NOTES

14.1 Participation in Pension Schemes

The council is required to account for its pension costs in accordance with IAS19 - employee benefits.

The Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in two separate pension schemes; the Greater Gwent Pension Fund (Local Government Pension Scheme (LGPS)) and the Teachers' Pensions Scheme (TPS), both of which provide defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council.

Teachers Pension Scheme (TPS) – Unfunded Defined Benefit Scheme Accounted for as a Defined Contribution Scheme

Whilst this is an unfunded multi-employer defined benefit scheme it is required to be accounted for as if it were a defined contribution scheme, because the arrangements are such that the liabilities cannot ordinarily be identified specifically to the Council. A notional fund is used as the basis for calculating the employer's contribution rate paid by local authorities and valuations of the notional fund are undertaken every four years. This scheme is administered by the Teachers' Pensions Agency (TPA). No liability for future payments of these benefits is recognised in the Council's Balance Sheet.

The Authority's payments to the scheme relating to 2021/22 totalled £6,087,000 (£5,991,000 in 2020/21) in respect of teachers' retirement benefits.

Under this scheme there are separate arrangements for the award of discretionary post employment benefits upon early retirement – these are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made.

There were £514,246 of contributions remaining payable to the scheme at the year end (£495,227 at 31st March 2021). The Council is not responsible for any other employers' obligations under this pension plan.

Greater Gwent Pension Fund

The Authority participates in two pension schemes administered by Torfaen County Borough Council:

- The Local Government Pension Scheme - This 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 pension liabilities with investment assets in the long term. Pension benefits accrued up until March 2014, based on pensions being a percentage of final salary. Benefits since that time have accrued on an average salary basis.
- Unfunded Teachers Discretionary Benefits - the Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme above. This is unfunded, meaning that there are no investment assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The following sections of the notes provide further supporting information covering the Authority's interest in the Greater Gwent Pension Fund.

14.2 Pension Fund Stakeholders

14.3 Entries in the comprehensive income and expenditure statement

14.4 Expected future pension contributions

14.5 Actuarial Assumptions

14.6 Sensitivity analysis

14.7 Investments held by the pension fund

14.8 The movement in the authority's share of the assets and liabilities within the Fund

14.9 A summary explanation of the movement in assets and liabilities

14.2 Pension Fund Stakeholders

The total defined benefit obligation for the Authority's share of the Greater Gwent Pension fund (excluding unfunded liabilities) as at the 31st March 2022 is split as follows, along with the weighted average duration of each group:

2020/21			2021/22		Weighted Average Duration (Years)
£000's	%		£000's	%	
367,088	51%	Active	373,917	53%	27.1
138,897	19%	Deferred	128,850	18%	9.3
216,972	30%	Pensioners	201,808	29%	19.5
722,957	100%	Total	704,575	100%	19.6

A breakdown of the investments held by the Greater Gwent pension fund, quoted and unquoted is given in 14.7 giving an indication of the level of diversification and therefore risk within the Investment Portfolio.

14.3 Entries in the comprehensive income and expenditure statement

The Authority recognises retirement benefits in the net cost of services, as they are earned by employees not when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable to the pension fund in the year, so the real cost of post-employment/ retirement benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year.

To account for the McCloud Judgement (public service pensions age discrimination cases) the actuary has made an estimated adjustment to these liabilities from the 2019 valuation data to ensure that it is captured in the 31 March 2022 IAS19 balance sheet figures.

Finance is only required to be raised to cover teachers unfunded discretionary benefits when the pensions are actually paid.

Local Government Pension Scheme	Teachers' Unfunded Discretionary Benefits		Local Government Pension Scheme	Teachers' Unfunded Discretionary Benefits
2020/21 £000's	2020/21 £000's		2021/22 £000's	2021/22 £000's
Comprehensive Income and Expenditure Account				
Net Cost of Services:				
20,168	0	current service cost	32,387	0
91	0	past service cost / (gain) including curtailments	180	0
0	0	settlement gain	0	0
20,259	0	Total Net Cost of Services	32,567	0
Financing and Investment Income and Expenditure:				
12,733	86	interest cost on pension liabilities	14,740	75
(7,449)	0	interest income on plan assets	(8,508)	0
0	0	Impact of asset ceiling on net interest	0	0

25,543	86	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	38,799	75
		Other Comprehensive Income and Expenditure:		
64,244	331	(Gains) and losses on remeasurement	(71,489)	(174)
0	0	Effect of business combinations and disposals	0	0
64,244	331	Total Other Comprehensive Income and Expenditure	(71,489)	(174)
89,787	417	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(32,690)	(99)
		Movement in Reserves Statement		
(25,715)	86	reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(38,799)	(75)
		Actual amount charged against the Council Fund for pensions in the year:		
13,617	409	employers' contributions payable to scheme	14,330	373

14.4 Expected future pension contributions

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2023 is £14,925,000. Expected contributions for Teachers Unfunded Discretionary Benefits scheme in the year to 31 March 2021 are £396,000.

Statutory arrangements are in place to ensure that the financial position of the fund remains healthy. In the 31 March 2016 Actuarial Valuation, a shortfall of 28% of the fund's liabilities was identified. The Fund's 'funding target' is to achieve and maintain a funding level of 100% of liabilities. The maximum deficit recovery period has been set at 25 years. At each Actuarial Valuation, a contribution rate is set to meet the funding target over the deficit recovery period.

14.5 Actuarial Assumptions

The principal IAS19 assumptions used by the Actuary for these accounts are shown in the following table. Using the projected unit method, the Actuary determines the figures at the Balance Sheet date using the latest scheme valuation as a base, which was 31 March 2019.

The principal assumptions used by the actuary in their calculations have been:

Financial Assumptions	Local Government Pension Scheme & Teachers Unfunded Discretionary Benefits		
	31st March 2022	31st March 2021	31st March 2020
Rate of increase in salaries	3.5%	3.2%	2.2%
Rate of increase in pensions (inline with CPI)	3.2%	2.9%	1.9%
Rate for discounting scheme liabilities	2.7%	2.0%	2.3%
Life Expectancy:			
Current male pensioner aged 65 (years)	20.5	20.7	20.6
Current female pensioner aged 65 (years)	23.2	23.4	22.9
Future male pensioner aged 65 in 20 years' time (years)	21.8	22.1	21.6
Future female pensioner aged 65 in 20 years' time (years)	25.1	25.4	24.6

The discount rate used to value fund liabilities is based on market yields on high quality corporate bonds over appropriate terms. To facilitate this, Hymans Robertson produce a corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

14.6 Sensitivity Analysis

As noted above, changes to the financial assumptions disclosed in 14.5 will result in movements in the key pension related financial outcomes. An estimation of the results of such movements are given below.

Change in assumption at 31st March 2022	Approximate % increase to Employer	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	14,195
0.5% increase in the Salary Increase Rate	4%	28,468
0.1% increase in the Salary Increase Rate	0%	1,359
0.1% increase in the Pension Increase Rate	2%	12,730

In addition the actuary estimates that a one year increase in life expectancy would approximately increase the Employers Defined Benefit Obligation by around 3-5%. In practice this is dependent on the age groups predominantly affected.

14.7 Investments held by the pension fund

Teachers unfunded discretionary payments have no assets to cover its liabilities. The Local Government Pension Scheme's assets are valued at fair value, and consist of the following categories, by proportion of the total assets held:

31st March 2021		Category	Quoted in Active markets	31st March 2022	
£000	%			£000	%
62,764	14.8%	Equities	Yes	62,764	14.8%
		Investment funds & Unit Trusts			
245,139	57.8%	Equities	No	245,139	57.8%
71,196	16.8%	Bonds	No	71,196	16.8%
30,830	7.3%	Other	No	30,830	7.3%
10,680	2.5%	Property	No	10,680	2.5%
3,729	0.9%	Cash accounts	No	3,729	0.9%
0	0.0%	Alternatives	No	0	0.0%
424,338	100.0%	Total		424,338	100.0%

14.8 The movement in the authority's share of the assets and liabilities within the fund

The Movement in Fund Assets

Local Government Pension Scheme	Teachers Unfunded Discretionary Benefits		Local Government Pension Scheme	Teachers Unfunded Discretionary Benefits
2020/21 £000	2020/21 £000		2021/22 £000	2021/22 £000
322,980	0	As at 1st April	424,338	0
0	0	Settlement costs	0	0
7,449	0	Interest on plan assets	8,508	0
13,617	431	Employers contributions	14,330	373
3,539	0	Contributions by scheme participants	3,792	0

91,626	0	Gains / (losses) on remeasurement of assets	16,948	0
0	0	Administration expenses of plan assets	0	0
(14,873)	(431)	Benefits paid	(15,430)	(373)
424,338	0	As at 31st March	452,486	0

The Movement in Fund Liability				
(549,563)	(3,943)	As at 1st April	(727,091)	(3,951)
(20,168)	0	Current service cost	(32,387)	0
(91)	0	Past service (cost) / gain (including curtailments)	(180)	0
0	0	Settlement gains	0	0
0	0	Curtailment costs	0	0
(12,733)	(86)	Interest on pension liabilities	(14,740)	(75)
(3,539)	0	Contributions by scheme participants	(3,792)	0
(155,870)	(331)	Gains / (losses) on remeasurement of liabs	54,541	174
14,873	409	Benefits paid	15,430	373
0	0	Effect of business combinations & disposals	0	0
(727,091)	(3,951)	As at 31st March	(708,219)	(3,479)

There were £1,583,000 of contributions remaining payable at the year end for the Local Government Pension Scheme (at 31 March 2020 £1,124,000 was payable) and £2,000 was owed to the Authority for the Teachers unfunded discretionary benefits scheme (£2,000 at 31 March 2021).

Within the £704,575,000 of pension liabilities for the Local Government Pension Scheme at 31 March 2022 (£727,091,000 31 March 2021), there are £8,085,000 of unfunded liabilities (£3,957,000 as at 31st March 2021).

14.9 Summary of the movement in assets and liabilities

Over the five years ending the 31 March 2022, the fund's actuaries have estimated that the Authority had the following assets and liabilities:

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Local Government Pension Scheme					
Present value of scheme liabilities	(544,485)	(616,635)	(549,563)	(727,091)	(708,219)
Fair value of scheme assets	331,910	353,171	322,980	424,338	452,486
Surplus / (deficit) in the scheme	(212,575)	(263,464)	(226,583)	(302,753)	(255,733)
Teachers Unfunded Discretionary Benefits					
Present value of scheme liabilities	(5,070)	(4,749)	(3,943)	(3,951)	(3,479)
Fair value of scheme assets	0	0	0	0	0
Surplus / (deficit) in the scheme	(5,070)	(4,749)	(3,943)	(3,951)	(3,479)
Total					
Present value of scheme liabilities	(549,555)	(621,384)	(553,506)	(731,042)	(711,698)
Fair value of scheme assets	331,910	353,171	322,980	424,338	452,486
Surplus / (deficit) in the scheme	(217,645)	(268,213)	(230,526)	(306,704)	(259,212)
Year on year increase in net liability (or deficit)		(50,568)	37,687	(76,178)	47,492

There is a decrease in the combined net liability of the Greater Gwent pension funds of £47,492,000 from 1 April 2021 to 31 March 2022. This has resulted from a decrease in the value of scheme liabilities of £18.8m offset by a increase in the value of scheme assets. The decrease in liabilities is due to changes in financial assumptions (e.g. increased inflation, decreased discount rate, increased longevity/age presumptions).

15 NOTES TO THE CASH FLOW STATEMENT

15.1 Reconciliation of Comprehensive Income & Expenditure Account to Net Cash Flows from Operating Activities

2020/21 £000		2021/22 £000
6,946	Net (surplus) or deficit on the provision of services	7,441
	Non-cash transactions:	
(12,684)	Depreciation of non-current assets	(13,062)
(7,539)	Impairment and downward valuations	(3,736)
(79)	Amortisation of intangible non-current assets	(54)
(409)	Increase/decrease in impairment for provision for bad debts	(391)
(40)	Increase/(decrease) in inventories	112
4,417	Increase/(decrease) in debtors	9,823
(11,438)	(Increase)/decrease in creditors	(13,459)
(132)	(Increase)/decrease in provisions	67
(11,775)	Pension liability	(24,172)
201	CCRCD: Capital & Revenue Grants recognised	633
(4,593)	Carrying amount of non-current assets, assets held for sale and investment properties which are sold or derecognised	(3,171)
2,412	Movement in the value of investment properties	3,591
	Items classified in another classification in the cash flow statement	
2,909	Other payments for investing activities	1,191
9,811	Other receipts from investing activities	9,016
(34)	Other payments for financing activities	(33)
(753)	Other receipts for financing activities	(1,441)
10,193	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,066
(12,585)	Net cash flows from Operating Activities	(24,578)

15.2 Returns on Investments and Servicing of Finance

Returns on Investments received and Servicing of Finance paid during the year are made up of the following elements:

2020/21 £000		2021/22 £000
	Returns on Investments received:	
(219)	Interest received	(289)
(25)	Other interest and investment income	(15)
	Servicing of Finance paid:	
3,801	Interest paid	3,334
15	Interest element of finance lease rental payments	16
3,572		3,047

15.3 (Increase)/decrease in Cash and Cash Equivalents

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

	At 31st March 2021	In Year Movement	At 31st March 2022
	£000	£000	£000
Current Assets			
Cash held by the Authority	172	(118)	55
Bank current accounts	0	0	0
Short-term call account deposits	18,986	15,068	34,053
Current Liabilities			
Bank current account overdrafts	(621)	(1,059)	(1,680)
Total	18,538	13,890	32,428

16 OTHER NOTES TO THE ACCOUNTS

16.1 Members Allowances

Information on members' allowances is available on request from the Payroll Manager, Payroll Section, Monmouthshire County Council, @Innovation House, Wales 1, Magor, NP26 3DG.

The Authority paid the following amounts to Councillors and co-optee members of the council during the year:

2020/21 £000		2021/22 £000
608	Basic allowance	600
208	Special responsibility allowance	216
2	Travel allowance	3
0	Subsistence allowance	0
4	ICT Costs	4
822	Total	823

16.2 Audit Costs

The Authority has incurred the following costs during 2021/22 in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the Authority's external auditors:

2020/21 £000		2021/22 £000
176	Fees payable to the appointed auditor with regard to external audit services - financial audit	176
103	Fees payable to the appointed auditor with regard to external audit services - Local Government Measure	103
40	Fees payable to the appointed auditor for certification of grant claims & returns	54
319	Total	334

16.3 S31 and S33 Pooled Budget Arrangements

Section 31 of the Health Act 1999 and Section 33 of the NHS (Wales) Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable bodies to work collaboratively to address specific local health issues. A key feature of the pool is that the use of resources contributed to the pool should be dictated by the need of clients who meet the criteria established for the pool, rather than the respective contributions by the partners. Thus, it is to be expected that health service resources could be used to deliver local authority services and vice versa.

Pooled funds are not legal entities. The partners in the pool will nominate one partner to be the host to the pool. That host has responsibility for the administration of the pool.

a) Mardy Park Rehabilitation Scheme

The Authority had previously entered into a pooled budget arrangement with the Aneurin Bevan University Health Board for the provision of a Rehabilitation Scheme at Mardy Park which came into effect from the 1st April 2004, with the Authority being host for the partnership.

The Purpose of the scheme was to reduce the time spent in hospital for rehabilitation patients who have no need for in-patient care, undertaken through the assessment of individuals needs and on how community based schemes could adapt to manage the risk of non-residential care effectively.

The income and expenditure for the pooled fund arrangements for the financial year ended 31st March 2022 was:

2020/21 £000		2021/22 £000
	Funding	
(262)	Monmouthshire County Council	(272)
(197)	Monmouthshire Local Health Board	(205)
(459)	Total Funding	(477)

Expenditure		
326	Employee related	355
78	Premises related	84
1	Transport related	0
35	Supplies & Services	28
39	Agency & Contracted	44
479	Total Expenditure	511
20	Net (Under)/over spend	34

b) Gwent Integrated Community Equipment Store (GWICES)

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan Local Health Board and four other local authorities in the Gwent area, namely Blaenau Gwent, Caerphilly, Newport and Torfaen. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006. This agreement came into effect on 1st October 2008.

The Purpose of the scheme is to provide an efficient and effective integrated equipment store to service users who are resident in the partnering localities.

Torfaen County Borough Council is the host for the Partnership, who recorded gross expenditure of £4,991,000 (£4,106,000 for 2020/21) and gross income of £4,991,000 (£4,106,000 for 2020/21) for the financial year ended 31st March 2022. Monmouthshire County Council's contribution for the year was £419,000 (£382,000 for 2020/21).

c) Monmouth Health & Social Care Facility (Monnow Vale)

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan University Health Board. Under the arrangements funds are pooled under Section 33 of the NHS (Wales) Act 2006 to provide health and social care in the form of inpatient, outpatient, clinic and day care facilities to individuals who have medical, social, community or rehabilitation needs. This agreement came into effect from the 1st June 2006.

The Facility is a unique project that replaced a number of out dated or separate facilities scattered throughout the County with a new building that has been financed by a private finance partner over a period of 30 years. Further information is contained in note 12.4 to the accounts.

Aneurin Bevan University Health Board is the host for the Partnership, who recorded gross expenditure of £3,809,000 (£3,768,000 for 2020/21) and gross income of £3,675,000 (£3,612,000 for 2020/21) for the financial year ended 31st March 2022. Monmouthshire County Council's total contribution for the year was £1,191,000 (£1,171,000 for 2020/21).

d) Gwent Frailty Programme

A Section 33 Partnership Agreement exists between five Local Authorities in the former Gwent area and Aneurin Bevan Local Health Board for the provision of Frailty services to service users who are resident within each of the Partner Localities. This service became operational from the 4th April 2011 and the agreement came into effect from this date.

The Gwent Frailty programme has created a Community based integrated model of care through the establishment of Community Resource Teams (CRT's) delivering a range of services to avoid hospital admissions, facilitate early discharge and help individuals remain 'happily independent'. The CRT's provide integrated Urgent Response, Reablement, Falls Services within each Locality in line with agreed Locality Commissioning Plans (LCPs).

The programme has attracted Welsh government Invest to Save funding totalling £7.3m which is being used to pump prime the establishment of CRTs and to fund the IT infrastructure. Partners have also committed recurring budgets to the programme totalling £8.9m per annum and have agreed savings targets to ensure on-going financial stability.

Caerphilly County Borough Council is the host for the Partnership, who recorded gross expenditure of £16,109,000 (£16,623,000 for 2020/21) and gross income of £15,987,000 (£16,637,000 for 2020/21) for the financial year ended 31st March 2022. Monmouthshire County Council's total contribution for the year was £1,456,000 (£1,411,000 for 2020/21).

e) Pooled Fund for Care Home Accommodation Functions for Older People

Under section 169 and Part 9 Statutory Guidance of the Social Services and Wellbeing Act (Wales) 2014, Welsh Government has directed the forming of a pooled arrangement across Wales for Care Home Accommodation Functions for Older People.

The Gwent Regional Partnership Board decided to establish a pooled fund and service, by establishing a 'Gwent' section 33 agreement from the 6 organisations being 5 Local Authorities comprising of Monmouthshire, Newport, Torfaen, Blaenau Gwent and Caerphilly, along with Aneurin Bevan University Health Board.

Torfaen County Borough Council is the host for the Partnership, who recorded gross expenditure of £99,844,467 (£95,841,580 for 2020/21) and funding of £99,844,467 (£95,841,580 for 2020/21) for the financial year ended 31st March 2022. Monmouthshire County Council's total contribution for the year was £9,419,985 (£8,870,266 for 2020/21).

16.4 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 allow 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 & Welsh Government

Central & Welsh Government has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of core and specific grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. housing benefits). Details of grant income received from Central & Welsh Government and other government departments are set out in note 11.6 to the Accounts and balances owing to/from these parties is outlined in notes 13.5 & 13.6.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 16.1. During 2021/22, works and services to the value of £18.667m (£17.892m in 2020/21) were commissioned from other public bodies and companies in which nine members had an interest. Contracts were entered into in full compliance with the council's standing orders. In addition, grants totalling £66,507 (£96,809 in 2020/21) were made to voluntary organisations in which three members had positions on the governing body. No grants were made to organisations whose senior management included close members of the families of members. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the register of members' interest, open to public inspection at the Council headquarters during office hours at its offices at County Hall, Usk, Monmouthshire, NP15 1GA.

Companies and Joint Ventures

The Authority has interests in companies and joint ventures and relevant transactions are disclosed in note 16.6 to the Accounts about such interests.

Senior Officers

Section 117 of the Local Government Act 1972 requires officers to declare any pecuniary interests that they may have regarding any transactions being entered into by the Authority in which they have a direct or indirect involvement.

The Monitoring Officer for the Authority, Chief Officer for Children & Young People, Chief Officer Social Care Safeguarding & Health and the Head of Policy and Governance have no pecuniary interests.

The Chief Executive was the Acting Returning Officer and Electoral Registration Officer for Monmouthshire during 2021/22 and held the following position during the year:

- **Member of the Cardiff Capital Region Investment Committee**
- **Shared Resource Services - Board Member**
- **Governor (Honorary) - Cardiff Metropolitan University**

The Head of Strategic Projects held the following position during the year:

- **Non-Executive Director to Dragon Waste Limited**

The Chief Officer for Communities & Place held the following position during the year:

- **Shared Resource Services - Business Solutions - Director**

The Deputy Chief Executive & Chief Officer for Resources has an indirect involvement with:

- **Cardiff Capital Region - City Deal**
- **Science and Innovation Advisory Council**
- **UKRI's Research England Board**
- **Prince's Trust - Wales**

Any transactions and balances held with these parties are shown within note 16.6 to the accounts.

16.5 Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds. The funds do not represent assets of the Council and they have not been included in the Consolidated Balance Sheet. The below balances are based upon unaudited figures for the year ended 31st March 2022:

2020/21					2021/22			
Income £000	Expend £000	Assets £000	Liabilities £000		Income £000	Expend £000	Assets £000	Liabilities £000
(605)	257	5,542	(227)	Welsh Church Act Fund**	(594)	177	5,869	(138)

The primary objective of the Charity is to assist groups and individuals for educational, social, recreational and other charitable purposes. The Trust owns tangible fixed assets comprising eight parcels of land. Five of these are agricultural, two are grazing and one is forestry.

** The 2020/21 figures have been restated to reflect the final accounts.

(3)	3	129	(61)	Llanelly Hill Social Welfare Centre	(6)	5	129	(60)
-----	---	-----	------	--	-----	---	-----	------

The primary objective of the fund is the provision of a Social welfare centre to the residents of Llanelly hill. The Trust's fixed assets comprise the social welfare centre premises and land upon which it is situated.

(0)	0	7	0	Chairman's Charity	(0)	7	0	0
-----	---	---	---	---------------------------	-----	---	---	---

The Chairman's Charity supports and raises funds for the Chairman's nominated Charity of the year.

				Funds for which Monmouthshire County Council acts as custodian trustee:				
(42)	16	656	(2)	Monmouthshire Farm School Endowment	(28)	11	679	(8)
(1,332)	1,119	1,045	0	Appointeeship - Personal Monies	(1,188)	1,131	1,102	(1,045)

16.6 Related Businesses and Operations

The Council has a number of interests in other entities which fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code.

In respect of the Cardiff Capital Region City Deal (CCRCD), the Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single entity accounting statements and disclosures. Further details of the arrangement are outlined below.

The Council's remaining interests in other entities, in aggregate, are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. For this reason, group accounts are not deemed necessary for these entities within these statements. In order to ensure compliance with the Code, a range of narrative disclosures have been made as follows:

Dragon Waste Limited

The Company was formed to carry out the Council's waste disposal function. The Council previously held a 19% share holding in the company. The Company's latest available trading results are the accounts for the year ending 31st March 2021.

31st March 2021		31st March 2022
£000		£000
Final		Draft
168	Net Assets/(Liabilities)	Not available
183	Profit/(Loss) before Taxation	Not available
183	Profit/(Loss) after Taxation	Not available
0	Dividends	Not available

During the financial year the Council's involvement with Dragon Waste Limited ended, and at the balance sheet date no monies were owed to or from the company in respect of the arrangement.

Net payments of £699,848 were made to Dragon Waste Limited during 2021/22 (£1,597,524 during 2020/21), reflecting activity up to and including the end date of the arrangement.

Further information can be found in Dragon Waste Limited Financial Statements for the year ended 31 March 2021 which are available from the Company Secretary, Ardley Cottage, Ardley, Bicester, England, OX27 7PH.

SRS Public

The Authority entered into a public sector collaborative arrangement, known as the Shared Resource Service, with Torfaen County Borough Council (TCBC) and Gwent Police Authority in May 2011, Newport City Council and Blaenau Gwent Borough Council have joined the partnership subsequently. The arrangement has resulted in a Shared Resources Centre (SRC) being set up for the purpose of providing IT services to each member authority. A memorandum of understanding is in place to provide robust governance arrangements. The arrangement is not a separate legal entity and ownership of the SRS premises resides with TCBC. The arrangement is funded by core contributions from partners, income from desk licences and rack rentals from schools and external income. Monmouthshire's core contribution during 2021/22 included in the Council's Accounts totalled £2.237m (£2.133m in 2020/21).

The Authority owed £4,545 to SRS Public at the 31st March 2022 (£3,541 owed as at 31st March 2021).

SRS Business Solutions Limited

SRS Business Solutions Limited, a company limited by shares, was incorporated on 11th June 2011. The company was set up with £40,000 share capital from the Authority and TCBC, in order to facilitate trading in ICT related services with the private and third sector.

The Company's latest available trading results are the draft estimates for the year ending 31st March 2022.

31st March 2021		31st March 2022
£000		£000
Final		Draft
133	Net Assets/(Liabilities)	136
(3)	Profit/(Loss) before Taxation	(4)
(3)	Profit/(Loss) after Taxation	(4)
0	Dividends	0

There were no transactions between Monmouthshire County Council and SRS (BS) during 2021/22 (nil in 2020/21).

Melin Homes & Y Prentis

Y Prentis is a business set up by Monmouthshire County Council and Melin Homes with a 50/50 share to actively promote the provision of technical and vocational secondary education.

The Company's latest available trading results are the financial statements for the period ending 30th September 2021.

The company is exempt from audit under section 477 of the companies act 2006 for the financial year ending September 2021.

31st May 2021		30th Sep 2021
£000		£000
Final		Draft
308	Total Assets/(Liabilities)	322
8	Profit/(Loss) before Taxation	6
8	Profit/(Loss) after Taxation	5
0	Dividends	0

There were no transactions between Monmouthshire County Council and Y Prentis during 2021/22 (nil in 2020/21).

Education Achievement Service (EAS)

The five local Councils of Monmouthshire, Caerphilly, Blaenau Gwent, Torfaen and Newport have formed an Education Achievement Service (EAS). The integrated service has been designed to raise education standards in South East Wales.

The EAS became operational in September 2012. It is a joint company, limited by guarantee and wholly owned and completely controlled by the five local Councils, but operating at arm's length. It is not a profit making company, and it is a separate legal entity. There is no lead Council with each being represented equally with a 20% interest and having equal voting rights. The company has a Board consisting of the Lead Director and elected member representatives from the partner Councils. The collaboration Agreement commits the Council to participating in the EAS company for a minimum period of four years.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2022.

31st March 2021		31st March 2022
£000 Final		£000 Draft
244	Total Assets/(Liabilities)	264
(2)	Profit/(Loss) before Taxation	8
(2)	Profit/(Loss) after Taxation	8
0	Dividends	0

Payments of £528,000 were made to the EAS during 2021/22 (£43,000 during 2020/21). There were £161,983 balances owing to the EAS at 31st March 2022 (nil at 31st March 2021).

Gwent Archives

The five local Councils of Monmouthshire, Caerphilly, Blaenau Gwent, Torfaen and Newport are included in the Gwent Archives Service. The integrated service collects, preserves, and makes accessible to the public, documents relating to the area it serves.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2022.

31st March 2021		31st March 2022
£000 Final		£000 Draft
305	Total Assets/(Liabilities)	214
(2)	Profit/(Loss) before Taxation	(92)
(2)	Profit/(Loss) after Taxation	(92)
0	Dividends	0

Payments of £182,244 were made to Gwent Archives during 2021/22 (£182,244 during 2020/21). There were no balances owing to/from Gwent Archives at 31st March 2022 (nil at 31st March 2021).

Gwent Crematorium

The five local Councils of Monmouthshire, Caerphilly, Blaenau Gwent, Torfaen and Newport are included in the Gwent Crematorium Service. The integrated service provides crematorium services to the public relating to the area it serves.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2022.

31st March 2021		31st March 2022
£000 Final		£000 Draft
2,363	Total Assets/(Liabilities)	2,026
63	Profit/(Loss) before Taxation	(390)
63	Profit/(Loss) after Taxation	(390)
0	Dividends	0

A dividend payment of £175,318 was due from Gwent Crematorium for the 2021/22 financial year (£210,382 during 2020/21). This was outstanding as at 31st March 2022 (nil at 31st March 2021).

Project Gwyrdd

The five local Councils of Monmouthshire, Caerphilly, Newport, Cardiff and the Vale of Glamorgan are included within the Project Gwyrdd. The integrated service collects, processes, and disposes of household waste that is suitable for recycling.

The Company's latest available trading results are the draft estimates for the period ending 31st March 2022.

31st March 2021		31st March 2022
£000 Final		£000 Draft
308	Total Assets/(Liabilities)	296
(12)	Profit/(Loss) before Taxation	(16)
(12)	Profit/(Loss) after Taxation	(16)
0	Dividends	0

Two payments of £27,000 were made to Project Gwyrdd during 2021/22 relating to 2019/20 and 2020/21. There was £27,000 owing to Project Gwyrdd at 31st March 2022 (£27,000 at 31st March 2021).

Cardiff Capital Region City Deal (CCRCD)

A Joint Working Agreement formally established the Cardiff Capital Region Joint Committee (the Regional Cabinet) as a Joint Committee, with delegated functions, from 1st March 2017. It is a partnership between the 10 councils in South East Wales and its aim is to oversee the Region's economic growth and to deliver the commitments set out in the CCR City Deal, specifically in relation to the Wider Investment Fund, which amounts to £495 million, with £120 million being contributed by the 10 councils on a pro rata population basis.

In accordance with the Code requirements, the Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single entity accounting statements and disclosures.

The revenue contribution required during the year was £71,263 (£67,870 in 2020/21).

In terms of capital spending, no contribution was required in 2021/22 (£122k contribution in 2020/21) as the forecasted spend did not materialise. There were no balances owing to/from the joint committee at 31st March 2022 (nil at 31st March 2021).

CSC Foundry

During 2021/22 MCC had 'Significant Influence' over CSC Foundry Ltd which is a subsidiary of CCRCD. As at 31st March 2022 CSC Foundry had £3.0m invested with the Authority which is classified within Short term borrowing in the Balance sheet (£3.0m in 2020/21).

16.7 Senior Officer Remuneration

The remuneration paid to the Authority's senior employees, where annualised salary is equal to or more than £60,000 per year, is as follows:

Year ended 31st March 2022						
Post Holder	Salary including fees and allowances £	Compensation for loss of employment £	Expense Allowances £	Total Remuneration excluding Pension contributions £	Pension Contributions (Based on Common Rate from Actuary) £	Total Remuneration including Pension contributions £
Chief Executive Officer	121,754	0	0	121,754	28,125	149,879
Chief Officer - Children and Young People	89,416	0	0	89,416	20,655	110,071
Chief Officer - Enterprise	89,526	0	0	89,526	20,681	110,207
Chief Officer - Social Care, Safeguarding (April - September)	50,056	0	0	50,056	9,949	60,005
Chief Officer - Social Care, Safeguarding (November - March)	42,154	0	0	42,154	9,738	51,892
Chief Officer - Resources & Section 151 Officer	93,142	0	0	93,142	21,516	114,658
Head of Law & Monitoring Officer	85,691	0	0	85,691	19,100	104,791
Head of Policy & Governance	71,409	0	0	71,409	16,496	87,905
Total	643,148	0	0	643,148	146,258	789,407

Year ended 31st March 2021						
Post Holder	Salary including fees and allowances	Compensation for loss of employment	Expense Allowances	Total Remuneration excluding Pension contributions	Pension Contributions (Based on Common Rate from Actuary)	Total Remuneration including Pension contributions
Chief Executive Officer	119,955	0	0	119,955	27,710	147,665
Chief Officer - Children and Young People	88,095	0	0	88,095	20,350	108,445
Chief Officer - Enterprise	86,871	0	0	86,871	20,067	106,938
Chief Officer - Social Care, Safeguarding	88,095	0	0	88,095	20,350	108,445
Chief Officer - Resources & Section 151 Officer	88,095	0	0	88,095	20,350	108,445
Head of Law & Monitoring Officer	75,859	0	0	75,859	17,523	93,382
Head of Policy & Governance	70,353	0	0	70,353	16,252	86,605
Total	617,323	0	0	617,323	142,602	759,925

Senior Officers are defined for the purposes of this disclosure as the Chief Executive, together with those senior officers that the Chief Executive is either directly responsible for or senior officers who are directly accountable to the Chief Executive. If they meet this definition any time during the year, their annual salary has been reported.

Senior staff can act in an ancillary capacity as Returning Officers overseeing the administration of periodic referenda and elections. Commonly the fee for such work is nationally set. For the avoidance of any doubt, any such costs are not included in this analysis.

Employers' pension contributions were paid at a rate of 23.1% of pensionable pay for staff within the Local Government Pension Scheme (23.1% for 2020/21). Expense allowances are defined as those additional costs that are chargeable to income tax and no such costs are reported in respect of 2021/22 (Nil in 2020/21).

In satisfying the requirement to report the Chief Executive's remuneration as a proportion of the full time equivalent median salary of Monmouthshire County Council employees. In 2021/22, the median employee position has been calculated as £24,432, equating to spinal point 16 and resulting in a median ratio when compared with the Chief Executive Officer salary of 5:1.

In 2020/21, the median employee position was calculated as £24,012, equating to spinal point 16 and resulting in a median ratio when compared with the Chief Executive Officer salary of 5:1.

For the purposes of reporting remuneration, voluntary aided schools' employees have been included in the remuneration notes 16.7 to 16.9, where appropriate, as if they were employees of the council even though their contract of employment is with their respective governing body.

16.8 Officers' Emoluments

The number of employees whose remuneration was £60,000 or more in bands of £5,000, during the year ended 31st March 2022, was:

2020/21		Remuneration Band	2021/22	
Number of employees	(Of which are teaching staff)		Number of employees	(Of which are teaching staff)
1	1	£130,000 - £134,999	1	1
0	0	£125,000 - £129,999	0	0
0	0	£120,000 - £124,999	1	0
2	0	£115,000 - £119,999	2	1
0	0	£110,000 - £114,999	0	0
0	0	£105,000 - £109,999	0	0
0	0	£100,000 - £104,999	1	1
1	1	£95,000 - £99,999	1	1
1	1	£90,000 - £94,999	1	0
5	1	£85,000 - £89,999	4	1
0	0	£80,000 - £84,999	1	0

5	2	£75,000 - £79,999	8	2
12	2	£70,000 - £74,999	11	7
12	11	£65,000 - £69,999	12	11
17	15	£60,000 - £64,999	20	16
56	34	Total	63	41

Remuneration is defined as gross salary and expenses and the effect of any severance costs e.g. redundancy, termination and compromise agreements. Remuneration also excludes pension contributions.

Bandings above include the effect of senior officers shown in note 16.7.

Employers' pension contributions were paid at a rate of 23.1% of pensionable pay for staff within the Local Government Pension Scheme (23.1% for 2020/21) and 23.68% of pensionable pay for staff within the Teachers' Pension Scheme (23.68% in 2020/21).

16.9 Termination Benefits

The Code does not set out a precise definition of exit packages and authorities need to consider the relevant departure costs that have been recognised in the financial statements in accordance with the Code's requirements on termination benefits.

Termination benefits are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Code sets out that the form of the employee benefit does not determine whether it is provided in exchange for service or in exchange for termination of the employee's employment.

Total Cost of Exit packages reflects redundancy payments, settlement agreements to terminate employment, and any strain costs associated with the agreed enhancement of post-employment pension benefits.

2020/21			Exit package Cost band	2021/22		
No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each payband £000's		No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each payband £000's
29	8	203	£0 - £20,000	25	6	203
1	0	27	£20,001 - £40,000	5	1	155
1	3	193	£40,001 - £60,000	0	0	0
2	1	194	£60,001 - £80,000	1	0	65
0	2	169	£80,001 - £100,000	0	0	0
0	0	0	£100,001 - £150,000	1	0	103
0	0	0	£150,001 - £200,000	0	0	0
33	14	786	Total	32	7	525

16.10 Events after the Balance Sheet date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types:

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

No such unadjusting events have been identified subsequent to the balance sheet date.

17 STATEMENT OF ACCOUNTING POLICIES

17.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), which those Regulations require to be prepared in accordance with proper accounting practices.

These practices, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2021/22 (SeRCoP).

The Statement of Accounts has been prepared on a 'going concern' basis. 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.

17.2 Accounting Standards issued not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years. Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year). The Authority intends to adopt the new standard on 1st April 2024.
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard;
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material;
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's statements.

17.3 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place rather than when cash payments are made or received. In particular:

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- A discretionary de minimus level of £1,000 is applied to accruals of both income and expenditure with the exception of automatically system generated accruals or those required where it is necessary to ensure accuracy for grant claims or agency work.

17.4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on the next banking day. Cash equivalents are investments that are readily convertible on the next banking day to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

17.5 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 fund 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 calculated on a prudent basis as determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund Balance with a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

17.6 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in this note, 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:

- The Council is deemed to control the services provided under its PFI arrangements and also to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

- Council Tax Reduction Scheme (CTRS) – a number of points are considered relevant in determining to present this item of expenditure as gross in the Cost of Services segment of the Comprehensive Income and Expenditure Statement rather than netting it off Council Tax income in the Taxation and Non-Specific Grant Income segment. The most persuasive and significant of these being that, as there is no specific reference to the proper accounting treatment of CTRS in the CIPFA Accounting Code of Practice or Guidance Notes, reliance has been placed on IPSAS 23 - Revenue from Non-Exchange Transactions (taxes and transfers). This standard is relevant to public sector bodies, and states that taxation revenue shall be determined at a gross amount; it shall not be reduced for expenses paid through the tax system.

17.7 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 Authority's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequences if actual results differ from assumption
Revaluation of Property, plant & equipment	Property, plant and equipment (with the exception of infrastructure, community assets, assets under construction and vehicles, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset.	If the actual results differ from the assumptions the value of PPE will be over or understated. This would be adjusted when the assets were next revalued.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

Pensions Liability	<p>Pensions Liability – Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged to provide the Council with expert advice about the assumptions to be applied. A sensitivity analysis of these assumptions is provided in Note 14. To account for the McCloud Judgement (public service pensions age discrimination cases) the actuary has made an estimated adjustment to these liabilities from the 2019 valuation data to ensure that it is captured in the 31 March 2022 IAS19 balance sheet figures.</p> <p>The Actuary has assessed the on-going impact of COVID 19 on these accounting positions as, the asset returns, values, bond yields and inflation have followed market movements and will affect the asset share value and also the value placed on obligation. For life expectancy assumptions the baseline longevity tables have not been updated due to a lack of relevant data. The future longevity trends have also not been amended as the data is not yet available to make an evidenced-based assessment.</p> <p>The Actuary has also assessed that the effect of the Ukraine war on the accounting position is quite small. Immediately after the invasion there was a fall in the Funds asset values, but by the end of March these had broadly recovered to previous levels, the Fund had an indirect exposure of 0.17% to Russian investments. The accounting assumptions used at 31 March 22 are based on market expectations which are shaped by global events including those in Ukraine.</p>	The assumptions interact in complex ways. Further information is provided in note 14 concerning the risks and sensitivity of changes in the pension assets and liabilities.
Provisions	The Council has included provisions for known insurance claims as at 31st March 2022. The value of these claims is based on information provided by our Insurers on the number of claims outstanding at the end of the financial year, the average settlement amount for each type of claim and the likelihood of each type of claim being settled. However the outcome of these cases is still uncertain as outstanding legal cases and negotiations remain on going.	The Authority maintains the insurance and risk management reserve to assist in the control of the Authority's insurance risks. The provisions in place and the balance on the insurance and risk management reserve at 31st March 2022 are deemed to provide sufficient cover for the Authority's claims exposure. Notes 13.7(a) & 13.7(b) provide further information on the types of claims the Authority is exposed to.

Arrears	<p>At 31st March 2022, the Authority had an outstanding balance of short term debtors totalling £45.5m. Against this debtors balance, there is an impairment allowance of £3.5m.</p> <p>It is not absolutely certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection.</p>
---------	---	---

17.8 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. A provision is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The provision 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 provision 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 Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

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

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

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Authority and related to final salary, career average earnings, and length of service.

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

The Local Government Pension Scheme

All other staff, subject to certain qualifying criteria, are entitled to become members of the Local Government Pension Scheme which is administered by Torfaen County Borough Council. The pension costs charged to the Authority's accounts in respect of this group of employees is determined by the fund administrators and represents a fixed proportion of employees' contributions to this funded pension scheme.

The Local Government Scheme is accounted for as a defined benefit scheme:

- The Liabilities of the pension fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates, employee turnover rates, etc., and projections of earning for current employees.
- Liabilities are discounted to their value at current prices, using a single discount rate which is derived from the spot rates on a selection of AA rated corporate bonds of various durations which match the liabilities within the Authority's pension fund. This is known as the yield curve approach.
- The assets of the Greater Gwent (Torfaen) Pension Fund attributable to the Authority are included in the balance sheet at their fair value as determined by the Fund's actuary.
- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as a 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.
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Interest on plan 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.
 - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - Gains or losses on remeasurement – changes in the net pensions liability (Liabilities less assets) 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.
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Further details are given in section 14 of the notes to the Financial Statements.

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 Local Government Pension Scheme.

17.9 Events After the Balance Sheet Date

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

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

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

17.10 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

17.11 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are held as amortised cost where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows. This is the majority of our treasury investments such as term deposits, certificate's of deposit and call accounts and also trade debtors for goods and services provided contractually and also lease receivables. This excludes council tax debtors and grants receivable as they are non-exchange transactions.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council. For most assets, this is 12 month expected credit losses until the risk increases significantly, then it is lifetime expected losses. For trade debtors expected lifetime losses are always used.

Financial assets are held at fair value through other comprehensive income where cashflows are solely payments of principal and interest and it is the Council's business model to collect these cashflows and sell the instruments before maturity. The authority does not hold any such investments. The standard also allows the authority to elect to account for equity investments through other comprehensive income if they are being held for strategic investment purposes.

All other financial assets are held at fair value through Profit & Loss.

17.12 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-ring fenced 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.

17.13 Heritage Assets

Heritage assets are assets that are held by the authority principally for their contribution to knowledge or culture.

Heritage assets were previously shown in community assets but are now recorded in a separate category on the balance sheet as a non-current asset class. The Authority does not classify any operational assets as heritage assets.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets and as a result the Authority has chosen not to value heritage assets if the cost is deemed to be excessive.

A further condition for expenditure to be capitalised is that it exceeds the relevant de minimus limit in place. A de-minimus limit has been put in place of £10,000 for heritage assets.

The Authority considers that the heritage assets held by the Authority will have indeterminate lives and a high residual value, hence the Authority does not consider it appropriate to charge depreciation for the assets.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. The trustees of the Authority's Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

17.14 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority for more than one financial year.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General 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.

17.15 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the latest price paid, with an allowance made for obsolescent and slow moving items. This is a departure from the requirements of the Code which require inventories to be shown at the lower of actual cost and net realisable value. However, the amounts concerned are not considered material.

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.

17.16 Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

17.17 Fair value measurement

The Council measures its assets held for sale, surplus assets, investment properties and available-for-sale financial instrument 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. The fair value of an investment property held under a lease is the lease interest.

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 Council 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.

The use of relevant observable inputs is maximised and the use of unobservable inputs is minimised.

Any transfers between valuation levels will take place at the valuation date at the end of the reporting period.

17.18 Interests in companies and other entities

The Council has a number of interests in other entities which fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code.

In respect of the Cardiff Capital Region City Deal (CCRCDD), the Authority has included its share of income, expenditure, assets, liabilities, reserves and cash flows relating to the arrangement within the single entity accounting statements and disclosures.

However the Council's remaining interests in other entities, in aggregate, are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. For this reason, group accounts are not deemed necessary for these entities within these statements. In order to ensure compliance with the Code, a range of narrative disclosures have been made in other sections of the accounts (See note 16.6 for further information).

17.19 Leases

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

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

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

The Authority as Lessee - Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Assets of less than £10,000 Current value, the de minimus for capitalisation of Fixed assets, will not be treated as Finance leases.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).
- A revenue provision (MRP) equal to the principal repayments made, taken to the Capital Adjustment Account via the Movement in Reserves Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the Council Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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 benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor - Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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. Again, representing the Authority's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Council Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Council Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the Council Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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 therefore appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

The Authority as Lessor - Operating Leases

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

17.20 Overheads and Support Services

The costs of overheads and support services are no longer charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Code of Practice. The Statement of Accounts are now presented in the same way as the management reporting structure of the Council, so overheads are reported in the budget areas where they are managed.

17.21 Property, Plant and 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.

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.

It is not a requirement for expenditure outside of the capital programme to be capitalised if it does not exceed the de minimus limit of £10,000 for all asset categories.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- All other operational assets – Current value based on existing use value (EUV) for operational assets where there is an active market, or if there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e. EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach.
- Non-operational assets – Fair value based on 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.

Adopted roads built by developers are in many respects seen as donated assets. Whilst donated assets are required to be measured at fair value at recognition, infrastructure assets are measured initially at historical cost and subsequently at depreciated historical cost rather than fair value. The authority have taken the view that the historical cost of such adopted roads is zero.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. Vehicles, plant and equipment are categories of asset treated in this manner.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. 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 a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

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 including freehold land and Community Assets) and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- **Dwellings and other buildings** – straight-line allocation over the useful life of the property as estimated by the valuer
- **Vehicles, plant, furniture and equipment** – straight-line allocation over the life of the asset as advised by a suitable qualified officer
- **Infrastructure:**
 - Carriageways** – Straight Line over 27 years
 - Street Lighting** – Straight Line over 20 years
 - Principal Rights of Way** – Straight Line over 15 years
 - Green Infrastructure** – Straight Line over 20 years
 - Bridges & Major Retaining Walls** – Straight Line over 30 years
 - Abergavenny & Caldicot Town Centre** – Straight Line over 20 years
 - Flood Alleviation & Land Slip** – Assessed on a case by case basis.

Useful lives of Infrastructure assets are reviewed annually.

No depreciation is charged in the year of acquisition with a full year charge applied in the disposal year.

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

Components

An asset may consist of several different and significant physical components. If an item of property, plant and equipment comprises two or more significant components with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life.

When a component is replaced or restored, the old component is written off to avoid double counting and the new component capitalised. Where a component does not have its own carrying amount because it has not previously been accounted for separately the cost of the new component is used as an indication of the cost of the replaced part. A component is derecognised where no future economic benefits are expected from its use.

The Authority has established thresholds for the separation of significant components. As a result components of an item of property, plant or equipment that make up a significant part of the cost of the item would only need to be separated where the item itself is material individually or when aggregated with like items.

Disposals and Non-current Assets Held for Sale

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

Assets held for Sale Assets are assets where the:

- asset is immediately available for sale
- sale is highly probable
- asset is actively marketed
- sale is expected to be completed within 12 months

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 losses recognised 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 (whether Property, Plant and Equipment or Assets Held for Sale) 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. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). 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.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

17.23 Private Finance Initiative (PFI) and Similar Contracts

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

17.24 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For 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 at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

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.

Contingent Assets

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

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

17.25 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.

17.26 Revenue Expenditure Funded from Capital under Statute

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund balance via the Movement in Reserves Statement to the Capital Adjustment Account.

17.27 VAT

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

This page is intentionally left blank

Appendix 2 – Summary of 2021/22 primary financial statements

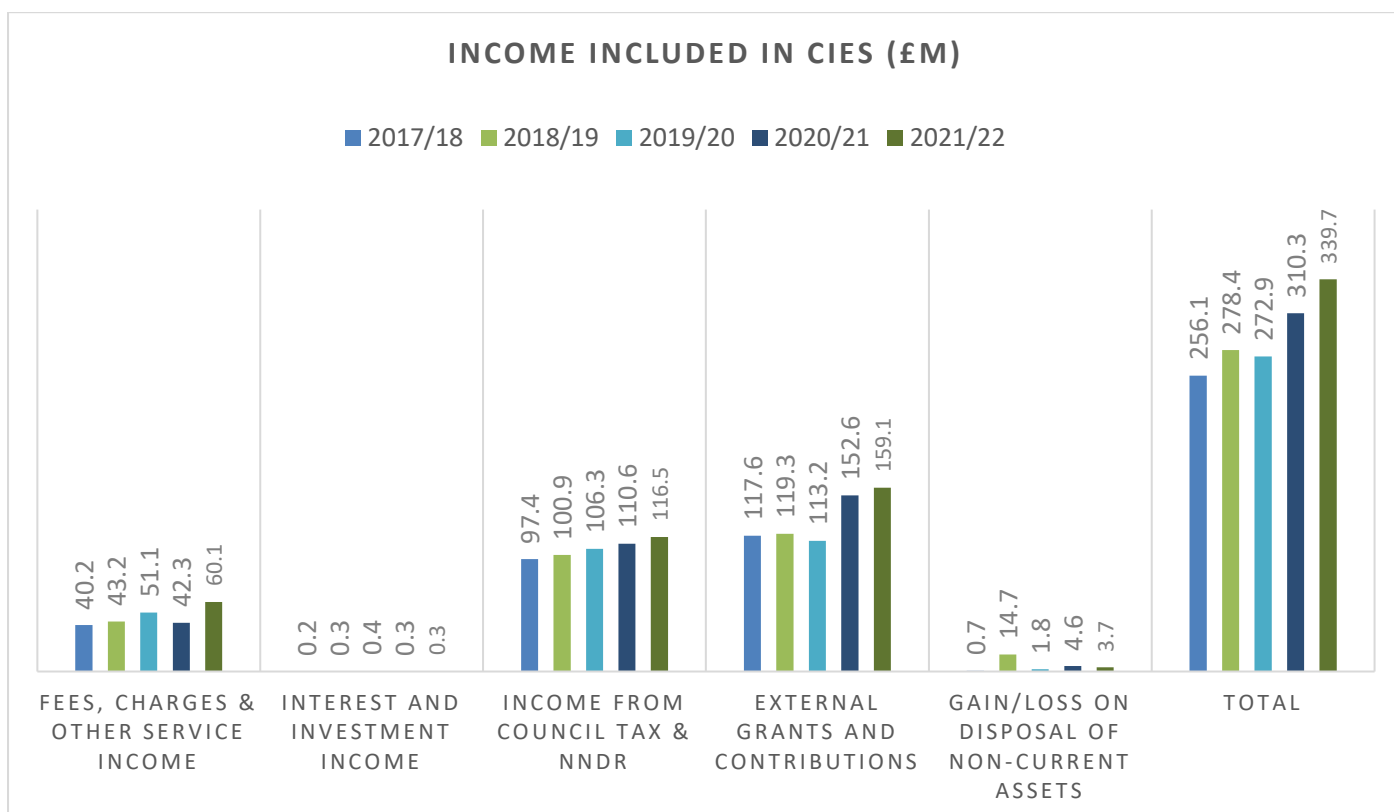
Comprehensive Income & Expenditure Statement (CIES) (Sections 6 & 11)

The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This will be considerably different to the budget monitoring reports received by Cabinet during the year which are solely based on expenditure which is to be funded from taxation. The CIES will include the following items which are not included within the budget monitoring reports presented to Cabinet periodically:

- **Capital charges** for depreciation, amortisation, impairment, revaluation movements and capital grants applied
- **Pension service costs** - the CIES in the financial statements needs to reflect the fair value of the future pension liabilities relating to past employee service, and the extent to which assets have been set aside to fund them, rather than the actual payments and contributions made in the year
- **Accumulated absences** – the CIES includes an adjustment for accrued employee holiday benefits so that the cost is charged to revenue in the financial year in which the holiday absence actually occurs
- **Other** – regulations stipulate the format of the CIES and consequently some items of income or expenditure are shown within different classifications to the monitoring reports

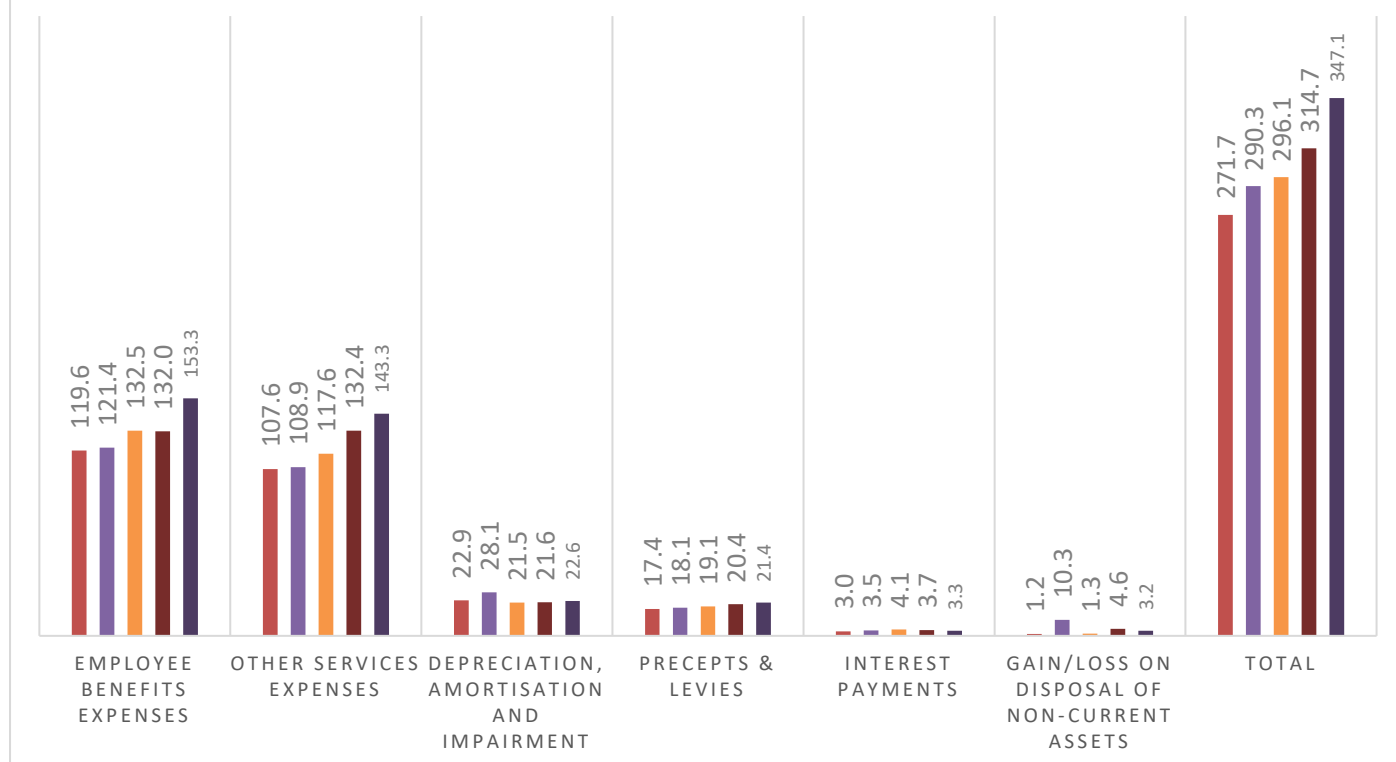
The following charts illustrate the movement in the “accounting” income and expenditure which make up the Surplus/deficit on the provision of services (SDPS) within the CIES. Further information can be found in notes 11.1 & 11.2 of the accounts.

Income & Expenditure analysed by nature (note 11.2)



EXPENDITURE INCLUDED IN CIES (£M)

■ 2017/18 ■ 2018/19 ■ 2019/20 ■ 2020/21 ■ 2021/22



The increase in **employee benefit expenses** of £21.3m year on year (YOY) is primarily due to:

- Service delivery returning to more normalised levels in 2021/22 following severe disruption during 2020/21 due to the pandemic
- Recognition of staff pay awards in line with agreed rates
- We are required to recognise in the CIES the fair value of pension benefits accrued during the period, and this has increased by approximately £12m YOY due to actuarial assumptions impacting the calculation such as increased life expectancy, an increase in inflation and in projected salary increases.

The increase in **other service expenses** £10.9m YOY, and increase in **fees & charges** of £17.8m YOY can largely be explained by a return to more normalised levels of service delivery following the most severe impacts of the pandemic felt during 2020/21. Premises, supplies and other third party costs have all increased as services have expanded service delivery, whilst fees and charges have increased where admissions, parking fees and rents for example have recovered.

The increase in **external grants** of £6.5 YOY is mainly due to the increase in Welsh Government settlement alongside expected variances in specific grant awards.

Movement in Reserves (Sections 5 & 10)

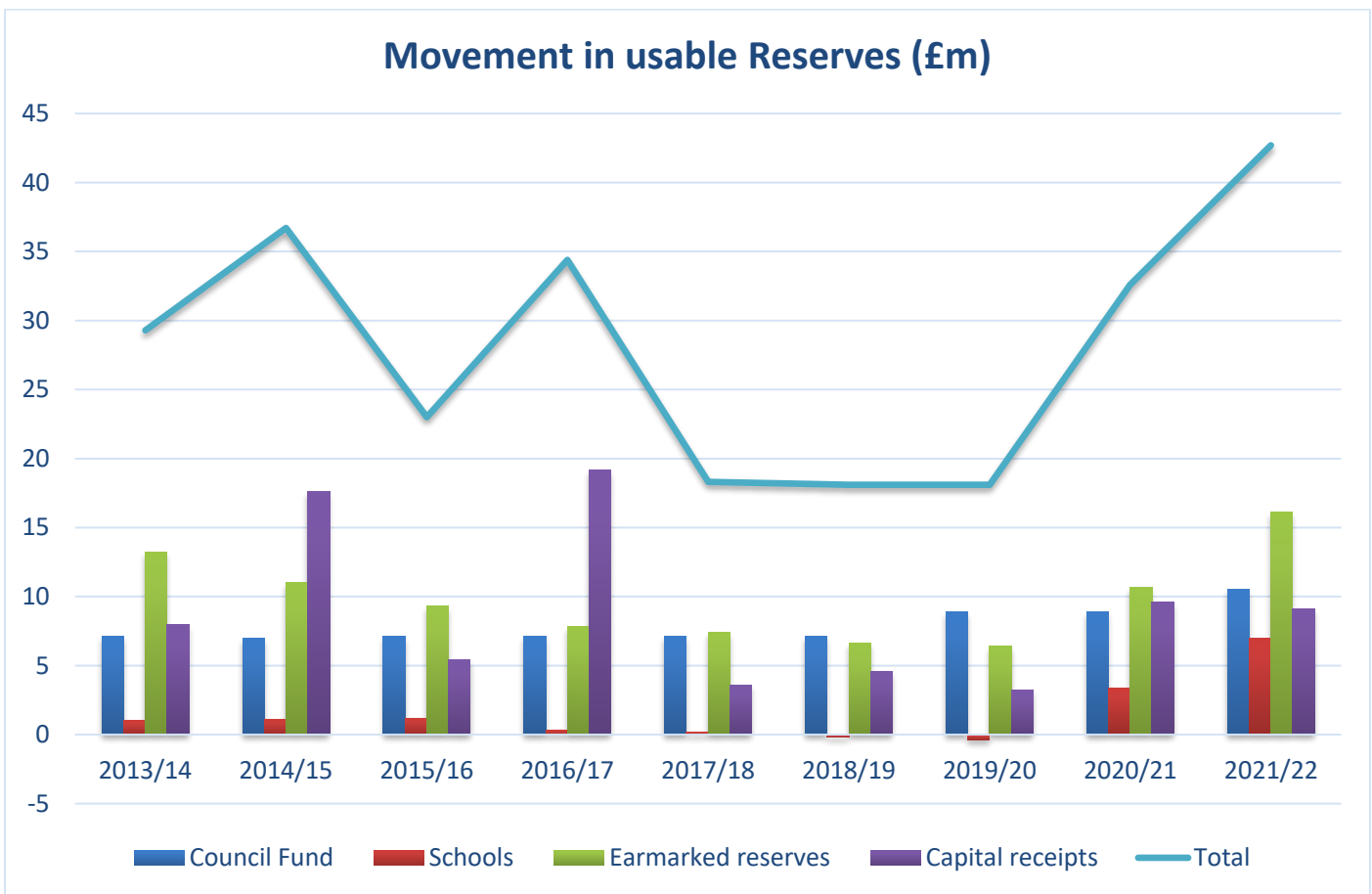
This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable' and 'non-usable' reserves.

Usable reserves are those that represent resources which the authority might use to support service delivery subject to prudence and statutory limitations on use and include:

- Council fund balance
- Schools balances
- Earmarked reserves
- Capital receipts reserve

Unusable reserves are not available to use to support service delivery at the reporting date. It 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.

The below chart shows the movement in **Usable reserves** over the past nine financial years. The capital receipts reserve is by far the most variable usable reserve which can be expected given varying levels of receipts received over time, and that it has supported significant investment in the Authority’s capital programme over the period.



Both Earmarked reserves and Schools reserves have continued to see significant replenishment during 2021/22 which has reversed a sustained period of decline since 2013/14. This is largely as a result of one-off support provided by Welsh Government to aid with Covid-19 pressures alongside an in year budget surplus achieved on core service delivery.

This provides a level of financial resilience for the Council moving forward and will play a pivotal role in mitigating a forecast budget deficit at a time when significant demand and funding pressures are presenting in the short and medium term.

Balance Sheet (Sections 7, 12, 13 & 14)

31st March 2021 £m		31st March 2022 £m	Change YOY £m	Change YOY %
<i>What we own and are owed (Assets):</i>				
390.0	Non-current assets	405.0	15.0	3.85%
24.8	Investments	19.4	(5.4)	-21.77%
19.2	Cash & Cash equivalents	34.1	14.9	77.60%
35.9	Debtors	45.7	9.8	27.30%
2.6	Assets held for sale	1.0	(1.6)	-61.54%
0.4	Inventories & other assets	0.6	0.2	50.00%
472.9	Total Assets	505.8	32.9	6.96%
<i>What we owe (Liabilities):</i>				
(84.9)	Long term Borrowing – to finance capital expenditure	(104.3)	(19.4)	22.85%
(99.2)	Short term borrowing – to support day to day cash flow & finance capital expenditure	(73.6)	25.6	-25.81%
(41.6)	Creditors & provisions	(58.6)	(17.0)	40.87%
(306.7)	Liability for meeting future pension costs	(259.2)	47.5	-15.49%
(11.4)	Other liabilities	(8.7)	2.7	-23.68%
(543.8)	Total Liabilities	(504.4)	39.4	-7.25%
(70.9)	Total Worth (Assets less Liabilities)	1.4	72.3	
<i>Usable Reserves (available to support service delivery)</i>				
12.3	Council Fund Balance	17.5	5.2	42.28%
10.7	Earmarked Reserves	16.1	5.4	50.47%
9.6	Capital Receipts Reserve	9.1	(0.5)	-5.21%
0.2	Joint Arrangements	0.9	0.7	350.00%
32.8	Total Usable Reserves	43.6	10.8	32.93%
<i>Unusable Reserves (not available to support service delivery)</i>				
38.4	Revaluation Reserve	41.9	3.5	9.11%
(306.7)	Pensions Reserve	(259.2)	47.5	-15.49%
164.0	Capital Adjustment Account	173.8	9.8	5.98%
2.7	Deferred Capital Receipts Reserve	3.6	0.9	33.33%
(0.5)	Financial Instrument Adjustment Account	(0.5)	0.0	0.00%
0.0	Financial Instrument Revaluation Reserve	0.0	0.0	0.00%
(4.1)	Accumulating Absence Adjustment Account	(4.0)	0.1	-2.44%
2.5	Joint Arrangements	2.2	(0.3)	-12.00%
(103.7)	Total Unusable Reserves	(42.2)	61.5	-59.31%
(70.9)	Total Reserves	1.4	72.3	

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.

There is a difference of £1.4m between the Council's assets (things we own e.g. property, investments, stocks and debtors) and its liabilities (what we owe to others).

This difference represents a small surplus of assets over liabilities and is a measure of *Total Worth* – i.e. theoretically what the council would be worth if bought / acquired by someone else.

Debtors

The YOY increase in debtor balances is significant at £9.8m or 27.3%. Note 13.5 to the accounts analyses the amounts owing to the Council by debt type and shows that this movement is predominantly due to an

increase in public sector debt (Central government bodies, other Councils, or NHS bodies), which presents a far lower level of concern around the recoverability to debt than in regards to non-public body debt.

Of particular note is the increase in Welsh Government debt of £8m which is due to the large number of grant schemes put in place towards the end of the financial year, but for which the actual cash payment will not physically be received until 2022/23.

Investments and Cash & cash equivalents

There is an overall increase of £9.5m YOY in these balances which is primarily due to the Council taking out a number of longer term loans during 2021/22 to replace short term borrowing, which increased overall cash balances temporarily. Some of the short term loans will not mature until after the balance sheet date, and as such investment & cash balances have since reduced considerably following year end.

Non-current assets (Land, buildings, infrastructure, vehicles & plant)

Revaluations were carried out on approximately 20% of our non-current assets during the year in line with the 5-year rolling programme of revaluation. This has resulted in an overall increase in value of £15m or 3.85% to £405m.

The audit sector nationally has raised concerns around the information provided by the District Valuation Service for NHS bodies indicating that there have been significant movements in build costs during 2021/22, at circa 7%. Consequently, it may no longer be appropriate for audited bodies to rely on valuations of assets carried out in previous financial years (i.e. the 80% we didn't revalue in 2021/22) to demonstrate that carrying values remain materially consistent with current values at 31 March 2022.

The Council is currently in dialogue with Audit Wales as to the most efficient and practical solution to this issue which satisfies both parties in the most timely manner. It is considered likely that an indexation approach based on sector wide information may present the most appropriate solution.

Whilst the Council respects the position that the audit sector has taken over this issue and that it is agreed that asset values need to remain materially correct, it is important to also note that Local Authority accounts are not used for the same purposes as those in the private sector. Our balance sheet assets and liabilities are not used as a measure of financial standing, and the transactions in relation to valuations are transferred out through 'paper' transactions. Consequently the Council can be assured that any further revaluation exercise undertaken through the audit process will have little impact upon future financial decision making.

Pension liability

The main driver in the change of total worth during 2021/22 comes from the significant re-measurement of net future pension fund liabilities which has decreased by £47.5m. Further explanation can be found in note 14.8 of the statement of accounts but in summary is as a result of an increase in the value of scheme assets alongside a decrease in the value of scheme liabilities. The movement in liabilities relate to changes in financial assumptions (e.g. inflation, discount rate, longevity/age presumptions).

The movement in 2021/22 can largely be seen as a correction of the 2020/21 movement which included the impact of the most severe period of the pandemic.

It should be noted that the fund is there for the long-term funding of pensions, and annual variations in actuarial assumptions can skew the presentation of the overall balance sheet figures quite significantly in any one year. This anticipated deficit on the pension scheme and its impact on the Council's overall reserves is also a long-term issue. Notably, the deficit and liability would not arise in any single year, and the deficit is being addressed through higher employee and employer contributions, as well as the pension scheme benefits being calculated differently, such as moving to career average salaries as opposed to final salary.

Borrowing

As noted above, the Council has looked to increase its level of long term borrowing during the year to take advantage of low levels of interest rates and to provide a greater level of certainty in interest costs over the medium term. Overall the Council still maintains a treasury strategy of “internal borrowing” which effectively means that the overall level of borrowing is maintained at lower levels than that actually required by using usable reserves and working capital balances in lieu of borrowing. Further information can be found in the 2021/22 treasury outturn report for the Authority.

Creditors & Provisions

Creditors & provisions have increased YOY by £17m or 41% which is a significant movement. Whilst this initially raises concern around our performance in ensuring suppliers are paid promptly, note 13.6 to the accounts confirms that 97.54% of payments to suppliers were made within the 30 day target during 2021/22, broadly in line with the previous year.

The increase in overall level of balances can be explained by the need to defer many of the new grant initiatives that were communicated to and received late during the financial year from Welsh Government. Under the terms of the arrangements the funding can legitimately be rolled forward into the 2022/23 financial year, but under proper accounting practice must be allocated to the 2021/22 financial year. Significantly these include the Cost of living support scheme, the Bus services support grant scheme and the Community renewal fund.

understanding local authority financial statements

2016

\ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

The introduction of the new expenditure and funding analysis

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) 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 directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
Net Cost of Services	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
Surplus or Deficit	44	14,544	14,588
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
Closing General Fund and HRA Balance at 31 March 20x1*	(25,203)		

*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure 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 [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; 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.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate	74,297	(26,014)	48,283
Neighbourhoods	58,225	(38,688)	19,537
Business Change	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
Cost of Services	168,167	(79,902)	88,265
Other Operating Expenditure (Note 9)	2,218	–	2,218
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)
(Surplus) or Deficit on Provision of Services			14,588
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)
Other Comprehensive Income and Expenditure			(45,142)
Total Comprehensive Income and Expenditure			(30,554)

Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis

Operational costs of providing the services of the authority.

Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It 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 to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
Movement in reserves during 20X0/X1								
Total Comprehensive Income and Expenditure	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
Increase or (decrease) in 20X0/X1	(148)	104	(750)	–	–	(794)	31,348	30,554
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	1,381,915	1,418,483

* Capital Fund Scotland

** Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

Balance sheet (extract)

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 are usable reserves, ie 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 represents those that 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'.

Balance Sheet	Notes	31 March 20X1	
			£000
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	
Long-term debtors	17	3,798	Long term assets ie those expected to provide benefits to the authority beyond 12 months
Long-term assets		1,670,478	
Short-term investments	17	24,060	
Assets held for sale	22	1,409	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Inventories	18	1,769	
Short-term debtors	20	15,351	
Current assets		42,589	Reconciles to the cash and cash equivalents balance in the cash flow statement
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	
Short-term creditors	23	(21,960)	Current liabilities ie those liabilities anticipated to be settled within 12 months
Current liabilities		(45,227)	
Provisions	24	(4,297)	
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Long-term liabilities		(249,357)	
Net assets		1,418,483	Total assets less total liabilities

\ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

	Notes	31 March 20X1 £'000
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).

If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

cash flows

The final statement required by the Code is the cash flow statement.¹ The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

Cash Flow Statement (extract)

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. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

¹ Note the format of the cash flow statement shown is produced under the indirect method.

a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

Checklist	
Expenditure and Funding Analysis	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
Comprehensive Income and Expenditure Statement	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
Movement in Reserves Statement	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?
Balance Sheet	
15	Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy? (Note the same question can be asked for local authorities with substantial portfolios of investment properties.)
16	For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?
17	Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?
18	Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?
19	Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?
20	Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?
21	Are there any other significant movements in balances in the balance sheet that are not clearly explained?
22	Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?
Cash Flow Statement	
23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

The pension deficit is meaningless – why do we have to show it?

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

The accounts are too long!

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

What changes were made to the 2016/17 Code?

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.

further reading

Financial Statements: A Good Practice Guide for Local Authorities (CIPFA, 2013)

Clear out the Clutter (Public Finance, April 2014)

Simplified Accounts: Small Isn't Always Beautiful (Public Finance, September 2015)

Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA, issued annually)

Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners
(CIPFA, issued annually)



Registered office:

77 Mansell Street, London E1 8AN

T: 020 7543 5600 F: 020 7543 5700

www.cipfa.org

The Chartered Institute of Public Finance and Accountancy.
Registered with the Charity Commissioners of England and Wales No 231060

Monmouthshire CC

Annual Governance Statement 2021/22

Draft 0.5

July 2022

Executive Summary

The Statement itself demonstrates that Monmouthshire has appropriate governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. The Council has demonstrated that it has effective governance arrangements in place across the organisation which are continually improving, but also recognise that there is always further work to do.

Despite the recent pandemic the Council has managed to maintain the majority of its governance arrangements this year and has demonstrated it has sound and effective arrangements in place in the services it delivers and the crisis it had to deal with. The improvements noted in the 2019/20 & 2020/21 Action Plans have been addressed during the year (Appendix 1); the 2021/22 Action Plan is shown at Appendix 2. The Code of Corporate Governance was presented to the Council's former Audit Committee in June 2020 and presented to, and approved by Cabinet September 2021.

Audit Wales's review of Good Governance concluded that the Council has a clear strategic approach for significant changes, although, better information would help Members when deciding the future shape of the Council.

The Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021. Any recommendations or actions from this Governance Statement for the Council to improve will be integrated into the Council's Annual Wellbeing and Self-Assessment Report.

- 1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (C.I.P.F.A.) and the Society of Local Authority Chief Executives and Senior Managers (S.O.L.A.C.E.), the 'Delivering Good Governance in Local Government Framework 2016' and Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 2 The Statement itself demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do. Progress against the 2019/20 and 2020/21 Action Plans are shown at Appendix 1.

Scope of Responsibility

- 3 Monmouthshire County Council (the Council) (MCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 4 In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 5 The Council's financial management arrangements conform to the governance requirements of the 'CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)'.
- 6 The **Code of Corporate Governance**, which is consistent with the principles of the C.I.P.F.A. / S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government', (paragraph 10 below) was initially approved by Council in July 2011; the Code was revised and updated again in June 2020, approved by Cabinet September 2021. A copy of the Code is available from the Chief Internal Auditor. This statement explains how the Council has complied with the revised Framework and Guidance (2016) and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014. The revised Code sets out what governance arrangements are in place within Monmouthshire CC for each of the Governance Principles.

The Purpose of the Governance Framework

- 7 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 8 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, outcomes and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. Appropriate internal controls also ensure the Council's resources are utilised, and services are delivered efficiently, effectively and economically.

- 9 The governance framework has been in place at the Council for a number of years and continued to be in place for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

The Governance Framework

- 10 The Council's Corporate Governance is in line with the C.I.P.F.A. / S.O.L.A.C.E. Framework 'Delivering Good Governance in Local Government' principles:

Overarching requirements for acting in the public interest:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition achieving good governance in the Council requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Wellbeing of Future Generations (Wales) Act 2015

- 11 Monmouthshire has to demonstrate it is compliant with the Well-being of Future Generations (WFG)(Wales) Act 2015 and this complements the way it functions in line with the above principles of good governance; the core behaviours being:
- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
 - ensuring openness and comprehensive stakeholder engagement

This needs to be applied to the five ways of working outlined in the 2015 Act. These five ways of working have to permeate all segments of delivering outcomes which, in turn, should ensure effective use of resources as the Council maximises its contribution to the economic, social, environmental and cultural well-being of Monmouthshire and Wales.

- Long Term
- Prevention
- Integration
- Collaboration
- Involvement

Monmouthshire Council priority goal (Well-being Objectives)	Contribution of Well-being Objectives to Well-being Goals						
	Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	vibrant culture and thriving Welsh Language	Globally responsible Wales
The best possible start in life	✓		✓	✓		✓	
Lifelong well-being	✓	✓	✓	✓	✓		
Maximise the Potential of the natural and built environment	✓	✓	✓		✓	✓	✓
Thriving and well-connected county	✓	✓	✓	✓	✓		✓
Future-focused Council	✓	✓			✓		✓

- 12** The key elements of the Council’s governance arrangements are set out in its Corporate Plan 2017-2022, “A Monmouthshire that works for everyone” which was approved by Council in February 2018. A mid-term refresh was presented to Council in March 2020.
- 13** As part of the requirements of the Well-being of Future Generations (Wales) Act 2015 the Public Service Board (PSB) is focused on improving social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. Public Service Boards have a planning responsibility to prepare and publish an assessment of local well-being, produce a local well-being plan and report annually on its progress.
- 14** The Public Service Board has approved four well-being objectives that underpin a clear purpose of “building sustainable and resilient communities”.
- 15** An update on the emerging actions being developed to deliver the objectives contained in Monmouthshire’s Well-being Plan was signed off by the PSB in April 2018. The Public Services Board Committee was renamed the Public Services Committee in March 2020 in order to scrutinise wider public service provision and where powers allow, to provide greater accountability of services delivered in collaboration or by external partners.
- 16** The PSB presented its annual report 2020/21, in July 2021 to the Public Services Scrutiny Committee. During 2021/22 Monmouthshire PSB merged with other local PSBs to form the Gwent PSB. There are plans to establish a Joint Scrutiny Committee for regional scrutiny of the Gwent PSB.

Coronavirus (Covid-19) Pandemic

- 17** The Coronavirus pandemic (WEF March 2020) had initially caused significant organisational disruption including new emergency responsibilities, increased staff absence and a requirement for staff to work from home (where possible) while continuing to ensure statutory services were maintained as expected. For the most part of 2021/22 the majority of office based staff continued to work from home. This statement assesses and concludes on the effectiveness of the governance arrangements in place during 2021/22.

- 18 In accordance with the Council's Corporate Emergency Management Plan (revised March 2019) an Emergency Response Team (ERT) was established along with a regional multi-agency Strategic Co-ordination Group (SCG) to deal with this pandemic. These groups started to meet on a daily basis during March 2020 and continued throughout 2020/21 and into 2021/22.
- 19 Once enacted, the Corporate Emergency Management Plan allowed for an emergency management structure and delegation of emergency powers to the ERT Gold Duty Officer in consultation with the Leader of the Council.
- 20 The pandemic has impacted on the Council's delivery of services as some staff were diverted to front line duties to ensure that critical services were prioritised. There have also been new areas of activity as part of the national response to Coronavirus for example providing emergency assistance to businesses in Monmouthshire.
- 21 There has been funding and logistical consequences of delivering the local government response. To ensure appropriate governance and accountability, these costs have been identified by staff and appropriately coded on the Council's Main Accounting System and reclaimed from Welsh Government.
- 22 In line with public health measures to mitigate the spread of Coronavirus and to enable the Council to focus on the delivery of critical services, all public meetings were initially suspended. This included Council meetings, meetings of full Cabinet and all committee and sub-committee meetings, including Select, Planning and Licensing. The Council felt it was important to re-instate public meetings as soon as it was safe to do so. Using appropriate technology, key meetings were held remotely which could be viewed by the public through live streaming or through You Tube channels later. MCC was the first Council in Wales to get its meetings back up and running.
- 23 Urgent decisions initially were made in accordance with the officer and Members' schemes of delegation as detailed in the Council's Constitution and urgent decision-making procedures.
- 24 As the use of technology came into operation, minimal Council meetings were cancelled; they were held remotely through live video links. Live streaming was enabled to ensure public access was available throughout.
- 25 Moving into 2021/22 Welsh Government restrictions eased. Covid 19 Recovery updates and Response and Progress continued to be reported through Cabinet.
- 26 During this time a series of interim coronavirus strategies were created. An evaluation of the Council's progress against its Coronavirus Strategic Aims was taken through Cabinet in June 2021 and December 2021.
- 27 As much as possible, the systems of internal control have continued to operate during the pandemic and subsequently into 2021/22. The Council's implementation of Office365 (Teams) has allowed the majority of employees to successfully work from home without major disruption.
- 28 In the Chief Internal Auditor's opinion, adequate assurance was obtained from the internal audit work undertaken during 2021/22 to enable him to issue an overall '**Reasonable**' assurance audit opinion of the Council's internal controls, governance arrangements and risk management processes; , this was achieved despite reduced resources within the Internal Audit team. 64% of the approved audit plan was completed against the target of 82%; 20 audit opinions were issued; with 2 *Limited Assurance* audit opinions issued. Further detail regarding the Internal Audit team's performance is included within the Internal Audit Annual Report 2021/22.
- 29 In conclusion, during 2021/22 the Coronavirus pandemic did not lead to significant internal control or governance issues which impacted on the overall review of effectiveness. This will be monitored during 2022/23 and reviewed as part of future Annual Governance Statements.

Review of Effectiveness

- 30** The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Strategic Leadership Team within the Authority which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 31** The governance arrangements continue to be regarded as fit for purpose.
- 32** The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:
- i) The Monitoring Officer presented the revised and updated Council Constitution to the Democratic Services Committee in January 2021 and to full Council in March 2021 with a further update May 2022;
 - ii) Periodic reviews of the financial controls including the financial procedure rules by the Chief Finance Officer (Head of Finance); financial procedure rules were approved by Council in September 2014; Contract Procedure Rules were reviewed and updated during 2020/21 and approved by full Council within the Constitution in March 2021;
 - iii) Whole Authority Strategic Risk Management Assessment and amendments to the Policy were approved by Cabinet in April 2021;
 - iv) Formal risk management and ongoing review of the processes involved reported through Governance and Audit Committee November 2021
 - v) The Governance and Audit Committee undertook a self-evaluation exercise towards the end of 2019/20; summary reported to Governance and Audit Committee June 2020;
 - vi) Annual Governance and Audit Committee report to Governance and Audit Committee July 2021 and Council September 2021;
 - vii) Code of Corporate Governance to Cabinet September 2021;
 - viii) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that agreed recommendations are implemented; reported through Governance and Audit Committee
 - ix) the work of the Council's Select and other Committees, including its Governance & Audit and Standards committees;
 - x) the opinions and recommendations of the Council's external auditors, following both financial audit work and per the Local Government Measure in regard to matters, including governance issues, which are considered for action and implementation and reported to Council, Cabinet and Governance and Audit Committee, as appropriate;
 - xi) The opinions and recommendations of other inspection, regulation and review agencies which are reported to Council, Cabinet, Select Committees and Governance and Audit Committee as appropriate. Governance and Audit Committee receives a regular report on the progress made with recommendations and proposals issued by Audit Wales.
 - xii) regular monitoring of performance against the Corporate Plan and service plans and of key targets, and reporting of this to senior management and members;
 - xiii) Corporate Plan update 2020/21 – Council September 2021;
 - xiv) Through the coronavirus pandemic establishing a series of interim strategies to provide clarity in direction and ensure accountability – to Cabinet June 2021 & December 2021
 - xv) Annual Safeguarding Evaluation Report– Council November 2021;
 - xvi) Estyn's report into Local Government Education Services in Monmouthshire County Council – Cabinet May 2020;
 - xvii) Annual appraisal of the effectiveness of the authority's performance management arrangements reported annually to Governance and Audit Committee.

- xviii) Chief Officer for Children and Young People’s Annual Report presented to Council June 2021; Chief Officer for Social Care, Safeguarding & Health’s Annual Report presented to Council September 2021;;
- xix) Updated policies and strategies reported through Cabinet and Council

33 The following paragraphs review the effectiveness of the governance arrangements in Monmouthshire under the C.I.P.F.A. / S.O.L.A.C.E. Framework ‘Delivering Good Governance in Local Government’ 7 principles.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

34 The Code of Conduct for Members and the protocol on Member / Officer relationships are set out in the Constitution, updated March 2021 & May 2022. The Council also has a local protocol for the self-regulation of Member conduct.

35 The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Members’ Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members. The Standards Committee met 3 times during 2021/22.

36 Public Service Ombudsman Wales Annual Report (2020/21) was presented to Cabinet in November 2021.

Conduct Complaints about MCC Members received by the Public Services Ombudsman:

	2018/19	2019/20	2020/21
Not upheld	1	2	1
Referred to Standards Committee	0	0	0
Referred to Adjudication Panel	0	0	0
TOTAL COMPLAINTS CLOSED	1	2	1

37 Agreed arrangements enable the Council to comply with statutory requirements in respect of child protection and the protection of vulnerable adults. Recruitment procedures help ensure that Council employees and Members working with children or vulnerable adults are checked for their suitability to do so through independent DBS checks.

38 In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.

39 There were no successful “call-in” challenges to decisions on procedural grounds; 3 judicial reviews were commenced or dealt with at the pre-action stage in the previous year.

40 Policy and decision-making is facilitated through (i) Council and Cabinet; the meetings of which are open to the public and live streamed online except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution: Four Scrutiny Committees (including the statutory Public Services Scrutiny Committee) and a separate Governance and Audit Committee review, scrutinise and hold to account the performance of the Cabinet, decision-making committees and officers. A Scrutiny Panel process for decisions which have been made but not yet implemented is incorporated in the Constitution in order to consider their appropriateness.

- 41 A Scrutiny and Executive Protocol is in place which is aligned to the updated constitution of March 2021/ May 2022 and provides parameters for effective executive and scrutiny relationships.
- 42 The Constitution is updated periodically by the Monitoring Officer; the latest update approved by Council was in May 2022. It can be found on the Council's website.
- 43 To ensure agreed procedures and all applicable statutes are complied with, the Monitoring Officer attends full Council meetings, Cabinet and SLT. To ensure sound financial management is a key factor in decisions, the Deputy Chief Executive and Chief Officer Resources (Interim Head of Finance) attends SLT, Cabinet and Council meetings.
- 44 The ethical governance framework includes:
- codes of conduct for officers and Members
 - a protocol governing Member/Officer relations
 - a whistle-blowing policy widely communicated within the Council
 - registers of personal and business interests for Members
 - declarations of interests for Chief Officers
 - an agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied
 - equalities awareness training.
- 45 In accordance with the Local Government and Housing Act, 1989, the Monitoring Officer ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration. The Monitoring Officer has not issued a Section 5 report in 2021/22 or in the previous year, 2020/21.
- 46 All exemptions of the Contract Procedure Rules are reported through Governance and Audit Committee periodically. The Internal Audit team co-ordinates the exemption process in conjunction with strategic procurement.
- 47 The Governance and Audit Committee has the opportunity to call in senior managers during the year and challenge them on why a procurement process went outside the Council's normal tendering processes. There were no call-ins during 2021/22.
- 48 As a result of Covid-19 the Internal Audit Team was repurposed during most of 2020/21 to undertake extensive counter fraud activities on Welsh Government business grants and support TTP; a report was taken to Governance and Audit Committee explaining the situation, January 2021. This was a risk based decision in order to increase the confidence in counter fraud controls given the heightened fraud vulnerability. Although restrictions were still in place as the UK came out of the pandemic, the team managed to work through the audit plan for 2021/22 with 20 Internal Audit opinions being issued in the year; 2 audit jobs resulted in **Limited** assurance.
- 49 The overall opinion on the adequacy of the internal control environment for 2021/22 was **REASONABLE**. Management agreed to implement the recommendations made in audit reports in order to address the weaknesses identified. The Internal Audit opinions issued in 2021/22 were as follows:

ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	2019-20	2020-21	2021-22
Substantial Assurance (Very Good)	2	2	5
Considerable Assurance (Good)	11	6	6
Reasonable Assurance (Satisfactory)	7	1	7
Limited Assurance (Unsatisfactory)	9	0	2
Total	29	9	20

- 50** Reasons why the outcome of the audit reviews which were deemed to provide Limited assurance have been, or will be, presented in a separate report to Governance and Audit Committee; assurances have been sought from respective operational managers that action will be taken to make the necessary improvements in control.
- 51** The Internal Audit team did not have a full complement of staff for the full year; the Auditor was seconded out of the team and was then successful with an internal promotion and the Audit Manager left the organisation in February 2022. Despite reduced resources, 64% of the 2021/22 audit plan was achieved, which was better than the previous year (57%). The Chief Internal Auditor's overall audit opinion is based on the number of audits undertaken and their individual opinions; he was able to give an overall opinion on the adequacy of the control environment but this was based on a limited number of opinions issued. The 2021/22 audit opinion was supported by the knowledge that there were appropriate governance, risk management and internal control assurances in place in previous years, with no significant changes. The Assistant Head of Finance continued to be covered by the Central Accountancy Finance Manager and Deputy Chief Executive & Chief Officer Resources.
- 52** The Internal Audit team continued to ensure its compliance with the Public Sector Internal Audit Standards (PSIAS). This was validated through a peer review process at the end of 2017/18; the outcome of which was that the team is compliant.
- 53** A Performance Framework is in place to ensure the ongoing economic, effective and efficient use of resources and for securing continuous improvement. This is supported by a range of mechanisms including collaborative working initiatives and reviews undertaken both internally and by the external auditors and inspectors. This framework works in conjunction with the Local Government Wales Measure 2009 & 2011. Performance and Improvement Objectives and the Council's wellbeing objectives were reported to Council in September 2021 through the Corporate Plan Annual Update 2020/21. Work is ongoing with the Council's Performance Framework to reflect new performance arrangements and duty established by the Local Government and Elections (Wales) Act 2021.
- 54** The strategies which support this Framework include the Asset Management Plan, People Strategy, Local Development Plan, Financial Plan, Digital Strategy, Economy & Enterprise Strategy which are delivered through service business plans and employee aims & objectives, evaluated and risk assessed.
- 55** Chief Officers and Heads of Service are accountable for ensuring that the Council Priorities are delivered and performance against key targets is regularly monitored via the performance management framework and is regularly reported to members via Scrutiny Committees.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- 56** The agendas are published in advance of all meetings on the Council's website; corresponding minutes are published post meeting.
- 57** The scrutiny recommendations/outcomes from scrutiny activity are forwarded to Cabinet Members after each meeting. The scrutiny function has a 'Scrutiny Service Business Plan'. The plan is built into the Council's improvement framework. At Monmouthshire, scrutiny is undertaken by 4 Scrutiny Committees.
- People Scrutiny Committee
 - Place Scrutiny Committee
 - Public Services Scrutiny Committee
 - Performance and Overview Scrutiny Committee
- 58** The Scheme of Delegation sets out responsibilities for decision making. The Council's website includes the Cabinet and Cabinet Member decisions / Member profiles. The Scrutiny Handbook and a Scrutiny and Executive Protocol have been developed to support Members to carry out their responsibilities effectively. The Scrutiny Handbook provides a guide for Members, officers and the public on the role and value of scrutiny and the website displays the Scrutiny Forward Work Programme and invites public submissions.
- 59** Social media, Twitter, Facebook and You Tube for example, is used to engage local people and communicate the corporate message. Scrutiny Committees hold a Public Open Forum on each agenda and the public can attend meetings remotely or in person and can also submit written, audio or video representations to Scrutiny Committees. They can also submit suggested topics for the scrutiny forward work programme via the Scrutiny Website www.monmouthshire.gov.uk/scrutiny. Chief Officers, Members and the Communications team are very proactive in engaging with the public.
- 60** Public engagement events and You Tube continued to be used in 2021/22 for the budget proposals. The Council has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided. This links back to the principles of the Well-being of Future Generations Act which sets out five ways of working including involvement.
- 61** In addition to regular internal communications, throughout the pandemic, and subsequently, the Chief Executive has extensively engaged with the public providing updates on essential Covid-19 related statistics and Council service provision.
- 62** In May 2018, Monmouthshire Public Services Board (PSB), adopted their Well-being Plan in line with the requirements of the Well-being of Future Generations (Wales) Act. The plan was informed by the Monmouthshire Well-being Assessment which sought the views of Monmouthshire residents and draws together findings from data, academic research and policy papers and the views of local people. This Plan was challenged publicly through Public Services Select Committee, July 2021. During 2021/22 several local PSBs merged to form the Gwent Public Services Board. A Gwent wide well-being assessment has been produced, including an assessment of well-being in Monmouthshire and local communities within the county, March 2022.
- 63** The "Our Monmouthshire" approach, which was essential to the Well-being Assessment is about all of us addressing the needs of the future as well as current generations. People in Monmouthshire were asked about "what's good in your community and what would make it better, now and in the future". The well-being assessment will also be used as evidence to inform the Council's Corporate Plan, making sure it addresses some of the really big challenges that Monmouthshire faces in coming years.
- 64** Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance and Audit Committee process before being endorsed by Cabinet and Council. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Corporate Plan progress, Council activities, achievements, developments, updates and events were included on the Council's intranet and website, with all Council, Cabinet, Governance and Audit Committee and Select Committees live streamed. All public meetings of the

Council are live streamed and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.

- 65 Individual Cabinet Members can make decisions under the scheme of delegation; agendas and decisions for all Cabinet Members are published on the Council's website.
- 66 The Council's website contains links to the following areas of open data in the interests of openness:

Data published by Monmouthshire County Council:

- List of expenditure over £500
- Our spend data as a useful dashboard
- Food Hygiene ratings
- Business property data set
- List of Primary Schools
- List of Secondary Schools

- 67 The Medium Term Financial Plan (MTFP) supports the vision for Monmouthshire and extensive public engagement continued in 2021/22 for the 2022/23 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions, Cabinet Member YouTube video and open meetings. These were key to providing people with the opportunity to become informed; Cabinet January 2022.
- 68 Public engagement and consultation is key to the WFG Act; one of the five ways of working is Involvement. This along with the other ways of working is now considered in all relevant decision making reports for Cabinet and Council through an Integrated Impact Assessment, which includes a Future Generations Evaluation, Equalities and Sustainability Impact Assessment.
- 69 Implementing Open Government standards which enable us to effectively engage with our citizens and open up our data for anyone who needs to use it. Making the most of digitisation and digital inclusion to enable us to engage with people across our County.

Principle C: Defining outcomes in terms of sustainable economic, social, environmental and cultural benefits

- 70 The Council's five priority goals, which are also the Council's well-being objectives, are set out in its Corporate Plan 2017-2022, "A Monmouthshire that works for everyone" which was approved initially by Council in February 2018 and a refreshed version approved by Council in March 2020. The 2020/21 Corporate Plan annual report was presented to Council in September 2021. Building sustainable and resilient communities is the unifying purpose of the diverse range of services the Council delivers. This is shared with our partners on the PSB, which is responsible for setting well-being objectives for the County.
- 71 Monmouthshire County Council is a member of the Monmouthshire PSB (became Gwent PSB July 2021), where we work with other public services and the voluntary sector on the delivery of the local well-being plan. This includes countywide well-being objectives that are a focus for public services that are part of the PSB. Combining the ingenuity and initiative of all partners is key to finding new solutions to pressing, social, economic and environmental problems. This sense of 'power of the collective' is central to its core purpose, reflected in its values and embodied in its culture.

- 72** The Well-being Plan sets out the vision of the PSB. The four identified objectives are to:
- Provide children and young people with the best possible start in life
 - Respond to the challenges associated with demographic change
 - Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change
 - Develop opportunities for communities and business to be part of an economically thriving and well connected county.
- 73** Under the Well-being of Future Generations (Wales) Act 2015 The Council has a responsibility to:
- Set and publish well-being objectives
 - Take all reasonable steps to meet those objectives
 - Publish a statement about well-being objectives
 - Detail arrangements to publish an annual report of progress
- 74** In March 2018 Council approved the Council’s Corporate Plan 2017-2022, which incorporated the Council’s well-being objectives, and endorsed the Area Plan. The well-being objectives bring together the latest evidence from the well-being assessment, policy and legislation and show how the Council strives to deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Well-being Objectives are incorporated within the Corporate Plan; the 2020/21 update was presented to Council September 2021.
- 75** The Corporate Plan Objectives for 2017 to 2022 are supported by service business plans to operationally deliver these objectives. Service plans are made available on the Council’s Hub intranet site. These are quality assessed as part of the service planning process. All service plans were developed to align the delivery of the Council’s Corporate Plan. Through the pandemic in 2020/21 the Council’s established performance framework had been adjusted and prioritised in its application, where necessary, to reflect the Council’s response and this continued into 2021/22. Through the coronavirus pandemic a series of interim strategies to provide clarity in direction and ensure accountability have been established– Cabinet June 2021 & December 2021. To support this, structures and mechanisms were put in place to track and evaluate progress.
- 76** Audit Wales presented its Certificate of Compliance for the audit of Monmouthshire’s 2020/21 Improvement Plan to the Governance and Audit Committee in November 2021. It has carried out work with all councils on improvement assessment, the WFG Act, the service user perspective and scrutiny as well as some local work. It concluded that the Council meets its statutory requirements for continuous improvement and there are no formal recommendations.
- 77** Reports were taken through the select / scrutiny process during the year which included links to the Council’s policies, priorities and objectives. The agendas and minutes of which became public documents are available through the Council’s website.
- 78** WFG Act continued to be a key theme and foundation through the reporting processes in 2021/22.
- 79** The Council continues to embrace the benefits of digital communications including social media use, for example “My Monmouthshire”, which enables people to interact and transact with the Council using mobile devices. The Council’s website includes more transactional functions. In 2018-19 the Council also launched a “*chatbot*” to further broaden the channels people can use to interact with their local authority. During 2021/22 there was extensive use of Twitter, Facebook and You Tube to raise awareness of forthcoming events, to provide live streaming of Cabinet, Council, scrutiny and other political meetings, to promote the activities and services provided and to show support and encouragement for community groups.
- 80** Enhancing the digital services with economic (effective and efficient processes aiding business interaction), environmental (less travel and print consumables) and social (digital customer centric services) continued to be a key aspect of improving services throughout 2021/22. Outcomes are measured via the Digital Programme Office Service plan and performance planning process.

- 81** To ensure the best use is made of resources and that taxpayers and service users receive excellent value for money, there are a number of mechanisms within the Council to support this. The Option appraisals now form part of the Cabinet report template. All IT investments are considered through SLT and then Cabinet before decisions are taken as required via Cabinet or Council.
- 82** Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year; June 2021, July 2021, December 2021, & March 2022. The budget management actions of Cabinet and senior officers are scrutinized regularly by the Performance and Overview Scrutiny Committee. The budget monitoring reporting cycle periodically contains some output measures and unit cost data, so that economic comparison of costs with other Councils can be made. Previously the Council has compared very favourably to others.
- 83** The MTFP process for 2022/23 to 2025/26 was reviewed and approved by Cabinet in December 2021. The Draft Capital Budget Proposals 2022/23 to 2025/26 were taken to Cabinet in January 2022. Draft Revenue Budget Proposals 2022/23 also went to Cabinet in January 2022. Final Proposals went to Cabinet before being approved by Council in March 2022. Ongoing scrutiny of the Council's budget position in line with the MTFP has provided Members with a greater understanding of the budget setting process and the pressures within individual directorates.
- 84** An authority-wide performance measurement system for the Council, the "data hub", hosted on the Council's intranet site continues to be updated. This enables Members and officers to track and monitor data in key strategic plans through "dashboards". This also allows performance to be compared against other council areas, where applicable. The "data hub" has been reviewed and streamlined to ensure information is up to date and focussed on the most pertinent performance data.
- 85** Audit Wales presented the Audit Wales Certificate of Compliance for the audit Monmouthshire County Council's assessment of performance for 2020/21 to Governance and Audit Committee in November 2021. This was an update on the current effectiveness of the Authority's performance management arrangements. Audit Wales concluded that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- 86** The Equality Impact Assessment and Sustainable Development checklists were revised and combined to align with the Future Generations Act. The "Integrated Impact Assessment" ensures the decisions the Council makes are carefully considered to take equality and sustainable development into account, this includes legislation that Monmouthshire County Council is subject to the Equality Act 2010, WFG Act and Welsh Language (Wales) Measure 2011. A range of these were undertaken during 2021/22 which have been published on the website accompanying decision making reports. The integrated checklist has been updated to ensure that new policy decisions are considered against the socio-economic duty which came into effect on 31 March 2021.
- 87** The Council has a long-standing commitment to equality and diversity and under the Equality Act 2010, has to produce a Strategic Equality Plan. The Council's third Strategic Equality Plan 2020-2024 sets the Council's objectives to ensure it delivers better outcomes for people with protected characteristics. An annual monitoring report for 2020/21 was produced and scrutinised by the former Strong Communities Select Committee in November 2021.
- 88** The Council has a Welsh Language Strategy for 2017 – 2022, which sets out a vision of how Welsh language will look in Monmouthshire in 5 years, and is accompanied by targets to help achieve that vision. Also the Welsh Language Monitoring Report 2020/21 was presented to the former Strong Communities Select in June 2021 to note compliance and progress made with the Welsh Language Standards allocated to Monmouthshire County Council. The Welsh Language Monitoring Report 2021/22 was presented to the new Performance and Overview Scrutiny Committee on 7th July 2022.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 89** Monmouthshire is a partner in the South East Wales Consortium Schools Causing Concern protocol. This Policy forms a part of, and is aligned with, the National Model for School Improvement in relation to the informal support and challenge provided by the Local Authority (LA) to a school prior to any issuing of a warning notice or invocation of formal powers of intervention based on the six grounds for intervention. It also aligns with the Welsh Government (WG) Guidance on Schools Causing Concern (March 2016).
- 90** Contract Procedure Rules exemptions are normally reported to the Governance and Audit Committee every six months; July 2021. Managers are challenged in year to justify their procurement outside the Council agreed procedures.
- 91** Regular reporting into Cabinet, Scrutiny and Governance and Audit Committee enables the achievement of the Council's objectives to be challenged and appropriate actions put in place to address any identified issues so that the intended outcomes can be achieved. The Strategic Risk Register was reviewed by Governance and Audit Committee in November 2021. The Whole Authority Strategic Risk Assessment 2020/21 was also reported to Governance and Audit Committee (March 2021) and signed off by Cabinet April 2021. The new Strategic Risk Register will be scrutinised by the new Performance and Overview Scrutiny Committee on 29th September 2022.
- 92** Dealing with customer complaints helps Monmouthshire to identify and deal with failures in service delivery. The Council's complaint / compliment procedure is available on the web site. Out of 158 complaints received in 2020/21, 150 were resolved informally with 7 being formally investigated, 2 of which were referred the Ombudsman, with none formally investigated. 379 comments were received along with 204 compliments; (Governance and Audit Committee February 2022).

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- 93** The Council's recruitment procedures provide equality of employment opportunities. The equality-assessed pay structure meets the requirements of the Single Status Agreement of 1997. The Single Status Collective Agreement was approved by Cabinet in September 2010. This is complemented by the People Strategy. The Pay Policy is approved annually by Council and is available on the MCC website.
- 94** Developing the digital capabilities of people and systems to enable effectiveness, efficiency and enhanced customer services is important within Monmouthshire and is measured via the Digital Programme Service Business Plan. To further enhance service delivery and better deal with cyber security / information risks the Digital Programme Office has been split into the Information Security and Technology Team and the Digital Design and Innovation Team.
- 95** There is continued support for Members' development through briefing sessions and other learning opportunities. A comprehensive training programme was developed for the intake of new Members following Council elections in May 2017. This will be reviewed and updated following the May 2022 elections.
- 96** There is also ongoing training and development which meets the needs of officers and Members through the corporate programme. Coaching and leadership skills training will be rolled out to all managers in due course. Check in, Check Out provides a value-based performance assessment approach between staff and line managers and aims to ensure employees have clear and effective understanding of their contribution to the objectives of their teams and subsequently the Council.

- 97 A Scrutiny Member Development Training Programme is in place which provides ongoing specific skills based training for Members and includes scrutiny induction; this is agreed by the Scrutiny Chairs' Group. The training programme forms part of the Scrutiny Service Plan.
- 98 Appropriate and relevant job descriptions were in place for the Chief Executive, Strategic Leadership Team (SLT), Monitoring Officer and Head of Finance.

Partnerships/collaboration working

- 99 There is Council policy on information sharing along with numerous information sharing protocols with our partners; this is included within the Data Protection Policy. Information sharing is key to joined-up service delivery. The Wales Accord on the Sharing of Personal Information (WASPI) was developed as a practical approach to multi agency sharing for the public sector in Wales. Monmouthshire is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the General Data Protection Regulation 2018. The Information Sharing protocol has been developed to ensure information is only shared appropriately, safely and compliantly.
- 100 The Council ensures that it has appropriate governance arrangements around its collaborations with other public agencies and other third parties. These can take a range of forms, from informal arrangements to those where governance arrangements are determined through legislation. The governance arrangements form a key part of the decision making processes that the Cabinet or Council follow when deciding to enter a collaborative arrangement, transparent local accountability is a key area of focus.
- 101 As a key example of our commitment to effective governance, arrangements have been developed for the PSB Select Committee; the Public Services Scrutiny Committee from March 2020.
- 102 The Community & Partnership Development Team was developed in order to help build sustainable and resilient communities that support the wellbeing of current and future generations in Monmouthshire which is a shared purpose with the public service board partners. The Team work with communities and partners to help bring about social change and improve the quality of life in the county. The team act as enablers, unlocking potential and supporting sustainability through collective impact; providing a resource and tangible link between local communities and a wide range of partners; enabling the delivery of measureable and sustainable programme of activities that will constantly look to the future. The team will ensure MCCs statutory duties are fulfilled across the partnerships landscape.

Principle F: Managing risks and performance through robust internal control and strong public financial management

- 103 There are robust arrangements for effective internal financial control through the Council's accounting procedures and financial regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to Members comparing actual revenue and capital expenditure to annual budgets. The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs, as required by Section 151 of the Local Government Act 1972. Procedures for tendering and contract letting are included in the Contract Procedure Rules and Financial Procedure Rules. The Council's Treasury Management arrangements follow professional practice, are subject to regular review and are contained in the Treasury Management Strategy approved by Council each year.
- 104 In July 2017 Audit Wales reported to Governance and Audit Committee that the "Council has a clear strategic approach for significant service changes, although better information would help Members when deciding the future shape of the Council" (Good Governance when Determining Significant Service Changes report, March 2017).
- 105 Audit Wales presented its Certificate of Compliance for the audit of Monmouthshire's 2020/21 Improvement Plan to the Governance and Audit Committee in November 2021 and concluded that the Council is meeting its statutory requirements.

- 106** The Anti-Fraud, Bribery and Corruption Strategy was revised and updated during 2017/18. It was approved by Cabinet July 2017 and provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention. An Annual risk assessment on fraud and corruption is presented to Governance and Audit Committee. The Council's Council Tax Reduction Anti-Fraud Policy was approved by Cabinet in June 2015. A training package has been developed and was previously presented to Governance and Audit Committee (January 2020). This needs to be further rolled out across the Council.
- 107** The Governance and Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management arrangements. The Governance and Audit Committee also considers corporate governance, monitors the work of auditors and inspectors, and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. It also has responsibility for reviewing the Annual Statement of Accounts and its associated reports (which include this statement) before approval by Council. The Governance and Audit Committee has an independent, non-political, Chairperson who prepares an annual report of the work of the Governance and Audit Committee.
- 108** Internal Audit operate to the standards set out in the 'Public Sector Internal Auditing Standards' which have been developed from the Institute of Internal Auditors (IIA) International Internal Auditing Standards which came into effect in April 2013. The team's role and status is set out in the Council's Internal Audit Charter (revised and updated approved by Governance and Audit Committee September 2021). The Chief Internal Auditor reports a summary of audit findings to the Governance and Audit Committee each quarter; he also reports annually an opinion on the overall adequacy and effectiveness of the Council's internal control environment through his Internal Audit Annual Report.
- 109** The Chief Internal Auditor continues to ensure Internal Audit complies with the Public Sector Internal Audit Standards. A self-assessment was undertaken during 2017/18 to assess compliance with the Standards which was validated as compliant in March 2018 by an external assessor, the Chief Internal Auditor of Neath Port Talbot Council.
- 110** The Council has an objective and professional relationship with its external auditors and statutory inspectors. It manages its information resource through strategies and policies to enable effective decision making which is managed via the Information Strategy and action plan.

Risk management

- 111** The Council's Strategic Risk Management Policy was updated and approved by Cabinet in March 2019; progress was reported into Governance and Audit Committee in November 2021. The policy requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing high level strategic risks to the Council's priorities, services and major projects. The risk controls necessary to manage them are identified and monitored to ensure risk mitigation.
- 112** Within the Council the purpose of risk management is to:
- preserve and protect the Council's assets, reputation and staff
 - aid good management of risk and support whole authority governance
 - aid delivery of its population outcomes internally and when working with partners
 - improve business performance and anticipated risks in delivering improvements
 - avoid unnecessary liabilities, costs and failures
 - shape procedures and responsibilities for implementation.

The strategic risk assessment ensures that:

- Strategic risks are identified and monitored by Monmouthshire
- Risk controls are appropriate and proportionate
- Senior managers and elected members systematically review the strategic risks facing the Council.

The risk assessment is prepared by drawing on a wide range of evidence including service plans, performance measures, regulatory reports, progress on the previous risk assessment and the views of Select and Governance and Audit Committees. In order to mitigate the risks, proposed actions are recorded and also aligned back into the respective service business plan. The risk assessment is a living document and is updated over the course of the year as new information comes to light.

113 The Council's Strategic Risk Assessment for 2021/22 contained 16 risks. These were reviewed throughout the year with the latest version was presented to Governance and Audit Committee in November 2021. The majority were rated initially as medium risks. Following mitigation there was 1 low risk, 8 medium risks and 7 high risks.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

114 The South East Wales Education Achievement Service (EAS) Business Plan 2022-25 was presented to Cabinet in March 2022. The plan sets out the priorities, programmes and outcomes to be achieved by the EAS on behalf of the South East Wales Consortium.

115 The updated People Strategy was endorsed by Cabinet in July 2018; this is the overarching framework for People and Organisational Development which supports its role in ensuring the organisation is equipped with the collective capacity, capability and mindset to meet financial and improvement challenges and respond to opportunities that present

116 The Council's first Commercial Strategy was endorsed by Cabinet in July 2018; the purpose of this report was to present for approval the Council's first Commercial Strategy and accompanying action plan. The strategy builds upon aspects of the Procurement, Digital and Asset Management Strategies and is a key means through which the Council can play a role in the self-determination of its future viability and sustainability.

117 In September 2019, the updated Digital Infrastructure Action Plan was approved by Cabinet. In June 2021 Cabinet approved the creation of a new Digital Design and Innovation Team to strengthen information governance arrangements and include data analytics.

118 There have been significant developments in technology in the last 4 years, and the experience, data and evidence collected from the Council's customers about the way they wish to engage and transact with the Council has informed this new strategy. The workforce needs to have the digital knowledge and skills to build in end to-end automated customer services and business processes. There is a need to reduce demand through self-service facilities and provision of accurate, relevant data and information that people can use with confidence to make decisions.

119 Continued improvements have been made to cyber security arrangements since the onset of Covid-19 which has increased digital working methods.

120 In July 2018, the Council's latest iteration of its Procurement Strategy was approved by Cabinet. The Strategy builds upon workshop sessions undertaken with the Economy and Development Select Committee and the aims, aspirations and priorities for procurement, identified throughout the participative process. In July 2021 Cabinet approved the collaboration with Cardiff Council, for mutual benefit, the discharge and provision of the Council's Strategic Procurement services.

121 Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance and Audit Committee process before being endorsed by Council. All public meetings of the Council, including Council, Cabinet, Select, Governance and Audit Committee, Planning Committee are live streamed on YouTube and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business.

- 122** The Council's enabling strategies have been revised to align to the delivery of the corporate plan, these include the Digital Strategy, People Strategy and Asset Management Strategy as well as linking in with Service Business Plans.
- 123** The Governance and Audit Committee continues to support the Internal Audit team and endorses its annual report and plan. The plan details the work and service areas the team will cover based on a risk assessment in order to provide assurance on the adequacy of the internal controls, governance arrangements and risk management process. The Governance and Audit Committee presents its Annual report to Council.
- 124** The Whole Authority Report complaints, comments and compliments 2020/21 was presented to Governance and Audit Committee in February 2022 which identified the number and types of feedback received and dealt with from 1 April 2020 until 31 March 2021.

Information Governance

- 125** Monmouthshire restructured its Information Security and Governance offering from June 2021 in response to an increase in digital working and to maintain cyber resilience to protect its information. The Council continues to ensure training and awareness of governance issues is focussed on high risk service departments as well as through continuous updates and Information Security training events. This is to ensure compliance with the General Data Protection Regulation May 2018- specifically following the "12 Steps to Compliance" as recommended by the Information Commissioner's Office (ICO). A structured approach to information security and governance is operated internally via the Information Governance Group chaired by the Senior Information Risk Officer (SIRO) as well as through collaboration with the wider SRS partners providing the technology infrastructure. GDPR Operational Leads have been established, along with Digital Champions linking in with teams, individuals and volunteers to ensure compliance and messages are communicated.
- 126** Monmouthshire has a dedicated intranet site for general advice as well as assistance with GDPR legislative requirements, including templates for privacy notices, records of processing activities (ROPA's) and Data Processing Impact Assessments (DPIA's).
- 127** To keep the public informed, the Council has now published its online privacy notices for relevant service areas. Significant work was undertaken through 2021/22 to consolidate and update all privacy notices to make them more transparent and sustainable to maintain. A comprehensive list of all data systems is maintained centrally along with information audits for every service area, linking into the ROPA's.
- 128** The Corporate GDPR Policy is on the public website for clarity. Related policies will be updated accordingly by relevant lead officers, so that they satisfy GDPR requirement. Links are in place to work with the South East Wales Information Forum (SWIF) and WARP (Warning Advice and Security Point) on a regular basis to share best practice. Good housekeeping is encouraged as is continuous improvement to mitigating against the risk of harm to individuals, although it is recognised further work is required to back date data cleansing tasks which require considerable capacity.

Main areas for Improvement

- 129** The Council will continue to monitor and review its governance arrangements and identify any gaps. These will be addressed during the year to further strengthen governance in Monmouthshire County Council:
- Deliver awareness raising training sessions on the importance of compliance with new and revised Contract Procedure Rules and Financial Procedure Rules;
 - Raise awareness across the Council on Anti-Fraud, Bribery & Corruption.
 - Self-assess the Council's objectives and arrangements as required by the Local Government and Elections (Wales) Act 2021.

Action Plan 2020/21 & 2021/22

130 Appendix 1 shows how the 2020/21 Action plan areas for improvement have been addressed during 2021/22.

131 The Action Plan for 2021/22 is shown at Appendix 2.

Monitoring & Evaluation

132 We propose over the coming year to continually review our governance arrangements to ensure they remain effective and appropriate. Steps will be taken, where appropriate, to further enhance our governance arrangements.

Signed:2022

Councillor Mary Ann Brocklesby Leader

Signed:2022

Paul Matthews Chief Executive

Progress against the Action Plan 2020/21

Governance Principle	Area for Improvement	Progress
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Continue to deliver training sessions on the importance of compliance with the new and revised Contract Procedure Rules and Financial Procedure Rules;	Internal Audit have continued to deliver training sessions within schools and on the manager's induction programme. Internal Audit will work with the new procurement partnership to ensure the revised and updated CPRs are rolled out across MCC.
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Code of Corporate Governance was last approved by Council in July 2011. This will need to be updated and approved in line with Delivering Good Governance in Local Government Framework 2016'	Outstanding. The Code of Corporate Governance has been updated and was presented to Governance and Audit Committee in June 2020. This now needs formal Cabinet approval. Update: Approved by Cabinet September 2021.
Principle F: Managing risks and performance through robust internal control and strong public financial management	The Council will work through the Audit Wales proposals for improvement in the following areas: <ul style="list-style-type: none"> ▪ Scrutiny: Fit for the Future? ▪ Review of Asset Management ▪ Information Management ▪ Whole Authority review of children's safeguarding 	A corporate plan has been developed that sets out a clear direction for the Council up to 2022. The role and purpose of service planning has been reviewed and a revised process established aligned to the corporate plan. Council's enabling strategies have been revised to align to the delivery of the corporate plan, these include the Digital Strategy, People Strategy and Asset Management Strategy The Council's Strategic Risk Management Policy was updated April 2021.

Action Plan 2021/22

Area for Improvement	Progress
Deliver awareness raising training sessions on the importance of compliance with revised Contract Procedure Rules and Financial Procedure Rules	
Raise awareness across the Council on Anti-Fraud, Bribery & Corruption	
Self-assess the Council's objectives and arrangements as required by the Local Government and Elections (Wales) Act 2021.	

This page is intentionally left blank

Audit Wales Work Programme and Timetable – Monmouthshire County Council

Quarterly Update: 30 June 2022

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in January 2022.	December 2022	Not yet started.

Financial Audit work

Description	Scope	Timetable	Status
Certification of 2020-21 Grants Claims and Returns	Certify each claim according to Certifying Instructions agreed with the awarding body.	Findings to be reported at September Governance and Audit Committee.	Work completed.
Audit of the Council's 2021-22 statement of accounts	Statutory audit of the Council's annual statement of accounts.	Draft accounts to be provided by the end of July 2022.	Planning and interim work has commenced. Final audit to begin in August 2022.

Description	Scope	Timetable	Status
Audit of the Monmouthshire County Council Welsh Church Act Fund's 2021-22 accounts	External audit of the Fund's annual accounts.	Audit work to follow the main statement of accounts in the autumn.	Not yet started.
Independent examination of the Monmouthshire Farm School Endowment Trust Fund's 2021-22 accounts	External independent examination of the Fund's annual accounts.	Audit work to follow the main statement of accounts in the autumn.	Not yet started.
Certification of 2020-21 Grant Claims and Returns	Certify each claim according to Certifying Instructions agreed with the awarding body.	Audit work to follow the main statement of accounts in the autumn.	Not yet started.

Performance Audit work

2021-22 Performance audit work	Scope	Timetable	Status
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	We will seek to integrate the delivery of our WFG examinations of steps to deliver well-being objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.	N/A	N/A
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. The project is likely to focus on: <ul style="list-style-type: none"> • Financial position • Self-assessment arrangements • Implications of the Local Government and Elections (Wales) Act • Carbon reduction plans 	Fieldwork: June 2021 – July 2022 Feedback workshop: March 2022 Summary Report: August 2022	Feedback workshop completed. Summary report to be issued August 2022.

2021-22 Performance audit work	Scope	Timetable	Status
Springing Forward – Examining the building blocks for a sustainable future	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>	<p>November 2021 – July 2022</p>	<p>Draft report issued June 2022.</p> <p>Final report to be issued July 2022.</p>
Local risk-based projects	<p>Options for local risk-based work were presented to the Council's SLT in early 2021. The 2021-22 Audit Plan included this work as to be confirmed and we agreed with officers that we would conclude our local risk-based projects still in progress from previous years before agreeing the scope of any new projects.</p>	<p>To be confirmed</p>	<p>To be confirmed</p>

2022-23 Performance audit work	Scope	Timetable	Status
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources and acting in accordance with the sustainable development principle. The project is likely to focus in particular on:</p> <ul style="list-style-type: none"> • Financial position • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes • Setting of well-being objectives 	July 2022 – March 2023	Scoping

2022-23 Performance audit work	Scope	Timetable	Status
Thematic Review – Unscheduled Care	A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.	July – December 2022	Scoping
Thematic review – Digital	This project will be scoped over the summer with further details of the specific focus of the review to be confirmed.	To be confirmed.	Scoping
Local risk-based projects	To be confirmed.	To be confirmed.	To be confirmed.

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Monmouthshire County Council
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	Autumn 2021 – Autumn 2022	Drawing Conclusions	Yes – interview with nominated officer at the Council.
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services	Autumn 2021 – Autumn 2022	Drawing conclusions	Yes – interview with nominated officer at the Council.
Building Social Resilience and Self reliance	Review of how local authorities can build greater resilience in communities	Autumn 2021 – Autumn 2022	Drawing conclusions	Yes – interview with nominated officer at the Council.

Estyn

Estyn planned work 2022-23	Scope	Timetable	Status
Local Government Education Services Inspections	<p>Estyn inspected Anglesey and Swansea local government education services during the summer term. The reports will be published in August and early September. The Torfaen report was published on 18 May. Estyn will be reviewing the inspection guidance to reflect a greater emphasis on socio-economic disadvantage and inequity and to make minor tweaks in response to feedback from inspections in 2021-22</p>	<p>Inspection guidance review – July. Published on website 1 September.</p>	<p>N/A</p>
Curriculum Reform thematic review	<p>The Welsh Government have also asked Estyn to review the school improvement services in south-west Wales.</p>	<p>Evidence collecting in June/July – published in September.</p>	<p>N/A</p>

Care Inspectorate Wales (CIW)

CIW planned work 2022-23	Scope	Timetable	Status
Programme 2022-23	CIW will continue to run its pilot cyclic programme of assurance checks, improvement checks and performance evaluation inspections.	April 2022 – March 2023	In progress
Development	CIW will continue to develop its approach to inspection and review of local authorities. CIW will consult further regarding its approach.	September 2022 – December 2022	In progress
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2021-22	Following the publication of the 2020-21 report, planning is underway for the next report publication date to be confirmed.	Publication to be confirmed	Data collecting
Annual meeting with Statutory Directors of Social Services	CIW will meet with all Directors of Social Services	December 2022 and January 2023	Planning

CIW planned work 2022-23	Scope	Timetable	Status
<p>National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings</p>	<p>Purpose of the review To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	<p>September 2022</p>	<p>Planning</p>
<p>Joint Inspection Child Protection Arrangements</p>	<p>Cross-inspectorate approach. Area to be determined. We will complete a further four multi-agency joint inspections. We will publish a national report in late 2023.</p>	<p>Autumn 2022 – Spring 2023</p>	<p>Planning</p>
<p>Cafcass Assurance Check</p>	<p>CIW will continue to develop its approach to inspection and review of Cafcass Cymru. We will evaluate our approach and will consult on our revised approach in late 2022.</p> <p>Assurance check completed. Drafting letter. Due to be published August 2022</p>	<p>September – December 2022</p> <p>August 2022</p>	<p>Review</p> <p>Drafting</p>

Audit Wales national reports and other outputs published since January 2022

Report title	Publication date and link to report
Tackling the Planned Care Backlog in Wales – and waiting times data tool	May 2022
The new Curriculum for Wales	May 2022
Unscheduled care – data tool and commentary	April 2022
Direct Payments for Adult Social Care	April 2022
Local Government Financial Sustainability data tool	February 2022
Joint Working Between Emergency Services (including data tool)	January 2022

Audit Wales national reports and other outputs (work in progress/planned)¹

Title	Anticipated publication date
NHS finances data tool update	July 2022
Welsh Community Care Information System (Update for the Public Accounts and Public Administration Committee)	July 2022
COVID response and recovery/Welsh Government grants management – third sector support (Briefing for the Public Accounts and Public Administration Committee)	July 2022
Climate change – baseline review ²	July/August 2022
Sustainable Tourism in Wales' National Parks ³	July 2022
Welsh Government setting of well-being objectives	July 2022
Collaborative arrangements for managing local public health resources	July 2022

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

² An initial overview report followed by a more detailed evidence paper.

³ Summary based on local audit work.

Title	Anticipated publication date
Welsh Government workforce	August 2022
Orthopaedic services	August/September 2022
Equality impact assessment	August/September 2022
Quality governance in the NHS	September 2022
Flood risk management	September 2022
Cyber resilience	October 2022
Digital inclusion/Broadband infrastructure	October 2022
National Fraud Initiative (summary report)	October 2022
Welsh Government accounts commentary	To be confirmed – plans for this work have been under review
COVID-19 response and recovery – business support	To be confirmed
Affordable housing	To be confirmed

Good Practice Exchange resources

Title	Link to resource
<p>Direct Payments Provision – A webinar discussing our report on Direct Payments Provision and how they can be a key part in implementing the principles of the Social Service and Well-Being (Wales) Act 2014</p>	<p>Direct Payments Provision webinar recording</p>
<p>Responding to the Climate Emergency in Wales A webinar discussing emerging findings from our baseline review of public bodies' arrangements to respond to the Welsh Government's carbon reduction targets for 2030.</p>	<p>Responding to the Climate Emergency in Wales recording</p>
<p>Covid Perspectives: A series of recorded conversations learning how organisations have adapted to the extended period of uncertainty following the initial COVID emergency.</p>	<p>Good Practice Audit Wales</p>

Recent Audit Wales Blogs

Title	Publication date
<p>Direct Payments in Wales</p>	<p>15 June 2022</p>
<p>Unscheduled Care in Wales – a system under real pressure</p>	<p>21 April 2022</p>
<p>Skills Competition Wales</p>	<p>18 February 2022</p>

Title	Publication date
<u>Cyber resilience – one year on</u>	9 February 2022
<u>Helping to tell the story through numbers</u> (Local government financial sustainability data tool)	3 February 2022
<u>Call for clearer information on climate change spending</u>	2 February 2022
<u>Actions speak louder than words</u> (Building social resilience and self-reliance in citizens and communities)	14 January 2022

This page is intentionally left blank



SUBJECT:	INTERNAL AUDIT Progress Report for 3 Months into 2022/23
DIRECTORATE:	Resources
MEETING:	Governance & Audit Committee
DATE:	8th September 2022
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

To consider the adequacy of the internal control environment within the Council based on the outcomes of audit reviews and subsequent opinions issued to the 30th June 2022.

To consider the performance of the Internal Audit Section over the first 3 months of the current financial year.

2. RECOMMENDATION(S)

That the Committee note the audit opinions issued.

That the Committee note the progress made by the Section towards meeting the 2022/23 Operational Audit Plan and the Section's performance indicators at the 3 month stage of the financial year.

3. KEY ISSUES

- 3.1 As reported previously to Audit Committee, the Internal Audit staff were redeployed to support the 'test trace protect' initiative, business support grants process and undertake counter fraud checks from March 2020 as a result of the national pandemic, Covid-19. Therefore there are no year on year comparison figures for the Team's performance.
- 3.2 One member of the team has been seconded out of the team to support the Covid-19 business grants administration.
- 3.3 Although audit work has started in line with the 2022/23 agreed audit plan, approved by the Governance & Audit Committee in July 2022, the majority of site visits were still on hold in Q1 due to Covid-19 restrictions

- 3.4 This report gives brief details of the work undertaken in the year to date. The report also gives details of the Section's performance indicators for the 3 months to 30th June 2022.
- 3.5 The Public Sector Internal Audit Standards came into force in April 2013 (updated March 2017) which the Internal Audit team needs to demonstrate it is compliant with; these replaced the former Code of Practice for Internal Audit within Local Government.
- 3.6 A requirement of the PSIAS is for the Internal Audit team to be externally assessed once every five years to ensure compliance with these Standards. The Welsh Chief Auditors' Group proposed an option of a peer review in order to meet the requirements of this external assessment, which has been agreed by respective S 151 Officers of local authorities in Wales. Monmouthshire's peer review took place during 2017/18 with the outcome being that the team is generally compliant; no significant areas of non compliance. The next review will be due in 2023
- 3.7 The year end opinion for 2022/23 will be based on the audit work undertaken during the year, cumulative audit knowledge from previous years on key financial systems along with any assurance gained from other parties where relevant.

4. REASONS

- 4.1 Since the start of the financial year, the Internal Audit Section has completed 6 audit jobs to draft stage from its 2022/23 Operational Audit Plan; 2 of these being opinion related and are shown in the table at Appendix 1. The team was operating without an Audit Manager and a Senior Auditor in Q1.
- 4.2 In relation to the normal audit opinion related reports, 2 had been issued in draft by the end of the 1st Quarter; PTU Maintenance follow up (Substantial Assurance) and Food Procurement follow up (Considerable Assurance).
- 4.3 Work has been undertaken on the progress of the implementation of Internal Audit Recommendations from previously issued audit reports along with the provision of financial advice across directorates. Progress will be reported to the Governance and Audit Committee and the Strategic Leadership team (SLT) later in the year for consideration and timely action.
- 4.4 Other audit work in line with the plan has started and site visits have recommenced. Follow up audits of MonLife tourist sites have not yet been undertaken as many of these are seasonal and managers have not had the opportunity of embedding previous audit recommendations following Covid-19.

- 4.5 The definitions of the four internal audit opinions and the finding ratings used by the Section are provided at Appendix 2 for Members' information.
- 4.6 Finalisation work from 2021/22 continued; of the 8 reviews at draft report stage at 31 March 2022, 7 have subsequently been finalised. Audit Management are working on finalising all 2021/22 reports by 30th September 2022.
- 4.7 There has been minimal work undertaken on special investigations during 2022/23 so far by the team.
- 4.8 Appendix 3 of the report gives details of the Section's performance indicators as at 30th June 2022.
- 4.9 11% of the 2022/23 Audit Plan has been completed as at 30th June 2022.
- 4.10 The team has not started the year with a full complement of staff in the team due to unfilled vacancies. These posts will be advertised in Q2.
- 4.11 The team co-ordinates the administration of the National Fraud Initiative (NFI) data sets on behalf of the Council.

5. SERVICE MANAGEMENT RESPONSIBILITIES

- 5.1 Heads of Service and service managers are responsible for addressing any weaknesses identified in internal systems and demonstrate this by including their management responses within the audit reports. When management agree the audit action plans they are accepting responsibility for addressing the issues identified within the agreed timescales.
- 5.2 Ultimately, managers within MCC are responsible for maintaining adequate internal controls within the systems they operate and for ensuring compliance with Council policies and procedures. All reports, once finalised, are sent to the respective Chief Officers and Heads of Service for information and appropriate action where necessary.

6. FOLLOW UP AUDIT REVIEWS

- 6.1 Where 'Limited Assurance' opinions are issued, they are followed up within a twelve month timescale to ensure that the agreed actions have been taken by management and that the internal control systems are

improved. These will be reported separately to the Governance and Audit Committee.

7. RESOURCE IMPLICATIONS

None.

8. CONSULTEES

Deputy Chief Executive / Chief Officer Resources

Results of Consultation:

N/A

9. BACKGROUND PAPERS

Operational Audit Plan 2022/23

10. AUTHORS AND CONTACT DETAILS

Andrew Wathan, Chief Internal Auditor

Telephone: x.4243

Email: andrewwathan@monmouthshire.gov.uk

AUDIT COMMITTEE SEPTEMBER 2022

INTERNAL AUDIT SECTION PROGRESS REPORT 2022/23 – 3 MONTHS

APPENDIX 1

Internal Audit reviews from the 2022/23 Operational Audit Plan where fieldwork has been completed and/or final reports issued since 1/4/22 are listed in the table below.

Internal Control Opinions give the auditor's overall conclusion on the control environment operating in each system/establishment under review. Opinions range from Substantial Assurance through to Limited Assurance.

Draft issued indicates that a draft report has been issued and a response is awaited from the client before the report can be finalised.

Status of reports as at 30th June 2022

Internal Audit Services - Management Information for 2022/23 – Quarter 1

Opinion Summary	
Substantial	1
Considerable	1
Reasonable	0
Limited	0
Total	2

Job number	Directorate	Service	Job Name	Opinion Work (Y/N)	Risk Rating / Priority	Final / Draft	Opinion given
P2223-08	Resources	Commercial, Property, Fleet, Facilities	PTU Maintenance Follow Up	Y	High	Draft	Substantial
P2223-42	Enterprise	Enterprise and Community Animation	Food Procurement Follow Up	Y	High	Draft	Considerable

Non – opinion / Added Value Audit Work

Job number	Directorate	Service	Job Name
P2223-10	Resources	Resources General	Audit Advice
P2223-27	Children & Young People	CYP General	Audit Advice
P2223-37	Social Care & Health	SCH & Safeguarding General	Audit Advice
P2223-48	Enterprise	Enterprise General	Audit advice

Internal Audit Opinions

Each report contains an opinion which is an overall assessment of the control environment reviewed.

SUBSTANTIAL	<p>Substantial level of assurance.</p> <p>Very well controlled, with numerous strengths identified and any risks being less significant in nature.</p>
CONSIDERABLE	<p>Considerable level of assurance</p> <p>Generally well controlled, although some risks identified which should be addressed.</p>
REASONABLE	<p>Reasonable level of assurance.</p> <p>Adequately controlled, although risks identified which could compromise the overall control environment. Improvements required.</p>
LIMITED	<p>Limited level of assurance.</p> <p>Poorly controlled, with unacceptable levels of risk. Fundamental improvements required urgently.</p>

The table below summarises the finding ratings used during our audits:

RATING	RISK DESCRIPTION	IMPACT
1	Significant	<p>(Significant) – Major / unacceptable risk identified.</p> <p>Risks exist which could impact on the key business objectives. Immediate action required to address risks.</p>
2	Moderate	<p>(Important) – Risk identified that requires attention.</p> <p>Risks identified which are not business critical but which require management attention as soon as possible.</p>
3	Minor	<p>(Minimal) – Low risk partially mitigated but should still be addressed.</p> <p>Audit comments highlight a suggestion or idea that management may want to consider.</p>
4	Strength	<p>(No risk) – Good operational practices confirmed.</p> <p>Well controlled processes delivering a sound internal control framework.</p>

For grant claim audits:

Unqualified opinion - the terms and conditions of the grant were generally complied with;

Qualified opinion - the terms and conditions of the grant were not fully complied with; the identified breaches of terms and conditions will be reported to the grantor and internally to relevant Head of Service/Chief Officer.

AUDIT COMMITTEE SEPTEMBER 2022

INTERNAL AUDIT SECTION PROGRESS REPORT 2022/23 – 3 MONTHS

APPENDIX 3

Performance Indicators

N / A – not available

	2021/22	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	11%	28%	40%	82%	80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	9 days	5 days	6 days	6 days	15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	3 days	4 days	4 days	5 days	10 days
4	Percentage of recommendations made that were accepted by the clients	97%	97%	98%	99%	95%
5	Percentage of clients at least 'satisfied' by audit process	100%	100%	100%	100%	95%
6	Percentage of directly chargeable time (actual v planned)	77%	90%	72%	74%	60%
7	Number of special investigations	1	1	1	1	

	2022/23	Q1	Q2	Q3	Q4	Target
1	Percentage of planned audits completed	11%				10% in Q1 80% pa
2	Average no. of days from audit closing meeting to issue of a draft report	14 days				15 days
3	Average no. of days from receipt of response to draft report to issue of the final report	30 days				10 days
4	Percentage of recommendations made that were accepted by the clients	90%				95%
5	Percentage of clients at least 'satisfied' by audit process	N/A				95%
6	Percentage of directly chargeable time (actual v planned)	68%				60%
7	Number of special investigations	0				

SUBJECT: Audit Wales Springing Forward Monmouthshire County Council Report
MEETING: Governance and Audit Committee
DATE: 8 th September 2022
DIVISION/WARDS AFFECTED: All

1 PURPOSE:

- 1.1 To provide the committee with the Audit Wales Springing Forward report of Monmouthshire County Council and the Council's Management Response.

2 RECOMMENDATIONS:

- 2.1 That the committee review the Audit Wales Springing Forward report and seek assurance of the adequacy of the Council's Management response.
- 2.2 That the committee refer on any issues contained within Audit Wales report to other committees for consideration if they identify there are findings of relevance.

3. KEY ISSUES:

- 3.1 Each year, Audit Wales produces an Audit Plan, which sets out the work they intend to undertake to discharge their duties, and this is presented to Governance and Audit committee upon publication. The 'Springing forward review' formed part of the Monmouthshire Council audit work plan for the 2021/22 audit year.
- 3.2 The attached 'Spring Forward – Monmouthshire County Council' report provides the committee with the findings of the Audit Wales review. The report reviews the Council's arrangements for managing its assets and workforce. For assets, the primary focus was on office accommodation and buildings from which the Council delivers services to its residents; and for workforce, the focus has been on the challenges highlighted during the pandemic that have exacerbated some long-standing workforce issues. The report looks at how the Council strategically plans to use its assets and workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements.
- 3.3 The report is provided to Governance and Audit Committee as part of its role to provide assurance on the effectiveness of the council's governance and performance management arrangements and oversight of the Audit Wales work programme. Governance and Audit Committee can also refer reports to another scrutiny committee if they feel the reports require further consideration that is specifically relevant to the committees work programme. The committee may also refer issues to Democratic Services Committee who are able to perform a coordinating function.
- 3.4 Attached is the Council's Management response to the recommendations in the Audit Wales report setting out the action the Council plans to take to address the recommendations. The progress with implementing the management response will be monitored as part of the regular progress update on the Audit Wales work programme provided to the Committee.

4. RESOURCE IMPLICATIONS:

- 4.1 There are no additional resource implications as a result of this report. However, there may be resource implications in undertaking further actions identified in the management response. These would be subject to the usual council decision-making processes.

5. AUTHOR:

Report to be presented by Audit Wales. Management response completed by Monmouthshire Council.

6. CONTACT DETAILS:

Richard Jones, Performance Manager
E-mail: richardjones@monmouthshire.gov.uk
Telephone: 01633 740733

Springing Forward – Monmouthshire County Council

Audit year: 2021-22

Date issued: August 2022

Document reference: 3105A2022

This document has been prepared for the internal use of Monmouthshire County Council as part of work performed/to be performed in accordance with Section 17 of the Public Audit (Wales) Act 2004, and Section 15 of the Well-being of Future Generations Act (Wales) 2015].

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at info.officer@audit.wales.

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

This document is also available in Welsh.

Contents

The Council is actively considering future ways of working and the potential impact on its assets and workforce, and now needs to articulate its longer-term vision and plan in its new people and asset management strategies.

Summary report

Summary 4

Detailed report

Assets 8

The Council is actively considering how future ways of working might impact its asset needs and it recognises there are opportunities to strengthen its application of the sustainable development principle and put it at the heart of its new asset management strategy 8

The Council has appropriate policies and structures in place to manage its assets but capacity is an issue, and there has been limited progress to develop a regional strategic approach to assets 11

Asset management performance reporting arrangements are currently underdeveloped, but the Council expects new committee structures to provide increased opportunities for scrutiny 12

Workforce 13

The Council already operates an agile working model and has developed a strong evidence base to inform its new People Strategy 13

The Council is reviewing its structure to manage its workforce and has plans to further develop its workforce planning arrangements and help address skills shortages 14

Workforce data and trends are reviewed internally and senior officers are well informed of workforce issues, but the pandemic has impacted elected member scrutiny of the People Strategy 15

Summary report

Summary

What we reviewed and why

- 1 As the world moves forward, learning from the global pandemic, this review has looked at how the Council is strengthening its ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 2 We reviewed the Council's arrangements for managing its assets and workforce.
 - a. for assets, our primary focus was on office accommodation and buildings from which the Council delivers services to its residents; and
 - b. for workforce, our focus has been on the challenges highlighted during the pandemic that have exacerbated some long-standing workforce issues.

We looked at how the Council strategically plans to use its assets and workforce, how it monitors their use and how it reviews and evaluates the effectiveness of its arrangements.
- 3 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 we recognised that it would take time for public bodies to embed the sustainable development principle, but we also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Well-being of Future Generations Act was passed and we are now into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 4 This project had three main aims:
 - to gain assurance that the Council is putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that the Council is taking both individually and in partnership to strengthen its arrangements as well as further embed the sustainable development principle; and
 - to inspire the Council and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 5 This is important because the Council invests considerable sums in its building assets and workforce. Some key information from 2020-21 is show in **Exhibit 1**.

Exhibit 1: key facts and figures relating to building assets and workforce

The table below shows some key facts and figures relating to the Council's building assets and workforce in 2020-21¹.

Number of Council buildings owned in 2020-21 ²	186
Value of property, as at 31 March 2021 ³	£224m
Number of staff ⁴	3360 (2672 FTE)
Spending on workforce ⁵	£132m
Percentage of staff who are male/female ⁶	27% / 73%
Percentage of staff who work part time/ full time ⁶	47% / 53%
Percentage of staff aged over 50 years ⁶	43%
Percentage of staff who left the Council ⁶	14%

¹ Staff figures are based on headcount not FTE

² Source: Provided by the Council

³ Source: Provided by the Council

⁴ Source: InfoBaseCymru

⁵ Source: 2020-21 Statement of Accounts – employee benefits expenses

⁶ Source: InfoBaseCymru

- 6 The COVID-19 pandemic has impacted on demand for buildings and the way that staff work. This report examines some of these impacts and the way that the Council benefits from the positives and mitigates risks from the negatives when planning future service delivery.
- 7 We undertook the review during the period November 2021 to May 2022.

What we found

- 8 Our review sought to answer the question: Is the Council's strategic approach strengthening its ability to transform? In doing this work we have identified some of the direct impact of the pandemic as well as some operational and governance issues exacerbated by the pandemic.
- 9 Overall, we found that the Council is actively considering future ways of working and the potential impact on its assets and workforce, and now needs to articulate its longer-term vision and plan in its new people and asset management strategies.
- 10 We reached this conclusion because:
- the Council is actively considering how future ways of working might impact its asset needs and it recognises there are opportunities to strengthen its application of the sustainable development principle and put it at the heart of its new asset management strategy;
 - the Council has appropriate policies and structures in place to manage its assets, but capacity is an issue and there has been limited progress to develop a regional strategic approach to assets;
 - asset management performance reporting arrangements are currently underdeveloped, but the Council expects new committee structures to provide increased opportunities for scrutiny;
 - the Council already operates an agile working model and has developed a strong evidence base to inform its new People Strategy;
 - the Council is reviewing its structure to manage workforce and has plans to further develop its workforce planning arrangements and help address skills shortages; and
 - workforce data and trends are reviewed internally and senior officers are well informed of workforce issues, but the pandemic has impacted elected member scrutiny of the People Strategy.

Recommendations

Exhibit 2: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Plan	
R1	<p>In developing its new asset management and workforce strategies, the Council should build on its experience of the pandemic and place the sustainable development principle at the heart of its considerations, and specifically ensure it:</p> <ul style="list-style-type: none">• takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce.• sets out its intended outcomes over the short, medium and longer term.• takes account of how the strategies impact on the objectives of other organisations in the county and regionally.• takes account of the views and needs of staff, service users and partners. In doing so the Council should seek to understand how, where and when users want to access services post-COVID-19 and how that might influence future asset needs and workforce planning.• collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate.
Do	
R2	<p>As the Council begins to implement its new strategies, it should seek to build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.</p>
Review	
R3	<p>To support regular scrutiny and decision-making by elected members and help provide assurance over value for money, the Council should ensure that the outcomes set out in its workforce and asset management strategies are supported by SMART performance measures, and that benchmarking is used where appropriate.</p>

Detailed report

Assets

The Council is actively considering how future ways of working might impact its asset needs and it recognises there are opportunities to strengthen its application of the sustainable development principle and put it at the heart of its new asset management strategy

11 In reaching this conclusion we found that:

- the transition to homeworking brought about by the pandemic was relatively smooth for the Council. Prior to COVID-19, many staff already worked in an agile manner and the Council's office buildings were based on a ratio of one desk for every two members of staff. As a result, the Council already had the IT infrastructure in place to support staff to work remotely and a culture where staff were not expected to be in offices at all times.
- prior to COVID, the Council had two main office buildings – County Hall in Usk and Innovation House in Magor, having previously rationalised its estate. It was in the process of moving staff from Innovation House into County Hall when the pandemic struck. This move has since been completed and the Council has transferred Innovation House from its operational portfolio to its investment portfolio to use the building to generate income. Initially, this will be through letting the office space and the Council has sought external advice on how best to configure the building to meet current market demand.
- the Council is actively considering what the future workplace will look like and is following developments in the public and private sector. Agile working will continue, with non-customer-facing staff having the flexibility to work wherever suits their circumstances and job role, but the Council does not plan to make any further decisions around its building assets until there is more certainty around its future building needs. It told us that when it feels suitably informed, any decisions around future use of, and rationalisation of, assets will be made in the context of its corporate priorities, placemaking plans and town centre regeneration.
- in the meantime, the Council is adapting its office spaces to better suit current ways of working. For example, the Council is reconfiguring County Hall to provide more collaborative spaces in response to regular staff feedback and data from the desk-booking system implemented during the pandemic. It is also investing in new audio-visual and digital equipment to improve hybrid meetings for staff, having already installed new equipment in the Council chamber for hybrid committee meetings. The Council was able to adapt swiftly to hybrid meetings and has shared its experiences with neighbouring local authorities to inform their work in this area.

- decarbonisation is a key driver for change and the Council's asset management strategy and latest plan have several actions for greening its estate, including refit work, developing a hydrogen fuelling station and EV charging installations, and creating more solar farms. We also saw evidence of integrated thinking in relation to assets and decarbonisation: a review of the Passenger Transport Unit identified the need for a fit-for-purpose depot infrastructure. As a result, officers are considering suitable locations for a new depot and exploring how the new depot infrastructure can help contribute to the Council's net zero plans by linking the depots to the Council's existing and future solar farms so the fleet can be powered by renewable energy.
- the Council also has ambitions to use its land and unused buildings to help deal with local challenges such as affordable housing and accommodation for homeless people. Officers are exploring options but planning restrictions on new developments due to high phosphate levels in the county's rivers⁷ pose a significant challenge. The Council is working with the Welsh Government to find a solution.
- the Council's vision for its assets is clearly set out in its Asset Management Strategy 2018-22, which is aligned to other key plans and strategies, such as the Corporate Plan and digital and people strategies. However, the timing of our review, in the year the SAMP expires, means the Council's future vision for its assets is not currently articulated in a long-term, forward-looking strategy. Despite this, the current strategy's key themes remain valid in the current context – something the Council considered when developing its asset management action plan for 2021-22.
- these asset management action plans are intended to be reviewed annually to ensure they remain up to date and relevant, but the pandemic disrupted this aspiration. An up-to-date annual plan was in place at the time of our fieldwork in early 2022, however, and work to review the asset management strategy is scheduled for the autumn. By this point the new Corporate Plan will be ready, enabling the Council to align the two documents.
- officers told us that the new strategy will look ahead to the next five years and is likely to be closely linked to the Council's placemaking agenda and support town centre regeneration and carbon reduction plans. Key challenges that the strategy will recognise include flooding and the phosphates issue referred to above. Another key challenge will be funding to take forward plans for net zero and defining the Council's role in influencing the decarbonisation agenda in the wider community. Plans to engage on the new strategy are not yet fully developed, but the Council aims to consult stakeholders on a draft version of the new strategy and use feedback to inform the final version.

⁷ NRW has issued planning guidance to ensure that the water quality of the Usk and Wye rivers does not deteriorate any further. This means that development proposals will only be accepted if they result in phosphate neutrality or betterment.

- as the Council begins to articulate its future vision for assets, both through its upcoming Asset Management Strategy and its work to understand future asset needs, it should place the sustainable development principle at the heart of its considerations. Some of the ways it could consider doing this include:
 - ensuring the strategy is sufficiently long term in its vision. The WFG Act places a duty on public bodies to consider the long term. Although the new strategy is likely to cover a five-year period, aligning it with the Corporate Plan and MTFP, the Council should also consider emerging and longer-term trends to help it plan and identify where it would like to be over the longer term.
 - considering how it can meaningfully gather the views and understand the needs of staff, service users and other stakeholders in relation to assets and use that to inform its strategy. Building on the work it has done to engage with staff and understand their experiences of working during the pandemic, the Council should also seek to understand how, where and when users want to access services and how that has changed since the pandemic.
 - continuing to integrate the Council's key policies and plans so they support delivery of priority outcomes.
 - collaborating with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate. Where possible, the Council should also consider how its policies and plans impact on or could be considered in conjunction with the objectives of other organisations in the county and regionally.
- the Council should also incorporate into the strategy relevant learning from the pandemic – both its own and that of other organisations and developments it has been following.

The Council has appropriate policies and structures in place to manage its assets, but capacity is an issue and there has been limited progress to develop a regional strategic approach to assets

12 In reaching this conclusion we found that:

- in 2018, the Council implemented a corporate landlord model, centralising asset management and development. This arrangement provides improved and more integrated understanding of the Council's overall asset portfolio, helping to support decision making.
- a Capital and Asset Management Working Group considers the Council's strategic approach to assets and makes recommendations to SLT on capital investment. Representatives from across the Council sit on the group, which is chaired by the Assistant Head of Finance. The group was formed by merging previously separate working groups for capital and accommodation, providing a more integrated approach to asset management and investment.
- the Council can demonstrate several examples of working collaboratively with partners including collaborative arrangements with Gwent Police on estates projects and shared accommodation with the health board. During the pandemic the Council also worked with health to establish vaccination and testing centres. The Council is also linked in with Ystadau Cymru and where necessary it works with external advisors, for example in relation to investment assets.
- but collaborative approaches to assets have also been negatively impacted by the pandemic. In 2020, public sector organisations in Gwent agreed to collaborate to identify strategic approaches to a One Public Estate. However, progress has been limited due to the operational demands of responding to the pandemic. As the Council and its regional partners develop their new asset management strategies, there is now opportunity to drive a collaborative approach to assets, as committed to in 2020.
- the Council has a good understanding of its assets. Building condition surveys are completed on a rolling five-year basis and used to inform decision-making and to identify and prioritise maintenance work. Options appraisals help inform decisions around surplus assets and there are clear procedures for disposals and community asset transfers in dedicated policy documents.
- annual investment is set out in the Council's capital programme and the Capital MTFP includes planned capital expenditure over a four-year period. The Council's strategic risk register identifies the potential risk that 'the authority is unable to deliver its political priorities or maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability'. The register includes several mitigating actions, and maintenance and backlog issues are prioritised to make best use of limited budgets. Disposal and asset transfer of surplus assets help offset costs, and

investment in assets must demonstrate it will achieve revenue savings in order to be approved.

- the Council acknowledges that delivery capacity within Landlord Services presents a risk. During 2021-22, the service carried vacant posts with some technical posts proving difficult to recruit to. Increasing focus on decarbonisation has also impacted capacity within the service. The Council is looking at ways to address capacity issues, including greater use of graduate apprentice posts.

Asset management performance reporting arrangements are currently underdeveloped, but the Council expects new committee structures to provide increased opportunities for scrutiny

13 In reaching this conclusion we found that:

- the annual asset management action plan is incorporated into the Landlord Services business plan, which is reviewed quarterly in line with the Council's performance monitoring arrangements.
- we were told that the Senior Leadership Team and informal cabinet receive regular updates on assets, and senior officers we spoke to were well informed. However, we found limited evidence of opportunities for wider scrutiny of asset management performance. Decisions around assets go through the committee structure, and where appropriate these are informed by equality impact assessments. But we did not see any examples from the past two years of all asset-related actions and progress being drawn together in a single report to provide strategic oversight and assurance to committees.
- performance data is shared with the Welsh Government, but the Council does not regularly undertake its own benchmarking against other local authorities. It is, however, proactively considering how other organisations are responding to the impact of the pandemic on how and where people work and is reflecting on what could work or be trialled in Monmouthshire. Some benchmarking takes place when undertaking options appraisals on surplus assets to help understand an asset's potential value.
- the Council introduced a new committee structure in May 2022 and the revised remits provide an opportunity for strategic asset management performance to be scrutinised more regularly. As the Council develops its new strategy, it should consider the performance measures and objectives it could regularly report to elected members to demonstrate progress. It should also consider opportunities to benchmark its performance against other comparable organisations. This will help provide context to its own performance, provide opportunities for learning, and help provide assurance over value for money in relation to asset management.

Workforce

The Council already operates an agile working model and has developed a strong evidence base to inform its new People Strategy

14 In reaching this conclusion we found that:

- the Council has no immediate plans to make formal changes to the way its staff work because of its experience of the COVID-19 pandemic. As noted above, agile working arrangements were already in place at the Council prior to the pandemic. Non-front-line-service staff will continue to work in a hybrid manner with the autonomy and flexibility to work from a location that suits them.
- the Council has proactively sought staff feedback throughout the pandemic. Despite a culture of agile working already being in place, enforced home-working during lockdown was difficult for many and the Council focused strongly on staff wellbeing. It established multiple lines of communication with staff to help them feel connected and engaged, and to make them aware of wellbeing initiatives and support available to them.
- these arrangements also helped provide useful insight into staff experiences of remote, and then hybrid working, including how this differed across service areas. As mentioned above, staff feedback is being used to reshape office spaces and officers told us that ongoing engagement with staff at all levels will inform future decisions on workforce, including HR policy updates and workforce planning.
- so far, the Council is seeing that more staff are choosing to work away from the office than before the COVID-19 pandemic, although this differs across service areas. The Council plans to explore this further to understand whether the differences are cultural or have a practical role-related reason.
- the Council's People Strategy runs from 2018-2022 and so, as with the asset strategy, the timing of our review means the Council's long-term vision for workforce is not currently articulated in a strategy. However, the Council plans to begin developing its new strategy over the summer and work to inform the strategy is already under way. For example, in late 2021, the Council brought together a range of internal and external data sets in Power BI, providing SLT with a sophisticated suite of workforce data to inform strategy and decision making around workforce issues.
- the way the Council is starting to use this data demonstrates effective and integrated thinking around digital, workforce, assets and decarbonisation. For example, by mapping out where its staff live against other data, the Council has identified:
 - where poor broadband speeds are a barrier to home-working;
 - the carbon emissions generated by staff travelling into offices;

- where staff live in relation to existing Monmouthshire buildings, and where there are pockets of staff living close to other public sector buildings (for example in neighbouring counties), providing opportunities to discuss hot-desk arrangements with other councils as well as maximising use of its own estate.
- the People Working Group has been actively considering emerging trends such as a four-day working week, research on workforces of the future, and changes other organisations are making in relation to workforce due to the pandemic. As a result, officers we spoke to demonstrated good awareness of key challenges and drivers for change in relation to workforce, making specific reference to decarbonisation, digital services, remote working, an ageing workforce, skills shortages, and the as yet unknown long-term impact of COVID-19. The Council is therefore well placed to use this knowledge to inform its new strategies.
- the existing People Strategy demonstrates its alignment with other key Council documents, including its digital, asset and commercial strategies. It also sets out some examples of how it incorporates the sustainable development principle but there is scope to further strengthen this.
- the Strategy should be supported by an annual action plan but the pandemic has interrupted regular updates to the plan. The Council recognises the need to reinstate this process for the new strategy.

The Council is reviewing its structure to manage its workforce and has plans to further develop its workforce planning arrangements and help address skills shortages

15 In reaching this conclusion we found that:

- the Council operates an HR business partner model, with service managers responsible for a range of HR functions such as managing absence and workforce planning, with the support of their HR business partner.
- a People Services hub enables managers to access guidance and information on workforce-related topics and an HR dashboard provides managers with workforce data, such as sickness absence and age profiles of staff.
- senior officers we spoke to had a good understanding of the strengths and weaknesses of current arrangements for managing workforce and have identified areas for improvement. A new dedicated workforce planning role was introduced in April 2022, which aims to strengthen workforce planning and recruitment strategies, including web recruitment. Work is also planned to review and develop the Council's training provision. The Council recognises there is potential duplication of roles between the corporate centre and some services in relation to recruitment and training, and is undertaking work to understand the reasons for this and ensure it achieves the right balance, recognising that this is likely to differ by service area.

- skills shortages are an identified risk. Many of the roles the Council is struggling to recruit to are the result of national shortages, eg technical posts and roles in social services. High property prices and the rurality of the county further exacerbate recruitment challenges in Monmouthshire. The Council has identified the high-risk roles and is exploring ways to address skills shortages including:
 - chairing a regional working group looking at solutions to address recruitment and retention issues in social services;
 - increased use of graduate apprentice roles and developing talent internally;
 - a framework for apprenticeships, internships and cadetship; and
 - recruiting from outside the public sector.
- there are also examples of the Council working with other public sector organisations to help address skills shortages, eg procurement arrangements with Cardiff Council and providing technical estate services to Gwent Police. In addition, the Council is part of the Gwent-based Shared Resource Service, a collaborative information technology service between five public sector partners. There is opportunity for the Council to reflect on whether it is taking a suitably systematic approach to identify where partnership working might benefit the Council, to ensure that it maximises the opportunities of collaboration.
- over recent years, the Council has kept some vacant posts unfilled as part of emergency measures to help manage in-year overspends and cost pressures. This tends to impact posts in the corporate centre rather than front-line services and the Council has recently allocated additional budget to recruit extra staff to deal with backlogs caused by the pandemic, eg in Public Protection. As rising inflation places further pressure on budgets, the Council will need to consider how it can balance its workforce requirements against the need to make savings. The Council recognises this challenge and is reviewing its medium-term financial plans.

Workforce data and trends are reviewed internally and senior officers are well informed of workforce issues, but the pandemic has impacted elected member scrutiny of the People Strategy

16 In reaching this conclusion we found that:

- the People Strategy includes a range of qualitative and quantitative measures to help evaluate and measure progress. Workforce data is also available to managers via a dashboard and the MyView system. Officers told us that SLT and portfolio holders receive regular updates on workforce, and senior officers we spoke to were well informed and knowledgeable on workforce issues.

- but, although members have opportunities to scrutinise workforce performance measures in the corporate plan annual report, more specific and detailed annual reporting on the People Strategy and supporting action plans has been impacted by the pandemic. In developing its new People Strategy, the Council should consider reinstating regular progress reports against the strategy, giving select committee members the opportunity to scrutinise performance.
- the Council uses InfoBase to benchmark its workforce data against that of other local authorities, although we did not see evidence of how this benchmarking is being used. Benchmarking of pay is also undertaken. As with assets, the Council has been actively considering how other organisations are adapting their workforces and ways of working in light of COVID-19, to learn from their experiences and identify what could work or be trialled in Monmouthshire.



Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

This page is intentionally left blank

Monmouthshire Country Council Audit Wales Performance Report - Management Response

Report Title: Springing Forward – Monmouthshire County Council

Issue Date: August 2022

Ref	Recommendation	Management Response	Completion Date	Responsible Officer (s)
R1	<p>Plan</p> <p>In developing its new asset management and workforce strategies, the Council should build on its experience of the pandemic and place the sustainable development principle at the heart of its considerations, and specifically ensure it:</p> <ul style="list-style-type: none"> • takes account of longer-term trends that may affect service provision and the efficient use of assets and workforce. • sets out its intended outcomes over the short, medium and longer term. • takes account of how the strategies impact on the objectives of other organisations in the county and regionally. • takes account of the views and needs of staff, service users and partners. In doing so the Council should seek to understand how, where and when users want to access services post-COVID-19 and how that might influence future asset needs and workforce planning. • collaborates with public sector partners across Gwent to evaluate the potential benefits of developing a strategic long-term approach to a single public estate. 	<p>A new Corporate Plan is being developed which will set updated well-being objectives for the Council.</p> <p>Enabling strategies, the Asset Management Plan and People Strategy, will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan.</p> <p>The development of the Corporate Plan and Asset Management Plan and People Strategy will embed the contribution to the delivery of the seven national well-being goals and the five ways of working of the sustainable development principle (from the Future Generation Act) in its development.</p>	July 2023	Deputy Chief Executive & Chief Officer, People & Governance

Ref	Recommendation	Management Response	Completion Date	Responsible Officer (s)
R2	<p>Do</p> <p>As the Council begins to implement its new strategies, it should seek to build on existing examples of working with partners by developing a more systematic approach to considering opportunities for collaboration.</p>	<p>The Asset Management Plan and People Strategy will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan. This will consider any further opportunities for collaboration or partnership working.</p>	July 2023	Deputy Chief Executive & Chief Officer, People & Governance
R3	<p>Review</p> <p>To support regular scrutiny and decision-making by elected members and help provide assurance over value for money, the Council should ensure that the outcomes set out in its workforce and asset management strategies are supported by SMART performance measures, and that benchmarking is used where appropriate</p>	<p>The Asset Management Plan and People Strategy will be reviewed to ensure they are fit for purpose and support the new policy aims and objectives set out in the revised Corporate Plan.</p> <p>The development of the Asset Management Plan and People Strategy will set the outcomes planned and actions to deliver these. Mechanism to evaluate delivery of these outcomes will be established, including performance measures where relevant.</p>	July 2023	Deputy Chief Executive & Chief Officer, People & Governance

SUBJECT:	Strategic Risk Assessment
MEETING:	Governance and Audit Committee
DATE:	8th September 2022
DIVISIONS/WARDS AFFECTED:	All

1. PURPOSE:

- 1.1 To provide members with an overview of the current strategic risks facing the authority.
- 1.2 To fulfil Governance and Audit Committee's role in providing assurance of the adequacy of the Council's risk management framework, as an important part of the council's corporate governance arrangements.

2. RECOMMENDATIONS:

- 2.1 That members use the risk assessment to consider the effectiveness of the authority's risk management arrangements and the extent to which the strategic risks facing the authority are appropriately captured.
- 2.2 That members scrutinise, on an on-going basis, the risk assessment and responsibility holders to ensure that risk is being appropriately managed.

3. KEY ISSUES:

- 3.1 Governance and Audit Committee has a specific role in providing independent assurance of the adequacy of the council's risk management framework. The committee also has a role in assessing the authority's corporate governance arrangements, of which risk management is an important part. An integral part of the risk management arrangements is the Whole Authority Strategic Risk Register. The strategic risk assessment ensures that:
 - Strategic risks are identified and monitored by the authority
 - Risk controls are appropriate and proportionate
 - Senior managers and elected members systematically review the strategic risks facing the authority.
- 3.2 The Strategic Risk Assessment, in appendix 1, is continually updated based on the latest evidence. This is in line with the council's strategic risk management policy; a summary of this is provided in Appendix 2. The assessment helps ensure strategic risks are identified and assessed robustly, risk controls are put in place that are appropriate and proportionate, and risks are supported by effective activity to ensure, as far as possible, risk reduction/risk management.
- 3.3 Strategic risks covered by the assessment are those which affect the council as a whole. The assessments focus is typically on key risks which could significantly jeopardise the council's ability to achieve its objectives, statutory plans and/or provide operational services as planned. The risk assessment also only covers high and medium level strategic risks. Lower level or operational risks are not registered unless they are projected to escalate within the three years covered. These are managed and monitored through other arrangements, particularly those identified in point 3.4. The strategic risk assessment should continue to focus on medium term risks to service delivery.
- 3.4 The assessment is one part of the council's risk management arrangements. Risk is managed through a variety of processes, for example, through teams' service plans, through Emergency

Management Plans and business continuity arrangements, specific project and programme management arrangements, health and safety procedures and insurance arrangements.

3.5 The strategic risk assessment is a detailed document. There have been several amendments to ensure it accurately manages the current strategic risks facing the Council. The more significant changes, since the register was last presented to Governance and Audit Committee, are:

- Adjustments to the financial risks facing the council, reflecting wider economic and social factors including increasing inflation and the rising cost of living;
- Updates on the pressure in Children's Social Services and shortage of specialist placements for children with complex needs and the pressures in Adult's Social Services due to the recruitment difficulties being reflected nationally, and the exponential growth in demand and complexity of cases;
- The latest assessment of risk on the implementation of the new education curriculum and learners progress in education;
- The impact of the rising cost of living and the potential impact on public service interventions required;
- Risk of the availability, affordability and suitability of housing and accommodation in the county;
- Removal of the risks on a lack of appropriate and effective governance infrastructure in the Council and progression with new regional and collaborative structures;
- De-escalation of the strategic risk to the council on broadband infrastructure. With recognition this still remains a community-based risk in those areas effected and relevant council service areas will still be manging and working to further mitigate the risk in partnership with communities;
- The ongoing risk on the spread of coronavirus being incorporated into associated risk arrangements for continued monitoring.

3.6 To ensure transparency and accountability, information regarding those risks removed from the register can be seen at the end of appendix 1. Updates have been made, where required, to the existing risks, including to the reason why the risk has been identified, the assessed risk level, mitigating actions being undertaken and the progress on these.

3.7 The council continues to operate in a dynamic environment and has controls in place to manage and mitigate, as far as possible, a variety of risks to service delivery. As the risk assessment is a live document, it will evolve as new information comes to light. Therefore, Governance and Audit Committee should take into account that this is the latest position up to the point the agenda was circulated. The council continues to operate in an uncertain and fast changing environment; the strategic risk register will regularly evolve and adapt to identify, assess, manage and mitigate, as far as possible, a variety of risks to council service delivery. The up-to-date register is accessible on the council's intranet so members are able to utilise it at any point in the year to re-prioritise their work plans as appropriate.

3.8 In line with the Well-being of Future Generations Act, identification and mitigation of longer-term risks that will impact on well-being at a community level but will have a lesser impact on the medium-term delivery of council services, is an area for continued development. Through working with the Public Service Board, we are developing our understanding of future risks and opportunities and how we respond to them in Monmouthshire. The Monmouthshire well-being assessment, which has been updated in 2022, identifies a number of issues that pose a challenge or opportunity for well-being in the county.

3.9 The Strategic Risk Register will also be presented to Performance & Overview Scrutiny Committee in October 2022, who are also arranging a workshop to use the risk register to inform the committees forward work programme.

4. REASONS:

4.1 To provide timely, relevant information on strategic risks as part of the performance management framework for ensuring the authority is well run and able to contribute to achieving the Council's purpose.

5. AUTHOR:

Richard Jones, Performance Manager
E-mail: richardjones@monmouthshire.gov.uk
Telephone: 01633 740733

Appendix 1: Monmouthshire County Council Whole Authority Strategic Risk Assessment – September 2022

Ref	Potential Risk	Risk Level – Pre mitigation	Risk Level – Post mitigation
Risks to resources			
1	The authority does not have clearly articulated organisational priorities informing a sustainable delivery model	2022/23 – Medium 2023/24 – Medium 2024/25 – Medium	2022/23 – Medium 2023/24 – Low 2024/25 – Low
2	Some services may become financially unsustainable in the short to medium term due to increasing demand and continuing financial pressures	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – High 2024/25 – High
3	The authority is unable to deliver its political priorities or maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – Medium 2023/24 – High 2024/25 – High
4	Relatively high age profile, a global skills shortage and wage inflation will impact recruitment, retainment and workforce planning and affect the delivery of Council services	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – Medium 2024/25 – Medium
5	Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – Medium 2023/24 – Medium 2024/25 – Medium
Risks to service delivery			
6	Significant harm to children or adults may occur due to a failure of safeguarding arrangements	2022/23 – Medium 2023/24 – Medium 2024/25 – Medium	2022/23 – Medium 2023/24 – Medium 2024/25 – Medium
7	Risk of harm if we are unable to enact our corporate parenting responsibilities to some children in our care as result of an increase in demand and complexity of cases	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – High 2024/25 – High
8	Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to an increase in demand and complexity of cases	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – High 2024/25 – High
9	Failure to implement the new national curriculum and other reforms alongside strong delivery of teaching and examinations following disruptions during the pandemic meaning that some children, including vulnerable learners, are unable able to achieve their full potential.	2022/23 – Medium 2023/24 – Medium 2024/25 – Medium	2022/23 – Medium 2023/24 – Medium 2024/25 – Low
Risks to policy priorities			
10	Delays to the adoption of a replacement LDP inhibits our ability to take forward key policy objectives such as job creation and affordable housing development	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – High 2024/25 – High
11	The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 due to the scale and complexity of the challenge	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – High 2024/25 – High
12	The rising cost of living could tip some families into crisis requiring public service interventions which diverts resources from other policy priorities	2022/23 – High 2023/24 – High 2024/25 – High	2022/23 – High 2023/24 – High 2024/25 – Medium
13	Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market	2022/23 – High 2023/24 – High 2024/25 – Medium	2022/23 – High 2023/24 – High 2024/25 – Medium

Risks to resources

Ref & Status	1	Risk	Potential Risk that: The authority does not have clearly articulated organisational priorities informing a sustainable delivery model				
Risk Owner and cabinet Member responsible		Paul Matthews & Cllr Mary-Ann Brocklesby	Scrutiny Committee	All	Strategic objective	All	
Reason why Identified							
<p>The Well-being of Future Generations Act requires us to plan on a decadal and generational basis. The authority is presently updating its medium-term Corporate Plan following the election of a new Council and aligning with the aspirations of the new administration. This will inform the development of a medium-term financial plan. The publication of three-year indicative budget settlements will aide this process but higher levels of inflation and pay awards above present assumptions make planning for the longer term difficult. A replacement Local Development Plan is currently being developed and other medium-term strategies such as the Climate Emergency Strategy will be updated. The global outlook has changed the world considerably since 2020, and we must consider the longer-term impact on future generations, and plan for these accordingly. The council’s key strategies to enable the delivery of our Corporate Plan must be updated to reflect new and emerging priorities.</p> <p>The authority is likely to face significant budget pressures as the UK Government begins to repay the debt accrued to meet the costs of the pandemic. Alongside this, it is expected that the NHS will continue to consume an increasing proportion of public sector expenditure. Both adult and children’s social care are facing acute pressures with escalating demand, increasing complexity and workforce shortages all contributing. While there is pressure to free-up hospital beds, the care system does not have the capacity to accommodate this, meaning that more resources will be drawn into these acute settings.</p> <p>These issues are compounded by workforce shortages and low levels of pay compared to other sectors. In Monmouthshire, high property prices make it difficult for staff to remain in or relocate to the area.</p> <p>Housing shortages are contributing to increasing levels of homelessness with limited affordable accommodation to meet the 2,400 applicants registered as in need on the Housing Register. This is compounded by the National Development Framework, which will limit the development of housing that is affordable for the key workers of the future. Limited housing growth will also have an impact on future council tax receipts, which the county is dependent on as it receives the lowest settlement of any local authority in Wales meaning that more must come from council tax or commercial income streams. The funding formula does not take adequate account of the relative higher costs of providing services in rural areas where public services cannot be easily centralised to generate economies of scale.</p> <p>An additional challenge that poses a threat to the long-term viability is climate change with increasing frequency of adverse weather events. The county of Monmouthshire has one of the highest carbon footprints in Wales with an older housing stock, which will be costly to decarbonise. The geography also means that decarbonising council operations will be more challenging than in urban areas.</p>							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Possible	Major	Medium	2022/23	Possible	Major	Medium
2023/24	Possible	Major	Medium	2023/24	Unlikely	Major	Low
2024/25	Possible	Major	Medium	2024/25	Unlikely	Major	Low
Mitigating Actions							
Mitigating Action		Responsibility Holder	Timescale	Mitigation action progress			
Develop a new Community and Corporate Plan to reflect a new financial reality and the response needed to changing issues of well-being in the county.		Strategic Leadership Team	Ongoing	<p>The first council ‘self-assessment’ under the Local Government and Elections (Wales) 2021 Act is due to be presented at full Council in September. This will be used to help shape the future direction of the new administration, which will be captured in the new Corporate Plan, due later this year. It will have a focus on the difficult financial situation all local authorities will inevitably find themselves in following the pandemic.</p> <p>To provide clarity and ensure accountability through our response to the coronavirus pandemic, a set of strategic aims were set. The most recent strategic aims contained within the ‘Looking Ahead, Delivering Now; Our Strategy to Summer 2022’ focused on delivering services that addressed the ongoing challenges of Covid-19 and progressing a range of priority areas including decarbonisation, well-being, enterprise and active and healthy lifestyle for our residents and visitors.</p>			
Engage with communities to understand challenges and opportunities from their perspective including participation of residents and service users		Strategic Leadership Team	March 2023	<p>The Council has undertaken a range of assessment and research to understand well-being in the county including the well-being assessment, population needs assessment, and research for the Replacement Local Development Plan (RLDP). These will be uses to inform the new Community and Corporate plan alongside information generated by cross-party working groups held in July and August.</p>			

			The contemporary policy challenges that we need to meet, working with our communities, are complex and evolving. These include transitioning to net zero, tackling the determinants of health inequality, making sure our children do well, and social care reform. We need to ensure that our understanding of these in the county remains up-to-date and current to inform our priorities. There is a need to develop our thinking and ideas as we plan for the longer term. The involvement and participation of and engagement with Monmouthshire's community groups, public service partners, service users and residents will be strengthened to help further understand experiences in the County, and to ensure programmes are bold and ambitious.
Strengthen medium to long term strategic financial planning as part of the Medium-Term Financial Plan and adapt to reflect the global uncertainty on public finances.	Deputy CEX/Chief Officer, Resources	September 2022	<p>The Council's medium-term financial planning had been severely disrupted by the impact of the Coronavirus pandemic on the finances and the prognosis is still of real concern. A well-established budget setting process has enabled Council to agree a budget for 2022/23. Controls are in place to monitor the budget position through the year and take action to produce a balanced budget. For 2021/22, the Council has delivered a positive revenue outturn of £5.62m, which has been brought about significantly by specific Welsh Government grant funding. This in turn has allowed for a transfer to earmarked reserves of £4m that will allow for additional reserve cover to deal with budgetary risks in 2022/23 and beyond.</p> <p>Medium term financial planning is being developed to reflect as far as possible realistic and accurate funding requirements, to allow a structured and planned approach to service delivery in the medium term, in line with corporate priorities. This will need to consider a range of factors including the wider and longer lasting indirect impact of the pandemic on Council services, particularly in the areas of Homelessness, Children's services, Adult social care and Children's additional learning needs, along with wider economic and social factors including increasing inflation and the rising cost of living.</p>
Review and update enabling strategies following the adoption of a new Community and Corporate Plan and learning from the pandemic to ensure alignment of resources with the organisations policy priorities.	Deputy CEX/Chief Officer, Resources	April 2023	There will be a review of enabling strategies to ensure they are fit for purpose and support the new policy aims and objectives set out in the Community and Corporate Plan.

Ref & Status	2	Risk	Potential Risk that: Some services may become financially unsustainable in the short to medium term due to increasing demand and continuing financial pressures			
Risk Owner and cabinet Member responsible	Peter Davies and Cllr Rachel Garrick	Scrutiny Committee	All	Strategic objective	All	
Reason why Identified						
<p>After several years of taking significant resource out of the budget, the means of achieving further savings is increasingly more challenging. Pressures on the budget have remained and continue to increase in terms of demographic growth, demand on services and expectations, and pay and pension increases. Specific areas with pressures include children with additional learning needs, children's services and specifically looked after children, adult social care, homelessness passenger transport and MonLife activities.</p> <p>During 2021/22, the council delivered a positive revenue outturn of £5.62m, which has been brought about by specific additional Welsh Government grant funding, a significant element of which was received late in the financial year. This in turn has allowed for a transfer to earmarked reserves of £4m that will allow for additional reserve cover to deal with budgetary risks in 2022/23 and beyond. Whilst the final outturn position is welcomed, there remain areas of significant and growing concern and risk going forward, especially in light of the wider challenging economic climate which is driving inflation and an overarching cost of living crisis. Some services continue to face significant demand led pressures, some continue to operate at below pre-pandemic levels, whilst other services continued to have a level of significant reliance on Welsh Government Hardship funding which has now ended. Whilst ongoing plans are in place to deliver services within budget during 2022/23 it is highly likely that considerable levels of mitigation will be required as the Council progresses through the year. Significant budget recovery action is anticipated and will be signalled by the month 4 budget monitoring to be considered by Cabinet in early October.</p> <p>As well as the direct effects of the covid pandemic the wider and longer lasting impact on services needs to be continually planned for, such as on homelessness, Children's Services and Adult Social Care, along with wider economic and social factors including increasing inflation and the rising cost of living.</p> <p>The pandemic has significantly affected the council's medium-term financial planning. This needs to be developed, reflecting realistic and accurate funding requirements, to allow a structured and planned approach to service delivery in the medium term, in line with corporate priorities. The in-year challenge in 2022/23 will ultimately continue and exacerbate itself without significant corrective action in 2023/24 without notable further increases in Welsh Government funding and which are equally dependent on UK Government spending decisions as part of any future emergency or Autumn budget. The Council has a legal duty to set a balanced budget and therefore any budget shortfalls will need to be met through a combination of pressures being mitigated, additional savings and income or reserve contributions. This will be particularly challenging set against the backdrop of a Corporate and Community Plan being finalised by the new administration.</p>						

There is not a consistent picture of schools' balances. There has been a fluctuating trend with some schools showing a continuing reduction in schools balances, which is of concern, and others a more stable trend. However, grants awarded to schools at 2020/21- and 2021/22-year ends have resulted in a large increase in overall school balances. Schools have developed investment plans and the balances are expected to reduce during 2022-23. The increase in school balances has resulted in a reduction in the number of schools in deficit. Inherent structural budget deficits that led to a situation of 17 schools being in deficit prior to the pandemic may in certain cases still remain, and the Authority will look to work with those schools in particular to look to develop a sustainable medium term budget structure irrespective of the additional Welsh Government funding received.

Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Likely	Major	High
2023/24	Likely	Major	High	2023/24	Likely	Major	High
2024/25	Likely	Major	High	2024/25	Likely	Major	High

Mitigating Actions

Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress
Ensure that services deliver within budget, deliver savings targets and continue to identify, review and challenge pressures.	Deputy CEX/Chief Officer, Resources	March 2023	<p>The overall 2021/22 revenue outturn position, prior to contributions to earmarked reserves, of £5.621m surplus was brought about by numerous factors impacting services and financing budgets during the year in particular Welsh Government Grant funding. This has allowed for a transfer to earmarked reserves of £4m that will allow for additional reserve cover to deal with budgetary risks in 2022/23 and beyond.</p> <p>The overall outturn position was supported by £1.57m of identified eligible expenditure to be funded from capital receipts under the flexible use of capital receipts directive. Reliance on these mitigations is a short-term measure only and is clearly not sustainable over the medium term, though its use will now potentially need to be reconsidered as a result of the financial outlook in year and in 23/24.</p> <p>The continuing level of staff vacancies being carried in the establishment is not considered to be sustainable position in the medium term, and services across the Authority report that active recruitment is ongoing to mitigate the ongoing impact and pressure this is having upon service delivery.</p> <p>The 2021/22 budget was set based on the requirement for £4.7m of mandated savings to be achieved by service areas. Given the challenging operating environment that services have performed under during 2021/22, services still achieved 93% of their budgeted savings.</p> <p>Whilst the final outturn position is welcomed, there remain areas of significant concern and risk going forward, especially in light of the wider challenging economic climate. Some services continue to face significant demand led pressures, some continue to operate at below pre-pandemic levels, whilst other services continued to have a level of significant reliance on Welsh Government Hardship funding which has now ended. Whilst ongoing plans are in place to deliver services within budget during 2022/23 it is highly likely that considerable levels of mitigation will be required as the Council progresses through the year.</p>
Develop a set of budget proposals for 2023/24	Deputy CEX/Chief Officer, Resources	March 2023	The 2023/24 provisional settlement will be received in late December. The Corporate and Community Plan will be developed prior to this and consulted upon to determine the direction and priorities of the new administration. Early predicted pressures include non-pay inflation, service demand pressures in social care and homelessness, increasing wage demands and rising energy costs.
Strengthen medium to long term strategic financial planning as part of the Medium-term financial plan, that is based on realistic evidence and planned scenarios, to guide our budget setting in line with agreed strategic objectives and responsiveness to challenges, such as the cost-of-living.	Deputy CEX/Chief Officer, Resources	March 2023	<p>There remains significant latent and complex demands as a result of the Covid-19 pandemic, and some of these impacts will take a significant period of time to unwind and the Council will therefore continue to engage in careful discussions with Welsh Government around the management of this in the medium term.</p> <p>Welsh Government has helpfully provided indicative funding settlements on an all-Wales basis of 3.4% and 2.5% respectively for 2023/24 and 2024/25. Whilst this provides a degree of funding certainty over the medium term, when coupled with the impact of the wider economic environment, pandemic recovery and taking into account the current demand led pressures on services, it is clear that future budget rounds will continue be very challenging. Maintaining a sustainable level of reserve cover alongside targeted and effective reserve investment will ensure a degree of ongoing financial resilience to the Council.</p>

			The development of the Corporate and Community Plan will inform and influence a full update of the Medium-Term Financial Strategy and Plan later in 2022 and part of the preparations leading into the 2023/24 budget process. This comprehensive update will include an ongoing assessment of pressures, risks and modelling assumptions. As well as savings proposals and options that together with a robust and updated capital receipts and reserves strategy enables the Council's finances to be put on a sustainable footing.
Develop and implement a commercial strategy aligned to the Community and Corporate Plan	Deputy CEX/Chief Officer, Resources	Timescales as per strategy	<p>The Council has developed and is implementing a Commercial Strategy, which has generated income to support services and developed an approach to commercialising assets and creating a commercial culture and ethos. The strategy needs to be reviewed to align with the new Corporate and Community Plan, to assess progress and set the strategic focus.</p> <p>In 2021/22, the investment properties generated an actual outturn of £614,882, which is on target. The council has continually assessed its commercial risk appetite and exposure, and the updates are issued to the Investment Committee on investment performance and mitigating action being taken. We have adjusted our commercial risk appetite to take account of the pandemic and uncertainties in the investment and property markets at this time. Going forward, we will need to focus on a commercial approach being taken to enable the policy aims and ambitions of the Council to be delivered.</p>
Progress the Delegation Agreement with Cardiff Council, for the discharge and provision of council strategic and operational procurement services	Head of Enterprise and Community Animation	Timescales as per strategy	The authority has entered into a collaboration with Cardiff Council, for mutual benefit, in the discharge and provision of the council's procurement services. The arrangements provide increased capacity and expertise to strengthen the council's procurement arrangements, such as in the use of data, to lead to better informed business decisions and business alignment. The effectiveness and impact of the arrangements will need to be assessed on an ongoing basis.
Continue to work closely with schools to ensure their financial plans are as robust as possible to minimise any impact, whilst continuing to improve standards for our young people.	Finance Manager – Children & Young People	Ongoing	<p>Schools have continued to benefit from Welsh Government hardship funding of £1.047m during the year to compensate for additional general Covid costs incurred (e.g. PPE, staff cover due to self-isolation, enhanced cleaning) and income lost. From a financial perspective, 2021/22 continued to see schools receive several significant Welsh Government grants to support them and their pupils during a period of continued disruption to learning and recovery from the impact of the pandemic on schools. This has resulted in all but one of the schools carrying forward a surplus balance into the 2022/23 financial year and an overall further improvement in Schools reserve balances of £3.5m</p> <p>The Authority continues to require schools carrying significant surplus balances that were above levels guided by Welsh Government (£50k for a Primary, £100k for a Secondary) to provide investment plans setting out how they intend to spend the significant balances being held. These plans are assessed regularly and inform the budget monitoring process.</p> <p>It is clear that the inherent structural budget deficits that led to a situation of 17 schools being in deficit prior to the pandemic may in certain cases still remain, and the Authority will look to work with those schools in particular to look to develop a sustainable medium term budget structure irrespective of the additional Welsh Government funding received. It is expected that the additional funding made available to those schools will allow a period of transition and as to allow those underlying budgetary issues to be rectified without impacting on educational standards.</p>

Ref & Status	3	Risk	Potential Risk that: The authority is unable to deliver its political priorities or maintain key infrastructure and meet other identified pressures due to insufficient capital funding availability			
Risk Owner and cabinet Member responsible	Peter Davies & Cllr Rachel Garrick	Scrutiny Committee	Performance and Overview Scrutiny Committee	Strategic objective	All	
Reason why Identified						
Underlying the Capital Strategy is the recognition that the financial resources available to meet council priorities are constrained by the level of one-off reserves and capital receipts that the Council holds and the level of capital grant funding from Welsh Government and other funding bodies, and the extent to which the Council is able to entertain further prudential borrowing. The core capital programme has been impacted in recent years in order to enable the Band A new schools programme to be funded, which has now successfully concluded. Subsequent to a Council decision having been secured in June the 3-19 school in Abergavenny is now progressing into contract and into its construction phase, supported under the Welsh Government Band B programme.						

There remain a considerable number of pressures that sit outside any potential to fund them within the Capital MTFP, and this has significant risk associated with it. These include property and highways infrastructure, DDA work, and public rights of way. In addition to this, there are various schemes/proposals (e.g. Monlife, tranche C Future schools, climate emergency response, any enhanced DFG spending etc.) that could also have a capital consequence, but in advance of quantifying those or having Member consideration of these items, they are also excluded from current capital MTFP. In the event of emergency pressures, resources will have to be diverted. Projects, such as the Cardiff Capital Region City Deal, also require significant capital investment to realise the outcomes.

The timing of capital receipts always remains uncertain due to market conditions. Future investment in capital schemes is in part dependent on future success of achieving capital receipts and there are risks attached to some receipts materialising. There is a risk associated with relying on the use of capital receipts in the same year that they come into the council and the potential for this to have significant revenue pressures should receipts be delayed and temporary borrowing be required. Significant further capital receipts are now not forecast and until such time as the outcome of the Replacement LDP is known and for which the Council has put forward a number of strategic sites in its ownership.

Since entering 2020, the council has faced significant and unprecedented challenges, notably the flood response and recovery resulting from Storms Ciara and Dennis in February 2020, and the subsequent Covid-19 pandemic and the impact of the lockdown restrictions that were put into effect. As well as the direct effects of the covid pandemic the wider economic and social factors including increasing inflation and the rising cost of living needs to be continually planned for, such as price inflation on building materials and digital hardware and delays due to increased demand. This could have an impact on the scope of planned maintenance work, should the price increases continue, and this is being monitored by officers in partnership with other agencies.

Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Possible	Major	Medium
2023/24	Likely	Major	High	2023/24	Likely	Major	High
2024/25	Likely	Major	High	2024/25	Likely	Major	High
Mitigating Actions							
Mitigating Action		Responsibility Holder	Timescale	Mitigation action progress			
Regularly review assumptions as part of the capital MTFP taking account of any new information that is relevant and the consequential impact on the revenue MTFP.		Deputy CEX/Chief Officer, Resources	ongoing	<p>An updated capital budget strategy was approved by Council, alongside the treasury strategy, in March 2022. In preparing the draft capital budget proposals for 2022/23, and the subsequent three years of the capital MTFP, regard was given to the underlying principles of the previous strategy that remained fit for purpose.</p> <p>Final capital budget proposals, along with proposed changes following consultation, were presented to Cabinet and Council in March 2022. The current climate of financial constraints and a continued Medium Term Financial Projection (MTFP) revenue budget gap, means that expenditure on capital needs to remain within affordable limits. Demand for capital resources remains high and therefore inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners remain key to meeting this demand. Within the context of significant demands for capital resources and limited availability, there is the need to develop our use of the various strategic plans across the organisation which drive the need for capital investment and develop alternative strategies to meet demand, so the Councils own capital programme is prioritised within an affordable framework. This will include clearer and corporate visibility and assessment of demand for schools, highways and other operational assets.</p>			
Continue to monitor the Capital budget		Deputy CEX/Chief Officer, Resources	Ongoing	<p>The capital expenditure outturn in 2021/22 shows a net under spend of £1.139m against budget. Capital slippage for 21/22 totals £68.558m. The vast majority of the slippage requests are due in some degree to the delays encountered relating to the impact of Covid-19 and was very much outside of the control of the Authority, with two schemes (Asset Investment Fund and Abergavenny 3-19 School) accounting for two thirds of the total slippage.</p> <p>The impact of Covid-19 on the capital programme has varied and has very much been dependent on the nature of the works being undertaken. Following initial delays on schemes during periods of operating restrictions, contractors adapted to revised working arrangements, although the wider indirect impacts of cost inflation and supply chain issues continue to present a challenge to project delivery. Some of these issues will be temporary, however it still remains unclear whether certain increases in cost inflation will be sustained over the medium term. Building materials have seen a considerable price inflation, as well as those required for digital hardware. Demand is also resulting in problems associated with production capacity for digital equipment, causing delays of up to six months on standard laptops, mobile devices and computer consumable. Council Finance Officers are working with the Capital and Asset Management Working Group to understand the implications such that the effects and associated risks are reflected in in-year capital budget monitoring and in the draft capital budgets proposals and MTFP.</p>			

			Whilst overall capital receipts balances at out turn 2021/22 on the face of it are healthy, there remains the risk that forecast receipts receivable for 2023/24 onwards are at comparatively low levels, and combined with the fact that receipts are continuing to be used to subsidise the revenue budget through capitalisation direction means that the scope for further capital investment funded via receipts will be limited.
Further refinement of priority assessments in the property and infrastructure budgets to ensure all pressures have been considered and ranked.	Head of Commercial and Integrated Landlord Services & Head of Placemaking, Housing, Highways and Flood	Ongoing	<p>A programme of property condition surveys are currently being undertaken by external consultants; these will be used to inform prioritisation of capital maintenance spend. A programme of Health and safety surveys is currently being commissioned. Independent condition assessments of key highways infrastructure are completed as required depending on condition. These inform prioritisation of available capital budget.</p> <p>A review of the pressures and associated risks is being undertaken to inform the capital budget process. A previous review in 20/21 had concluded that further feasibility studies and technical assessments needed to be undertaken on specific infrastructure assets, funded from existing highways infrastructure capital budgets. The results of these studies and assessments will inform the capital MTFP and pressures that will need to be accommodated and funded therein in future financial years. The Capital and Asset Management Working Group will review this feed into the budget process for next year and across the MTFP. In tandem with this, the Capital and Asset Management working group will investigate the impact of significant construction price inflation on materials such as steel, wood, plaster, etc.</p>
Deliver the Asset Management Plan to manage the Council's land and property portfolio	Head of Commercial and Integrated Landlord Services	Timescales as per plan	The Asset Management strategy is being implemented and actions from the plan have been integrated into the relevant business plans for ongoing monitoring and progress reporting. The strategy will be updated in 2023, and subsequent to the Corporate and Community Plan having been approved by Council, and which will provide a good opportunity to review progress and the strategic focus and priorities going forward. This will also consider the findings from the Audit Wales Springing forward review on asset management.
Help sustain Council Services and enhance the asset base by investing in commercial property assets in order to increase the net rental income stream for the Council in line with the asset investment policy	Head of Commercial and Integrated Landlord Services	Ongoing – see Asset Management strategy	<p>As part of the delivery of the Corporate and Community Plan, a Commercial Strategy has been developed, which seeks to enhance income generation, develop an approach to commercialising assets and create a commercial culture and ethos. The strategy has a short-, medium- and long-term view and aims to provide a framework, with defined objectives, for new commercial projects and for the delivery of future commercial activity.</p> <p>The council has continually assessed its commercial risk appetite and exposure, and the updates are issued to the Investment Committee on investment performance and mitigating action being taken. The commercial risk appetite has been adjusted in light of the current pandemic and uncertainties in the investment and property market at this time. Going forward, we will need to focus on a commercial approach being taken to enable the policy aims and ambitions of the council to be delivered.</p>

Ref & Status	4	Risk	Potential Risk that: Relatively high age profile, a global skills shortage and wage inflation will impact recruitment, retainment and workforce planning and affect the delivery of Council services				
Risk Owner and cabinet Member responsible	Matt Phillips & Cllr Rachel Garrick	Scrutiny Committee	Performance and Overview Scrutiny Committee	Strategic objective	All		
Reason why Identified							
There is a global skills shortage, and the impact is being felt in several sectors that Monmouthshire County Council is either a part of or competes with for talent. Some services have identified challenges with recruitment; Social Care, Operations and Facilities are all facing difficulties, which is affecting service provision. Driver shortages are affecting transport, with some contractors withdrawing from home to school contracts. In addition to this, the average age of staff in the council is 48 and the most common age is 55 creating workforce planning challenges.							
There is a continuing risk that staff well-being could be impacted by a range of factors from work related pressures such as staff in some areas are facing considerably increased workloads to meet increasing demand, to personal home-based factors such as financial strains due to the rising of cost of living.							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Almost certain	Major	High	2022/23	Likely	Major	High
2023/24	Almost certain	Major	High	2023/24	Possible	Major	Medium
2024/25	Almost certain	Major	High	2024/25	Possible	Major	Medium

Mitigating Actions			
Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress
Recruit and retain staff more effectively	Chief Officer, People and Governance	Ongoing	<p>Recruitment issues are being reflected nationally within some sectors, and the council is not exempt from this. Positions within Social Care, Operations and Facilities, for example, are seeing a dramatic reduction in applicants, and this is impacting on service provision. Solutions for the national recruitment issues do not sit solely with local authorities, and some factors affecting the availability of staff sit with government. However, HR and managers within the council are working together to try to reduce the recruitment problem and determine ways of lessening its impact on services.</p> <p>The People team have put arrangements in place to strengthen recruitment procedures, such as adapting the recruitment process, whilst still maintaining safeguarding and safety requirements, promotion of opportunities and recruitment of graduates, apprentices and work experience. This has led to successful recruitment campaigns in some service areas. The Communications Team are promoting positions in a variety of ways to reach a broader audience, using drives such as 'Job of the Week'. The weekly Leaders Q&A sessions are encouraging discussion between service areas to promote networking and sharing ideas.</p> <p>Recruitment arrangements need development to meet remaining challenges. An e-recruitment system has been procured and implementation will commence in Autumn 2022 to support the development of recruitment as a genuine talent acquisition process. This will benefit recruiting managers who want speed, simplicity and agility.</p> <p>HR staff sit on various local government groups and are collaborating with partner organisations to identify commonalities and information sharing. This is being fed into Welsh Government to inform their decision-making and to influence their response to the issue.</p>
Develop the support mechanisms to support staff wellbeing	Head of HR	Ongoing	<p>The Digital 'Cwtch' continues, although less frequently, along with a weekly People Leaders Q&A session. HR has developed a People Leaders Support Site which enables 'live' discussion/news feed, enabling direct support and a shared learning platform for managers and head-teachers. The SUPPORTALL HUB portal allows colleagues to access information directly from any device on a range of subjects and includes an extensive range of FAQ documents on all people management related topics.</p> <p>Staff well-being is affected by a range of factors, including additional work pressure and demand, personal factors and societal factors. Learning from, and building on, arrangements from the pandemic, staff well-being needs continual support. The use of networks and communication digitally, surveys and feedback loops to senior managers, has extended the reach of contact with the workforce. This has also created the conditions for a wider system of self-supportive networks sharing practice, ideas and support.</p> <p>Cost of living is a live issue and there has been work progressed to identify the best way of addressing this on top of the considerable amount of information and advice that has been made available throughout the summer in 2022. A report to Cabinet is due in September 2022.</p>
Embed workforce planning into team management processes to ensure the right skills, expertise and knowledge are available for future changes	Chief Officer, People and Governance	Ongoing	<p>The ability of the organisation to plan the workforce it needs to meet current and future demands, and to implement this, requires development, especially given recruitment and national skill challenges. A team with a specific focus on workforce planning and development in the Council has been established, incorporating recruitment, retention, Apprenticeship, Graduate and Internship and training. The team is working with service areas to strengthen workforce planning arrangements. A new people strategy will be developed taking account of the latest evidence. This will also consider the findings from the Audit Wales Springing forward review on workforce.</p> <p>The development and retention of existing staff is an essential component of workforce planning. A learning management system has been procured and is in the early stages of implementation.</p>
Adopt a qualitative approach to ensuring professional development, wellbeing and information flow is taking place for those that want or need it	HR Manager	Ongoing	<p>The staff appraisal process, Check In-Check Out, needs to evolve to meet the varying needs of the organisation based on learning that a one-size-fits-all approach is not effective for the varying services the council delivers.</p>

			Arrangements are being developed to ensure there is meaningful staff/line manager engagement and communication by right. Colleagues need to be given the 'right' to seek meaningful 1-1s on a regular basis, and there needs to be a focus on improving the skills of line managers to enable a variety of different approaches to the process so that performance development is realistically achieved. There is also a need to ensure feedback loops are in place to evaluate whether this is happening effectively, and to determine if they are informed by other enabling arrangements such as Service Business Plans, and staff training and development needs.
--	--	--	--

Ref & Status	5	Risk	Potential Risk that: Loss or corruption of data due to cyber-attack or data mismanagement, which will compromise the delivery of essential council services				
Risk Owner and cabinet Member responsible	Sian Hayward and Cllr Rachel Garrick	Scrutiny Committee	Performance and Overview Scrutiny Committee	Strategic objective	All		
Reason why Identified							
There have been a number of high-profile cases across both public and private organisations where cyber-attacks and data breaches have compromised service delivery and financial loss. These attacks occur due to insecure infrastructure or staff who are not cyber literate and may inadvertently introduce attacks through their personal actions. Cyber security can also be compromised through a lack of structured governance arrangements, risk assessments and planning.							
Digital working has increased in the last two years bringing an increase in the potential for loss of data through cyber incidents.							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Possible	Major	Medium
2023/24	Likely	Major	High	2023/24	Possible	Major	Medium
2024/25	Likely	Major	High	2024/25	Possible	Major	Medium
Mitigating Actions							
Mitigating Action		Responsibility Holder	Timescale	Mitigation action progress			
Ensure robust arrangements are in place to safeguard the organisation's data and systems from cyber-attack		Cyber security service	Ongoing	The Council recognises that total elimination of cyber-attack is not possible, but we will ensure robust arrangements are in place to safeguard data and systems from cyber-attack via: Physical barriers to the network, staff awareness, training and culture and structured governance, risk analysis and business continuity planning. Significant investments in ICT infrastructure and software have been undertaken, which will mitigate against the likelihood of a cyber-attack. An operational risk register, which is exempt from publication under the Data Protection Act, is maintained by the Information Security Team, the SRS Security Team and MCC.			

Risks to service delivery

Ref & Status	6	Risk	Potential Risk that: Significant harm to children or adults may occur due to a failure of safeguarding arrangements			
Risk Owner and cabinet Member responsible	Will Mclean & Jane Rodgers, Cllr Tudor Thomas	Scrutiny Committee	People Scrutiny Committee	Strategic objective	The best possible start in life Lifelong well-being	
Reason why Identified						
Safeguarding vulnerable people requires a consistent focus to be maintained across the council and its partners in order to both prevent and reduce the likelihood of harm to vulnerable individuals; and to respond effectively to reduce risks if harm occurs.						
The upward trend in demand within children's and adult's services including early help, puts services under pressure creating an increased risk that safeguarding responses will be compromised. The on-going consequences of the pandemic and the current economic and social pressures on families generates further pressure within the social care and health system with more complex presentations and increased vulnerability within communities.						
There is a national shortage of capacity in the social care workforce, which alongside of increased demand pressure, impacts on the council's ability to conduct safeguarding enquires and protect children and adults who are at risk.						

Care Inspectorate Wales (CIW) also conducted an assurance check in February 2021 and reported broadly positive findings under the four principles of the Social Services and Well-being (Wales) Act 2014: People – Voice and Control, Prevention, Well-being, Partnerships and Integration. Our senior leaders have commenced work on scoping the future needs of the community and are continuing to work collaboratively with partners to build and support community resilience.

A further CIW Performance Evaluation Inspection of Adults social services was undertaken in July 2022, which includes performance of Adults Safeguarding. This found that *“The local authority responds to immediate safeguarding concerns. Through reading social care records, we saw evidence of professionals in the safeguarding team working effectively with colleagues from the local health board and the police, as well as wider local authority teams, to protect adults at risk”*. Areas for improvement included further work to embed the threshold for safeguarding concerns and to ensure that statutory timescales for undertaken enquiries are met.

Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Possible	Major	Medium	2022/23	Possible	Major	Medium
2023/24	Possible	Major	Medium	2023/24	Possible	Major	Medium
2024/25	Possible	Major	Medium	2024/25	Possible	Major	Medium

Mitigating Actions			
Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress
Continually monitor and evaluate safeguarding processes and practice and ensure good accountability for safeguarding. Ensure that where actions are identified from self-evaluation processes that these are implemented.	Safeguarding & quality assurance service manager	Ongoing	<p>Progress against the council’s safeguarding priorities is evaluated annually and the priorities reflect the cornerstones for keeping people safe in Monmouthshire, as set out in the Corporate Safeguarding Policy.</p> <p>The Annual Safeguarding Evaluation Report was presented to Council on 4th November 2021 and is based on activity and information from April 2020 to March 2021. An updated evaluation for April 2021 to March 2022 is being undertaken and will be presented to Council in October 2022. This evaluation report forms an integral part of the improvement of safeguarding practice across the Council and drives the work of the Whole Authority Safeguarding Group.</p> <p>A safeguarding ‘self-assessment’ is undertaken on a two-year rolling programme, on a directorate basis via the Safeguarding Assessment Framework for Evaluation (SAFE). The key development has seen directorates sharing the outcomes of their SAFEs through a work-shop approach, using real case studies from their service areas to demonstrate safeguarding in action.</p>
Drive the strategic agenda and the associated programme of activities for safeguarding through the Whole Authority Safeguarding Group (WASG).	Chief Officer, Social Care, Health & Safeguarding	Ongoing	The Whole Authority Safeguarding Group (WASG) meets 6-weekly, chaired by the Statutory Director (Chief Officer). Every directorate has a representative on the group, and minutes are retained for each meeting. The WASG continues to provide leadership, direction, oversight, support and challenge to strengthen safeguarding activity in the Council.
Ensure that robust systems are in place within the authority to respond to any concerns regarding child protection and protection of adults at risk.	Chief Officer, Social Care, Health & Safeguarding	Ongoing	<p>The continued upward trend in demand within both children’s and adult’s services puts services under immense pressure. Children’s services remain committed to promoting good practice around child protection and safeguarding through an on-going programme of service and practice development. Family support services across all tiers of need and vulnerability have been significantly increased and there is a good level of stability within the workforce and leadership.</p> <p>Adult safeguarding referrals remain in an upward trend. CIW carried out an assurance check in February 2021, and the report specifically identified positive working practices within the safeguarding arena. They did, however, identify some areas for improvement, specifically in relation to the number of adult safeguarding enquiries completed within seven days, and improved management oversight in the adult safeguarding records viewed. The CIW Performance Evaluation undertaken in July 2022 found that there has been an increase in the proportion of adults safeguarding enquiries completed in seven days during 2021/22, but that further improvement in timeliness is needed.</p> <p>The outcomes from the inspection report related to Adult safeguarding arrangements will be addressed and monitored via an action plan. CIW will monitor progress through its ongoing performance review activity with the local authority.</p>
As a statutory partner of the regional safeguarding boards, continue to work with other statutory partners to ensure that there are effective multi-agency safeguarding arrangements and that they are working well.	Chief Officer, Social Care, Health & Safeguarding	Ongoing	There continues to be full representation at all levels of the work of the regional safeguarding board and VAWDSV board. There is strong engagement in regional approaches to addressing the risks of sexual and criminal exploitation of children; Violence Against Women Domestic Abuse and Sexual Violence (VAWDASV) and Contest (PREVENT anti radicalisation).

Share learning and development in safeguarding. Implement the recommendations and learning from any Domestic Homicide review, adult practice review or child practice review that is undertaken under the safeguarding board.			The Monmouthshire Exploitation Group (MEG) has been implemented, with representation from the Safeguarding Unit, Public Protection, Partnerships, Police, Gwent Missing Children's Team, Education and community-based teams. This group has overseen the development of a Monmouthshire Protocol for responding to Modern Day Slavery and Exploitation. The Council's safeguarding unit supports quarterly safeguarding learning networks to share learning and developments in safeguarding across agencies.
--	--	--	---

Ref & Status	7	Risk	Potential: Risk of harm if we are unable to enact our corporate parenting responsibilities to some children in our care as result of an increase in demand and complexity of cases				
Risk Owner and cabinet Member responsible	Jane Rodgers & Cllr Tudor Thomas	Scrutiny Committee	People Scrutiny Committee	Strategic objective	The best possible start in life		
Reason why Identified							
<p>The council is supporting 208 children who are looked after (31st March 2022). The number has risen substantially in recent years but has recently stabilised, although it remains higher than the average of children who are looked after across Wales. The number of children on the child protection register is seeing considerable fluctuations and has increased significantly during 2021/22, with the rate exceeding the Welsh average from the previous year. As a result, significant demand on Children's Services remains.</p> <p>The 2021/22 budget for Children Services was £16m, over half of which relates to children who are looked after, in particular, placements for children who are looked after. Despite an increase in budget for 2021/22, the Children's Services budget over spent by £534k, with higher costs of placements as a result of increased complexity contributing to part of this. With the increased demand comes added pressures on other services such as legal and transport provision, contact and staffing, and extended reliance on agency staffing as a consequence.</p> <p>Current critical risks, which are being managed and monitored as far as possible, include:</p> <ul style="list-style-type: none"> - Increase in referrals because of the impact of the pandemic on vulnerable families - Increase in some spend areas to support certain areas of risk where demand has increased, particularly within 'front-door' services - Reduced capacity and absence of staff due to staff sickness, welfare and recruitment difficulties - Increase in complexity within family need and vulnerability - There is a critical shortage of specialist fostering and residential placements for children with complex needs, meaning that some children cannot be placed and could result in adverse outcomes and reduced well-being for children requiring support. This is likely to be exacerbated by the policy commitment to eliminate profit from the care of looked after children which could lead to private providers exiting the market. 							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Likely	Major	High
2023/24	Likely	Major	High	2023/24	Likely	Major	High
2024/25	Likely	Major	High	2024/25	Likely	Major	High
Mitigating Actions							
Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress				
Continue to review and evaluate performance of Early Help and Family Support services in order to reduce the pressure on statutory services as much as possible	Head of Children's services	Ongoing	Children's Social Services have implemented a co-ordinated approach to early intervention and prevention providing support to children and families who need it as soon as possible, and to ensure that the right help is provided at the right level of intensity. There has been a significant increase in demand for these services in the last year, particularly due to the impact of the pandemic. The number of contacts for children not already in receipt of care and support received by statutory Social Services during the year increased from 4,329 to 5,776. Services are under pressure trying to meet this demand and providing appropriate and timely support is challenging. Evaluation and feedback of family support services indicates clear and positive outcomes for families. For example, during 2021/22, out of 140 families, 84% reported a positive outcome from the 'early help' intervention. There is a need to develop capacity and arrangements to meet increased demands for early help and preventive services.				
Continue to implement the fostering strategy on the recruitment, retention and skills development of in house fostering.	Head of Children's Services	Ongoing	The council is working with Foster Wales to run active campaigns to increase the rates of in-house foster carers to provide accommodation and support to children requiring it, which launched in September 2021. To date, the transition from local to national campaigns has not had the anticipated impact in Monmouthshire and no new foster carers were recruited during 2021/22. There is also a critical shortage of specialist fostering and				

Continue to review and embed MyST, a Multi-disciplinary Intensive Therapeutic Fostering Service and assess impact on placement activity with children with complex needs.		September 2022	<p>residential placements, with considerable instability within the provider market, which could result in adverse outcomes and reduced well-being for children requiring support.</p> <p>The Council has collaborated with Blaenau Gwent and implemented the MYST service, a Multi-disciplinary Intensive Therapeutic Fostering Service for Looked After Children and Young People, which will help to support children who are looked after and who have complex needs. The second stage of implementation has now been completed, so that Monmouthshire has its own individual MyST. The challenges remain however, in terms of being able to secure suitable alternative placements for children in order to stabilise and reduce our ongoing reliance on residential placements.</p>
Implement the next phase of children's services development programme focused on achieving the best outcomes for children and families through building best practice	Head of Children's services	September 2022	<p>Children's Services completed a 3-year improvement programme (2016-2019), which concentrated on securing stability in the workforce, and developing a delivery model of practice, commissioning and service critical issues. This was extended into a further 3-year programme (2019-2022). The focus remains on practice development that will shape the way the service works with families over the next number of years. The importance of relationships and how we work with families to support their strengths, manage risks and achieve good enough outcomes will be key indicators of success. This continues through on-going programme of service and practice development – an additional focus over next period will be to increase resilience within Child Protection services as we continue to work with increased levels of risk and vulnerability within the community.</p>
Review and monitor the Children Looked after population in line with Welsh Government expectations around reduction	Head of Children's services	As per plan provided to WG	<p>The council is supporting 208 children who are looked after (31st March 2022). The number has risen substantially in recent years but has recently stabilised, although it remains higher than the average of children who are looked after across Wales.</p> <p>Whilst we develop interventions to address early identification and manage appropriately pre- and post-statutory intervention with families, the growing numbers mean that services are under pressure. Work is underway to maximise the opportunities to reduce the current trends. Welsh Government recently carried out a Looked after Children's review across Wales. As part of this, we have services in place aimed at reducing the numbers of children being looked after. This relies heavily on all parts of the system being geared to support the plans for reduction.</p> <p>Over the next year, as well as continuing to embed preventative services, the family support offer has been expanded to ensure that children are equally supported to leave care safely.</p>
Develop and expand the Children's Services Commissioning Strategy in response to the intention to eliminate profit from children's social care	Head of Children's Services	Five years	<p>There is an insufficiency of placements for children who are looked after at a local, regional and national level. This year, the service will work in partnership with regional Local Authorities to develop a commissioning and service development strategy and implementation plan, aimed at increasing appropriate placements for children, particularly those with complex needs. This will include the completion of 2 'solo' residential children's homes through a partnership model with third sector organisations. There are huge challenges with this work particularly around workforce, resources and the time it takes to develop provision. At present there is considerable instability within the provider market and a paucity of suitable alternative options, meaning that some children are not in regulated provision. This creates an on-going risk for the council that is difficult to fully mitigate at present.</p>

Ref & Status	8	Risk	Potential: Risk of harm if we are unable to meet the care and support needs of some vulnerable adults due to an increase in demand and complexity of cases				
Risk Owner and cabinet Member responsible		Jane Rodgers & Cllr Tudor Thomas	Scrutiny Committee	People Scrutiny Committee	Strategic objective	Lifelong wellbeing	
Reason why Identified							
Referrals to Adult's Services have increased exponentially over recent years, and services are facing unprecedented pressure as a result. The care at home/domiciliary care sector is under immense pressure; Monmouthshire has specific challenges due to rurality and demographics. Demand following lockdown, and the complexity of need, is significantly higher than seen before and services are under immense pressure as a result, which is causing delays in service provision. A number of providers have left the market, which has created some critical pressure points.							
The fragility of the social care sector and the availability of care staff remains a key risk. Difficulties in recruiting and retaining staff in care posts has exacerbated the pressure, and this is being impacted by, and impacting upon, hospital discharge protocols. Some of the long-term impact of the pandemic is not yet fully understood, and Adult's Services will need to monitor closely emerging issues as they become clearer.							
The care home sector has been under significant pressure through the pandemic, and some are experiencing financial challenges threatening longer term sustainability.							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Almost certain	Major	High	2022/23	Likely	Major	High
2023/24	Almost certain	Major	High	2022/23	Likely	Major	High
2024/25	Almost certain	Major	High	2024/25	Likely	Major	High
Mitigating Actions							
Mitigating Action		Responsibility Holder	Timescale	Mitigation action progress			
Work with Welsh Government to recruit and retain care staff		Chief Officer, Social Care & Health	Ongoing	Recruitment and retention of care staff has been a considerable concern for some time, despite an ongoing recruitment programme across Wales. In recent months however, the issue has become significantly worse. The 'We Care' campaign, a national recruitment campaign initiated in 2020, funded by Welsh Government, continues to promote careers in social care, however, Local Authorities and independent providers are struggling to retain and recruit carers. We are running a 24/7 recruitment campaign to encourage as many applications as possible, and we have created a fast-track recruitment process. This aims to streamline the application process, whilst maintaining all safe recruitment protocols, to provide a more user-friendly platform for potential employees to use. We are also adopting different mechanisms to advertise posts other than the conventional Council website, such as a social media campaign. Funding has been obtained from the Welsh Government Recovery Fund to employ two part time posts dedicated to recruitment. A campaign was launched to advertise positions for people who only want to work weekends, with a view to attracting students or parents with child-care commitments during the week.			
Work to address the difficulties in the health and social care system through the Regional Partnership Board and its sub-groups.		Chief Officer, Social Care & Health Head of Adult Services	Ongoing	There are on- going regional partnership meetings to identify and address difficulties across health and social care. These include Gwent Adult Service Partnership, Regional Leadership Group and Regional Partnership Board.			
Monitor requests for Domiciliary Care to ensure demand is being met and delays are minimised		Chief Officer, Social Care & Health	Ongoing	All referrals are triaged at point of referral to ensure that those in most need are prioritised for assessment and intervention. Despite the availability of short-term funding streams e.g. Winter monies, Discharge to Recover, there has not been available workforce (Social Work / Therapies) through agency or any other means to manage the capacity gaps. Access to care and support is not always timely, and at times, our weekly unmet need within home care has reached 2000 hours. We are undertaking case load reviews and a replacement exercise with other services to see if they can assist with providing services to users. We are working with families to determine if there is help available to support a loved one. We are also working extensively with other care providers to coordinate runs better to be as efficient and effective as possible.			
Implement a 'place-based' approach to create sustainability in care at home services		Chief Officer, Social Care & Health	Ongoing	A key risk that remains is the fragility of the social care sector and the availability of care; COVID-19 has added a further risk to what was already a difficult area, and we did not foresee the impact of lockdown on residents and on the care sector itself. Recruitment is a significant challenge, staff are leaving for other sectors, and the cost of living in Monmouthshire is a prohibitive factor when trying to recruit.			

			The Council remains committed to developing a more sustainable care at home sector for the future. A place-based approach is being progressed that encompasses all aspects of the community, including third sector, housing, education, residential settings and the community itself. This also needs to allow those wishing to live independently the opportunity to shape their own support to meet their own goals and desires.
Ensure the long-term sustainability of social care providers	Chief Officer, Social Care & Health & Head of Public Protection	Ongoing	It is vital that social care providers are able to provide care and support during and after the period of the pandemic and as such the council has a role in ensuring their financial sustainability and that they have access to sufficient resources, e.g. staffing. There is a national recruitment problem within the care sector, and this is impacting both public and private services. We are working with private care providers to align routes and services as much as possible to make the system as effective and efficient as possible.

Ref & Status	9	Risk	Potential Risk that: Failure to implement the new national curriculum and other reforms alongside strong delivery of teaching and examinations following disruptions during the pandemic meaning that some children, including vulnerable learners, are unable able to achieve their full potential			
Risk Owner and cabinet Member responsible	Will Mclean & Cllr Martyn Groucutt	Scrutiny Committee	People Scrutiny Committee	Strategic objective	The best possible start in life	

Reason why Identified

Meeting the needs of vulnerable learners remains a priority and the gap in attainment between those not eligible and those eligible for Free School Meals (FSM) remains a concern. There is variation in FSM learner progress and outcomes across schools. Leadership, management, capacity and performance has been identified as in need of improvement in some schools.

There is an increasing demand for support for children with additional learning needs. The Monmouthshire PSB well-being plan recognises the importance of greater support for the well-being of children and young people, and there are areas where students' well-being can be further supported. There are also challenges in meeting the demand for Welsh Medium education provision in the future.

Estyn's report into Local Government Education Services in Monmouthshire County Council was published in April 2020. The report concluded that the authority's education service does not give cause for significant concern. There are four recommendations for development:

- Improve outcomes for pupils eligible for free school meals
- Further strengthen the focus on increasing the number of pupils achieving excellent standards
- Articulate a clear strategy for SEN provision
- Strengthen the use of information gathered through self-evaluation to better inform improvement planning

The new curriculum will be implemented in 2022. The disruption from the past 18 months may impact on the ability of some schools to fully and effectively implement the curriculum and this will need to be monitored throughout the remainder of the academic year.

Given the external pressures of the new curriculum and the wider aspects of the reform agenda, such as the introduction of the ALN Act, some schools may not return to levels of teaching and learning that were seen prior to the pandemic as quickly as necessary. This also recognises that there will be significant pressures on schools to support accelerated learning and wellbeing provision.

Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Possible	Major	Medium	2022/23	Possible	Major	Medium
2023/24	Possible	Major	Medium	2023/24	Possible	Major	Medium
2024/25	Possible	Major	Medium	2024/25	Unlikely	Major	Low

Mitigating Actions

Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress
Ensure the agreed arrangements with the Education Achievement Service (EAS) continue to challenge and support schools	EAS & Chief Officer, Children and Young People	Ongoing	Working with the local authority, EAS continue to provide ongoing challenge, monitoring and evaluation work in schools with a continued particular focus on vulnerable learners. All schools will continue to be provided with a bespoke support package that compliments the priorities identified within their own School Development Plans (SDPs) in line with the levels of support they require. There is a degree of flexibility within the deployment model to allow for in-year changes in circumstances and to allow for changes in light of the pandemic.

			<p>Monmouthshire's strategic priorities for 2021/22 aligned well with the recommendations from the Estyn inspection in April 2020. The years that followed saw unprecedented disruption and in managing our response to the global pandemic, previous improvement priorities had to take a step back to allow focus on the operational and tactical steps required to safely operate schools and provide blended learning. Whilst some uncertainty remains, work continues to progress addressing our Estyn recommendations, and prioritising emerging need. The second year of the pandemic, with a more localised and unequal impact, was harder for schools to manage.</p> <p>Schools have prioritised the wellbeing of all pupils as a pre-requisite for effective learning. This includes the development of a flexible approach to curriculum delivery, suitable for use in a range of contexts, and additional support to close the gap, to recover and to raise standards for priority groups. EPS and Healthy schools are providing advice and support to practitioners to support the well-being of children and young people impacted by COVID-19.</p>
Prepare for the implementation of the new school curriculum	EAS & Chief Officer, Children and Young People	September 2022	<p>The new curriculum will be implemented in September 2022, which is a significant challenge. The position of schools in implementing the new curriculum is varied; some are in a strong position as they had undertaken significant work prior to the pandemic; others less so and will require additional support and time to bring them up to speed. For those schools that have been unable to move forward at pace, there is bespoke support available, and a framework around them to continue the move forward at their own pace. Schools will have support from their school improvement partner or their school-to-school link. School development planning guidance has been provided to help with strategic planning over the next year, and there is a national professional learning programme for senior leaders, headteachers and middle leaders. Professional learning support is also available for Teaching Assistants.</p> <p>The Council and EAS continue to work with schools in ensuring that they are preparing for the new curriculum and meeting the needs of students. EAS and MCC continue to monitor the progress schools are making towards the implementation of the curriculum and identify those who may need additional support.</p>
Continue to improve the quality of self-evaluation in the CYP directorate.	Chief Officer Children & Young People	Ongoing	The Chief Officer's report will be presented to Full Council in the Autumn of 2022. It will capture the emergence from the pandemic and the challenges that remain for the local authority. This will align well with the emergent Corporate Priorities of the newly elected administration.
Develop and implement plans to address the recommendations in Estyn's report into Local Government Education Services	EAS & MCC	Ongoing	<p>Monmouthshire County Council underwent an Estyn inspection in February 2020 and ordinarily, would focus on meeting the report's recommendations. The themes from the inspection included pursuing excellence, creating an holistic vision and strategy for learners with additional learning needs, securing better outcomes for our learners eligible for free school meals (FSM) and improving the way we use data in our evaluations. Draft ALN and FSM strategies have been scrutinised by Children and Young People Select Committee and continue to be developed in response to the impact of COVID-19. We also continue to develop leadership across our schools and create better learning environments for all our learners.</p> <p>Estyn provided a letter early in 2021, which captured the actions that the Education Team, schools, and EAS colleagues have taken to ensure the transition through the previous months had been as effective as possible. Some things identified in the letter include:</p> <ul style="list-style-type: none"> • in terms of Leadership and Collaboration, their recognition of our communication and clear expectations for schools • members have been kept up to date with events as they have unfolded. The quality of questions and level of challenge from members has been good • the good work undertaken by colleagues in education and social services to ensure that the needs of the more vulnerable learners were met
Deliver the Welsh Education Strategic Plan (WESP) in collaboration with neighbouring authorities	Head of Achievement and Attainment	Timescales as per WESP	The agreed WESP is a long-term planning tool, which sets our direction for the next 10 years. It is an ambitious plan and interfaces clearly and closely with the local authority five-year Welsh language strategy, which is currently being reviewed.
Ensure that the Additional Learning Needs review delivers sustainable, adequate and appropriate support to pupils with Additional Learning Needs	Head of Achievement and Attainment	September 2020	The new ALN Strategy identifies four distinct and ambitious work streams, all of which aim to build sustainable and resilient provision and are now embedded in the business plans of the ALN and Educational Psychology Services. Whilst lockdowns have had an impact on some actions, progress has been made in other areas. The

			<p>Emotionally Based School Avoidance (EBSA) cross-directorate initiative has been developed as part a whole school, whole authority approach to promoting attendance and well-being in Monmouthshire schools. The Education Psychology Service's training platform has continued to be developed, which provides information on support for well-being, as well as other key issues.</p> <p>The ALN team have been a key part of the regional preparations and developments for the new ALN and Tribunal Act legislation, which was implemented in September 2021. In preparation for the implementation of the Act, all Monmouthshire ALN Coordinators have been provided with an extensive range of training through the regional ALN transformation initiative, and Headteachers have been kept up to date with developments associated with ALN implementation through head teacher meetings and targeted communications.</p>
Work with PSB partners, through the Children & Young People Strategic Partnership, to deliver the steps in the PSB well-being plan related to focusing on children and young people's well-being and supporting their mental health and emotional wellbeing.	Chief Officer Children & Young People	Timescales as in developing PSB delivery plan	<p>The Monmouthshire Public Service Board has prioritised the step in its well-being plan. The Children and Young People's Strategic Partnership is being developed to bring key partners together to lead on the delivery plan.</p> <p>Work on the well-being plan step on Adverse Childhood Experiences (ACEs) has good support regionally and should continue to be progressed through the new Gwent PSB. The response to this involves an understanding of the impact of ACEs within our communities, and coordination with a range of partners, to develop a long-term approach to prevention, taking account of the complexity of issues involved. ABUHB have also developed the Melo Cymru resource to provide a range of resources to support mental health and well-being.</p>
Support learners' wellbeing through excellent teaching and learning and through wider school based activity	Head of Achievement and Attainment Head of Inclusion	Ongoing	<p>It is vital that all Monmouthshire settings understand that the principal means of supporting wellbeing in school is through excellent and engaging teaching and learning for all learners. There will be times and areas where this has to be supported and developed by other interventions.</p> <p>As work continues in embedding the Whole School Approaches to Emotional Wellbeing this will be a routine focus for all schools.</p>
Continue to support schools through the ongoing and evolving demands of the pandemic	EAS & MCC	Ongoing	<p>September 2022 will see the return to school without COVID management requirements. This should enable schools to focus on the delivery of the new curriculum and excellent teaching and learning.</p> <p>Estyn has returned to a full inspection cycle and three Monmouthshire schools were inspected in the summer term of the academic year 2021/22. One of those schools was placed into a statutory category of requiring special measures. This school will now be subject to an extensive monitoring process to ensure that its recovery is robust and sustainable.</p>
Work with Education Welfare Services to ensure that pupils attend school regularly and are able to access excellent teaching and learning.	Head of Achievement and Attainment	Ongoing	<p>Attendance is still a legacy of the pandemic and an issue in schools. Education Welfare Officers are working with vulnerable pupils to bring them back into the educational setting, where possible. There are varying reasons for pupil absence, so a different approach is being adopted for different cohorts, and the Education team are working with multiple agencies to ensure these children and young people return to school.</p> <p>The teams are focused on the appropriate interventions for learners but there has also been work undertaken to provide additional depth and breadth to our understanding of the full range of reason for absence such as those reasons that are emotionally based.</p>

Risks to policy priorities

Ref & Status	10	Risk	Potential Risk that: Delays to the adoption of a replacement Local Development Plan inhibits our ability to take forward key policy objectives such as job creation and affordable housing development				
Risk Owner and cabinet Member responsible		Mark Hand and Cllr Paul Griffiths	Scrutiny Committee	Place Scrutiny Committee	Strategic objective	Thriving and well-connected county	
Reason why Identified							
<p>The current Local Development Plan ran until 31st December 2021; it will remain the principal development plan for decision-making purposes until the adoption of the RLDP. This does not change the urgent need for the council to make timely progress on its RLDP and to adopt it as soon as realistically possible to address key issues and challenges, including rebalancing our demography and responding to the climate emergency, and to meet the future needs of the county.</p> <p>Factors contributing to the delays include:</p> <ul style="list-style-type: none"> • The impact of the Covid-19 pandemic has caused a delay in the progress of the Replacement Local Development Plan (RLDP), both internally and where external factors impact upon it. • Updated evidence, for example the Welsh Government published the corrected 2018-based population and household projections in August 2020. This new data resulted in the need to revisit the Growth and Spatial Options and Preferred Strategy stages of the RLDP process in 2021. • Welsh Government has challenged the level of development in the Preferred Strategy on the basis that it is not consistent with Future Wales: the National Plan 2040, which identifies that new housing development, essential services and facilities, advanced manufacturing, transport and digital infrastructure should be in Newport, Cardiff and the Valleys. • High levels of phosphates in the rivers Wye and Usk have resulted in Natural Resources Wales placing restrictions on development that can take place within the catchment area. • Local elections and the need to ensure the RLDP direction of travel aligns with the new Administration’s priorities. <p>There are a range of issues and challenges the RLDP will need to address:</p> <ul style="list-style-type: none"> • The delivery of affordable housing continues to be a concern. While all strategic sites are being progressed, targets for new dwelling completions and affordable dwelling completions are not being achieved. There are a significant number of households on the Councils waiting list, and there are limited affordable homes that could be developed within the current LDP. • There is a recognised lack of suitable employment land in the northern part of the County (Abergavenny and Monmouth in particular). Delays to the RLDP mean that new allocations to attract investors or retain growing businesses will not be available. There may be some scope for employment sites to come forward adjacent to settlement boundaries outside of the current LDP allocations. • The RLDP will identify areas with potential for renewable energy. A delay to the RLDP will have limited impact in this regard because renewable energy schemes such as solar farms can come forward for consideration via the existing LDP and under national planning policy. • There is a need to consider the Council’s future vision and the extent to which the current LDP and RLDP aligns with that, and the impact on wider infrastructure planning, such as transport, which could affect future economic, social, environmental and cultural well-being. 							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Likely	Major	High
2023/24	Likely	Major	High	2023/24	Likely	Major	High
2024/25	Likely	Major	High	2024/25	Likely	Major	High
Mitigating Actions							
Mitigating Action		Responsibility Holder	Timescale	Mitigation action progress			
Prepare a replacement Local Development Plan to address the county’s issues/challenges, including in relation to the provision of housing (market and affordable) and employment opportunities, and to facilitate the identification and allocation of additional housing land and appropriate employment land, with associated infrastructure.		Head of Placemaking, Regeneration, Highways and Flooding Head of Planning	Ongoing	<p>The revised Preferred Strategy was subject to statutory public consultation and engagement for 8 weeks during July – August 2021. The Second Call for Candidate Sites commenced alongside the Preferred Strategy consultation. Approximately 450 responses have been received to the Preferred Strategy consultation. Approximately 150 candidate sites proposed for development have also been submitted, together with 8 candidate sites for protection.</p> <p>Following the consultation/engagement on the Preferred Strategy, a number of challenges have arisen which have impacted on the progression of the RLDP and require further consideration, including the Welsh Government objection to the Preferred Strategy level of growth and phosphate water quality issues in the Rivers Wye and Usk.</p> <p>Consideration is being given to how to progress the RLDP having regard to the above challenges, whilst also ensuring that the RLDP delivers on the Council’s objectives and addresses the core issues of delivering much needed affordable housing at pace and scale, responding to the climate and nature emergency by delivering zero carbon ready new homes for our communities, and ensuring our communities are socially and economically sustainable by attracting and retaining younger people to rebalance our ageing demographic. A</p>			

			report to Council in September 2022 will set out the options for progressing the RLDP and will seek a Council decision on how to proceed.
Work with partner organisations to identify and implement solutions to phosphate pollution in the Rivers Usk and Wye	Head of Placemaking, Regeneration, Highways and Flooding	Ongoing	<p>Natural Resources Wales (NRW) recent announcement of water quality (phosphate) issues in Riverine Special Areas of Conservation, including the River Wye and River Usk, has significant implications for the progression and implementation of the RLDP. The Preferred Strategy that we consulted on in July-August 2021 directed future growth to key sustainable settlements (including Abergavenny and Monmouth) within these affected catchment areas over the plan period (2018-2033). The council is proactively liaising/working with various organisations, including NRW, Welsh Water and Welsh Government, and local authorities and the development industry, to seek solutions/a way forward with this issue.</p> <p>Following discussions with Welsh Water and NRW, it has become apparent that whilst a workable solution to this water quality issue is achievable for the Llanfoist WWTW (River Usk catchment), there is no strategic solution for phosphate mitigation at the Monmouth WWTW (River Wye catchment) during the Plan period. The restrictions on future growth have implications for new housing and employment allocations in this area during the Plan period and subsequent implications for the RLDP spatial strategy.</p>

Ref & Status	11	Risk	Potential Risk that: The council is unable to deliver its commitment to decarbonise its operations in sufficient time to achieve net zero by 2030 due to the scale and complexity of the challenge				
Risk Owner and cabinet Member responsible		Strategic Leadership Team & Cllr Catrin Maby	Scrutiny Committee	Place Scrutiny Committee	Strategic objective	Maximise the potential of the natural and built environment	
Reason why Identified							
<p>Tackling climate change and moving to a low carbon economy is one of the biggest challenges facing our society. Rising temperatures and more extreme weather events bring increased risks to our communities and are causing long-term and potentially irreversible damage to our planet's eco-systems, with significant local impacts such as flooding and loss of species. If we are to stand a chance of slowing the rise in the Earth's temperature, we need to act now. In 2019, councillors were unanimous in declaring a climate emergency. The council will strive to reduce its own emissions and work with communities and local businesses to help them reduce their emissions. This will require engagement, community involvement and commitments from third parties.</p> <p>When considering climate change, it is important to consider both how Monmouthshire is contributing to climate change, but also how resilient the county is to the likely impacts of climate change. Extreme weather, such as flooding and the record high temperatures in Summer 2022, can impact significantly on infrastructure, homes and businesses, along with disruption to community life and public services, particularly critical public services people rely on such as care services.</p>							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Almost certain	Major	High	2022/23	Likely	Major	High
2023/24	Almost certain	Major	High	2023/24	Likely	Major	High
2024/25	Almost certain	Major	High	2024/25	Likely	Major	High
Mitigating Actions							
Mitigating Action		Responsibility Holder	Timescale	Mitigation action progress			
Deliver the Monmouthshire County Council Climate Emergency Strategy		Head of Decarbonisation, Transport and Support Services	Timescales as per strategy	<p>The climate emergency action plan was updated in 2021, informed by extensive community engagement and the latest evidence, including the impact of the coronavirus pandemic, ensuring actions remain up to date. We have made good progress on some of the actions in the plan.</p> <p>We have developed baseline carbon emissions data for 2019/20 and 20/21, but there is not yet enough detailed understanding about the extent to which some of the actions in the plan reduce emissions to understand the precise impact some of the work we are undertaking is having. This makes it difficult to ensure activity and resources are focused in the right areas. We are sourcing additional expertise and capacity to help develop trajectories and pathways to the 2030 net zero carbon target. This will enable us to establish where we should best be focusing our resources to generate the maximum carbon savings.</p> <p>There is also a growing recognition nationally and internationally of the need to build climate change into a green recovery. Work has started on establishing a new strategic Environment Partnership Board, comprising</p>			

			<p>of multi-agency partners who have a role to play in addressing issues in relation to biodiversity, climate change and other environmental matters.</p> <p>Work to reduce carbon emissions at a regional level continues through the work of the newly established Gwent Public Service Board (PSB) who have identified climate and environment as one of their three key priorities. This work will be strengthened through the development of a Gwent PSB Wellbeing Plan by May 2023. In addition, there is also collaboration across the Cardiff Capital Region to reduce carbon emissions, including the development of Local Area Energy Plans.</p>
Prepare and adapt for the impact of climate change.	Strategic Leadership Team	Ongoing	<p>In recent years, council services have considered what the potential risks to their services are, in order to start thinking about how to adapt to these risks. In 2021, some services updated these Climate Change Risk Assessments to allow service areas to better understand their necessary adaptation requirements.</p> <p>The Replacement Local Development Plan has a key role to play in making sure our communities are sustainable and resilient to the impacts of climate change. Changes to national planning policy on flooding are still awaited, but officers intend to take a precautionary approach, avoiding all built development on greenfield sites at known flood risk. Welsh Government has produced The National Strategy for Flood and Coastal Erosion Risk Management in Wales, and in response, Monmouthshire will be producing an updated Local Flood Management Plan during 2022/23.</p> <p>Much of the work to coordinate emergency responses is organised through the Gwent Local Resilience Forum (LRF). We will continue to work with partners on the LRF to make sure that we are prepared for severe weather events.</p> <p>The Climate Emergency Action Plan has recently undergone a review to ensure it accurately reflects the county's priorities. As part of this review, and subsequent update, a section has been included on climate adaptation, which includes preparing and adapting for the impact of climate change. Some of the actions within this include developing the management of green infrastructure to improve climate resilience; increasing urban tree canopy, including new street trees and in car parks to provide a cooling effect; and continuing to promote and support council services with business continuity and emergency response strategies.</p>

Ref & Status	12	Risk	Potential Risk that: The rising cost of living could tip some families into crisis requiring public service interventions which diverts resources from other policy priorities				
Risk Owner and cabinet Member responsible	Frances O'Brien & Cllr Catherine Fookes	Scrutiny Committee	People Scrutiny Committee	Strategic objective	All		
Reason why Identified							
<p>Monmouthshire is a beautiful county, blessed with strong communities and a competitive local economy. However, the county's relative affluence compared to much of Wales, when viewed through the lens of aggregated data, masks the day-to-day reality and lived experience of those citizens who are experiencing poverty, financial hardship and who do so in the context of the considerable financial inequality that exists within the county. In many ways, living in an area of relative affluence and wealth whilst struggling to make ends meet can make that experience even harder and more isolating. This is Monmouthshire's particular challenge and one that we are determined to understand and address.</p> <p>For families on lower incomes the rising cost of living, including - rising energy prices, exacerbated by a further increase of the price cap in October, increasing cost of fuel, rising food prices and increasing inflation - risks adding additional financial pressures to households. This also follows financial challenges experienced through the pandemic. This could cause significant pressures and could result in an increasing number of families requiring additional public service support from services such as housing support, Mental health, health, debt advice and customer contact and support services. Many of these services have already seen increasing demands and complexity support required through the pandemic. The cost-of living will also impact Council staff, including costs for working, which could impact staff well-being and capacity to deliver services.</p>							
Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Likely	Major	High
2023/24	Likely	Major	High	2023/24	Likely	Major	High
2024/25	Likely	Major	High	2024/25	Possible	Major	Medium
Mitigating Actions							

Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress
Undertake data modelling to identify communities at greatest risk and use this to target pro-active responses such as commissioning of services	Head of Enterprise & Community Animation and Head of Policy Performance and Scrutiny	As per action plan	We have undertaken extensive data analysis and qualitative research furthering understanding of inequality at a local level and how the affects people's lives. Close working with partners is being undertaken to track data in real time to help understand the emerging situation and act accordingly (e.g. the number of food bank parcels issued, referrals for housing support, nature or queries to Citizens Advice, use of Register Social Landlords hardship funds).
To implement the discretionary Cost of Living Support Scheme	Head of Enterprise & Community Animation		In July 2022, Cabinet agreed a Monmouthshire discretionary Cost of Living Support Scheme to distribute £498,551 of funding to support those most impacted by the Cost-of-Living crisis. The scheme has been designed following engagement with national and local partners, and stakeholders and comprises of direct payments and targeted resilience support in the county. This is in addition to the mandatory Welsh Government scheme, which provided funding to local authorities to provide a one-off £150 cost-of-living payment to all households in properties in Council Tax bands A to D, and to households in all Council Tax bands who receive support through our Council Tax Reduction Scheme. The Council is also delivering a range of activities to support residents including the Money Matters campaign which signposts to sources of support and further delivery of the campaign to staff in schools and other projects related to the costs of the school day.
Work in partnership with community fridges to identify individuals and families in need of further support.	Head of Enterprise & Community Animation	Ongoing	Community Fridges are citizen-led projects that seek to prevent food waste and to stop fresh food going to landfill. The food is accessible to the whole community with no means-testing. Whilst their ethos is primarily environmental, their presence in a community does have the ability to reduce the amount of money spent on essential outgoings for poorer families. Community Fridges are currently operating in Monmouth, Abergavenny, Caldicot, Goytre and Chepstow. We have secured funding for consultancy support to help the community fridge volunteers and to look at sustainable funding options, common policies, practices and developing new fridges. There is a risk that community fridges 'prop up' residents who otherwise would have reached the foodbanks, which require a referral process and can trigger more extensive support. We are working alongside the community fridges to sensitively support frequent users to connect with appropriate support, particularly through the Housing Gateway.
Work with the Gwent PSB to use the Marmot Principles as the framework for action to reduce inequalities across Gwent	Chief Executive	May 2023	Gwent Public Services Board (PSB) has formally agreed to become a 'Marmot Region', and to work in partnership with the Institute of Health Equity (IHE) to use the social determinants of health approach as the basis for the response to well-being and health inequalities in Gwent. The Gwent PSB have adopted the eight Marmot Principles as the framework for action to reduce inequalities across Gwent as part of the development of the Gwent PSB Well-being Plan by May 2023.

Ref & Status	13	Risk	Potential Risk that: Residents are unable to secure or retain suitable accommodation, leading to rising homelessness and outward migration as a result of failures in the housing market			
Risk Owner and cabinet Member responsible	Frances O'Brien, Matthew Gatehouse and Catherine Fookes	Scrutiny Committee	People Scrutiny Committee	Strategic objective	All	
Reason why Identified						
<p>The Council is currently experiencing significant challenges and risks in relation to homelessness. Initially due to the pandemic, Welsh Government required Councils to avoid people sleeping rough, then made the subsequent decision to transition homeless services with the aim of homeless becoming rare, brief and unrepeatable, together with an improvement in the quality of homeless accommodation. Welsh Government homeless policy changes through the Phase 2 Planning Guidance for Homelessness and Housing Support, whilst positive, has created challenges. Although homeless presentations have remained broadly consistent, the impact of Welsh Government policy has seen a significant increase in demand for homeless accommodation. This in turn has impacted significantly on the Housing Options Team operationally in respect the need to identify alternative accommodation, which largely has relied on B & B, re-housing households, housing management and placement break downs. This has also created placement and staffing challenges.</p> <p>There are problems regarding the availability of temporary, supported and permanent accommodation, the type and quality of accommodation and the range of housing support available necessary to meet current and emerging homeless need. Further challenges are also being experienced in respect of acquiring existing accommodation and repurposing properties due to the buoyant market in Monmouthshire and constraints relating to funding eligibility and Planning. There are also delays in the construction of new homes due to labour and supply chain problems, and phosphates issues in the north of the county.</p>						

From 1 December 2022, the Renting Homes Act will make significant change the way all landlords in Wales rent their properties. There is a risk this could impact on the private rented sector in the County and reduce the availability of rental properties, further decreasing housing availability and increasing accommodation challenges in the County. The Council is anecdotally seeing evidence of landlords leaving the market.

Monmouthshire has welcomed more refugees from Ukraine, in absolute terms, than any area in Wales apart from Cardiff. The number of hosts who have opened their homes is incredible, but all refugees may need alternative accommodation when hosting arrangements come to an end after six months. There is insufficient accommodation to house all those in the county. A shortage of move-on accommodation combined with uncertainty over long-term funding will challenge our ability to provide the necessary support and welcome to refugees fleeing the war in Ukraine.

The widening of asylum dispersal from 2022 will put further pressure on the housing market as the council plays its part in assisting the Home Office to move asylum seekers from hotels and other unsuitable accommodation in line with aspirations for Monmouthshire to become a county of sanctuary.

Risk Level (Pre-mitigation)				Risk Level (Post-mitigation)			
Year	Likelihood	Impact	Risk Level	Year	Likelihood	Impact	Risk Level
2022/23	Likely	Major	High	2022/23	Likely	Major	High
2023/24	Likely	Major	High	2023/24	Likely	Major	High
2024/25	Possible	Major	Medium	2024/25	Possible	Major	Medium

Mitigating Actions

Mitigating Action	Responsibility Holder	Timescale	Mitigation action progress
Implement systems to meet the requirements of the new Phase 2 Homeless Transition Plan	Head of Enterprise & Community Animation	As per Homeless Transition Plan	<p>Welsh Government has released the Phase 2 Planning Guidance for Homelessness and Housing Related Support, which sets out their future homeless policy intentions. The core of the policy is rapid rehousing and to provide long-term accommodation with support if needed. The necessity to provide temporary accommodation continues to increase, and many applicants need specialist accommodation and housing support, which largely is not available in Monmouthshire.</p> <p>The Council's Phase 2 Homeless Transition Plan, seeks to address the identified issues listed above, and help to transform homeless services in Monmouthshire. We have worked with housing association partners to make additional social housing available for homeless households, and the proportion has increased from 38% in 2020/21 to 47% in 2021/22. Whilst positive, there is concern how much scope there is to allocate further social housing to homeless applicants without being overly detrimental to other housing need groups. We have remodelled housing support to include high-need accommodation for young people, dedicated substance misuse support, temporary accommodation support and re-settlement support. We have also expanded private sector accommodation under the Monmouthshire Lettings Service.</p> <p>There remain challenges that need to be addressed including the lack of temporary, supported and permanent accommodation, and the need to introduce either new support schemes or expand existing schemes for homeless applicants, particularly in respect of young people and those with mental health and substance misuse needs. Support is needed for those households in temporary accommodation, which there are currently 191.</p> <p>Work is being progressed to establish a Rapid Re-Housing Transition Plan by the end of September 2022, that has active buy-in from wider agencies involving homelessness. For example, the role of Health and Social Care is extremely important in homeless prevention and helping people (such as young people and those with mental health issues) maintain their existing accommodation.</p>
Deliver the Housing Support Programme Strategy 2022-26 and action Plan	Head of Enterprise & Community Animation	As per Homeless Transition Plan	In July 2022 Cabinet approved the Housing Support Programme Strategy 2022-26. The document provides a single strategic view of the Council's approach to homelessness prevention, housing support service delivery, statutory homelessness functions (delivered by the Housing Options Team) funded through the revenue settlement and non-statutory preventative services funded through the Housing Support Grant (HSG) programme. The Council has and will continue to engage closely with Welsh Government in respect of the Council's HSG annual funding allocation, which at present is insufficient to meet identified support needs in the County.
Develop suitable accommodation for homeless people, including long-term housing for all those accommodated in temporary housing and specialist provision for those with additional needs	Head of Enterprise & Community Animation	As per Homeless Transition Plan	The Social Housing Grant (SHG) allocation for 2021/22 was £7,522,704, which was a significant increase on previous years. It was a difficult year with several schemes on hold due to the issue of phosphates and completions not being possible by the end of the financial year, despite efforts by Registered Social Landlords (RSLs) and requests for flexibility from the Council to Welsh Government which resulted in an underspend. For 2021/22, 91 affordable homes were delivered. There are 125 affordable housing completions projected for

			<p>2022/23, these have been funded via a mixture of SHG, Integrated Capital Funding or delivered as part of Section 106 Agreements. The Council has established a Strategic Housing Forum with local RSL's to identify further solutions to maximise delivery opportunities.</p> <p>The Housing & Communities Team re-structure in 2021 increased staff capacity and resilience, essentially to strengthen homeless prevention, accommodation management and sourcing new accommodation. Further staff requirements have subsequently been identified. In addition, Housing association partners have made additional social housing available for homeless households, and housing support has been re-modelled, typically moving away from generic floating support. Housing First has been introduced, along with high needs accommodation for young people, dedicated substance mis-use support, temporary accommodation support and re-settlement support. Private sector accommodation under Monmouthshire Lettings has also expanded.</p> <p>Continuing challenges include the on-going lack of temporary, supported and permanent accommodation, and a need to introduce either new support schemes or expand existing schemes for homeless applicants, particularly in respect of young people and those with mental health and substance misuse needs. There is a need to improve the support available to those with on-going needs in temporary accommodation; placement issues and failure are commonplace. At December 2021, 75% were assessed as having medium, high and intensive support needs.</p> <p>Further activity includes implementing the Renting Homes (Wales) Act 2014 in respect of temporary accommodation, seeking to re-focus to pro-active homeless prevention (and identifying new opportunities for earlier intervention) rather than re-active re-housing to reduce numbers coming through for temporary accommodation and seeking to improve the quality of temporary accommodation, particularly increasing the availability of self-contained accommodation.</p>
Prepare an RLDP to address the county's issues/challenges, including in relation to the provision of housing (market and affordable) and employment opportunities, and to facilitate the identification and allocation of additional housing land and appropriate employment land, with associated infrastructure.	Head of Placemaking, Regeneration, Highways and Flooding Head of Planning	Ongoing	Detailed update provided as in risk 10.
Work with Welsh Government, local sponsors and landlords to identify a range of accommodation to accommodate Ukrainian refugees.	Head of Policy, Performance and Scrutiny	March 2023	Sourcing accommodation to house those fleeing the war in Ukraine is a priority to both facilitate move on accommodation from Welcome Centres and for host sponsoring placements either coming to a natural end or breaking down. In addition to making public appeals for hosts and accommodation, the Council is using Homes for Ukraine expressions of interest provided by Welsh Government to identify new host sponsors and Monmouthshire Lettings to engage with private landlords and identify self-contained accommodation as well as working with refugees to help them find their own accommodation with the help of financial contributions to rent and paying their bonds where they lack the financial means to do this
Work with national providers and the Home Office to identify suitable accommodation for those fleeing persecution and ensure that appropriate support services, including trauma informed support, are available.	Head of Policy, Performance and Scrutiny	December 2023	This is a new action. Initial meeting is pending with the Home Office provider

Risk	Mitigating Action Update	Reason for Removal
<p>Potential Risk that: The Council may not deliver its objectives due to a lack of appropriate and effective governance infrastructure</p>	<p>The Council is implementing the requirements of the Local Government & Elections (Wales) Act:</p> <ul style="list-style-type: none"> • The Governance and Audit Committee has been established, terms of reference agreed and lay members appointed. • The Council has implemented live streaming of democratic meetings and provides all meeting papers on its website. Learning from the arrangements during the pandemic, hybrid meeting technology has been implemented accommodating both remote and physical attendance at meetings. • Scrutiny arrangements have been reviewed following a self-evaluation and four new role-based scrutiny committees established in place of the existing committees. Two of the new committees play a key role in engaging the public in developing policies, shaping services and reflecting the public voice to decision makers in advance of decisions being taken. In addition, the Public Open Forum process has been revised to enable the public to attend meetings in person or remotely, and to submit representations to scrutiny committees by video, audio or in writing. • More needs to be done to increase public participation in scrutiny. A wide-ranging piece of work has been commenced for a wholesale review of all engagement with a view to the production of the council’s Public Participation Strategy as required by the Local Government and Elections Act 2021. • The first ‘self-assessment’ process has been completed and the report is due to be presented at full Council in September. The self-assessment process will be reviewed to further develop self-assessment arrangements to inform the next self-assessment report and <p>The formal establishment of the Cardiff Capital Region City Deal as the South east Wales Corporate Joint Committee (CJC) is underway, and transition has begun, with a completion date to be confirmed. The council needs to work with Welsh Government and the Cardiff Capital Region on the transition arrangements for services that will form part of the CJC to ensure effective governance arrangements are in place; an officer group has been formed for this.</p>	<p>The Council has developed its governance infrastructure in response to the Local Government & Elections (Wales) Act and has strengthened mechanisms to continually assess and challenge arrangements in place.</p> <p>The Annual Governance Statement provides a high degree of assurance that arrangements are effective. This statement dovetails with the self-assessment required under the Local Government and Elections (Wales) Act 2021, this first report of which has been produced.</p> <p>New arrangements for Governance and Audit Committee have been introduced, including the appointment of lay members, which will provide additional rigour to the role of this committee in ensuring that effective governance arrangements are in place</p> <p>Good governance is a fundamental part of local authority working; arrangements are multifaceted and will need to continue to be subject to continuing review to ensure they are effective and mitigate any risks. The Annual Governance Statement will continue to be produced and findings from the self-assessment and panel assessment process will all be used to keep governance arrangements under review and identify any areas for improvement or risks that need to be addressed.</p>
<p>Potential Risk that: The council does not make sufficient progress in improving the economic, social, environmental and cultural well-being of its area due to a lack of progression with new regional and collaborative structures</p>	<p>The Public Service Board has produced its annual report for 2021/22. With a substantial focus of PSB partners on the pandemic, there has been a lessened focus on progressing some of the PSB’s well-being objectives. The report provides an update on the activity delivered by the PSB during 2021/22 on the steps in its well-being plan; this includes activity partners have delivered, adapted or changed through the pandemic.</p> <p>Public Services Select Committee and Cabinet were provided with an overview of proposals to create a single Public Service Board for Gwent, and the related development of delivery arrangements in Monmouthshire. During 2021/22, the Monmouthshire Public Services Board merged with the other four Public Services Board in Gwent to form a Gwent-Wide Public Service Board. An integrated and collaborative approach has been undertaken to produce an updated Well-being Assessment in 2022. This assesses the economic, social, environmental and cultural well-being of Gwent-Monmouthshire as a whole and five local areas within Monmouthshire.</p> <p>The Council has worked closely with partner organisations as part of the Gwent COVID-19 Recovery Co-ordinating Group (RCG) to take a strategic overview of, and give direction to, recovery work in line with agreed priorities and timescales. The RCG is now in abeyance but can be stood up where required. The council also continues to work with partners to understand the impact of the pandemic and adapt/develop existing partnership working accordingly.</p>	<p>The Gwent Public Service Board has been established, a Gwent wide and local well-being assessment produced and the Board is developing its well-being plan. A number of elements of the delivery and governance arrangements of the Public Service Board are being further developed to ensure it maximises the opportunities identified, mitigates as far as possible potential risks and meets its statutory duties and requirements under well-being of Future Generations Act. The related development of delivery arrangements in Monmouthshire are being implemented.</p> <p>Monmouthshire programme board have continued to lead the implementation of the Monmouthshire well-being until 2023 when a new Gwent-wide well-being plan will be agreed. The developed Programme Board in Monmouthshire will lead Monmouthshire’s role in local delivery of regional actions as well as delivering activity specific to Monmouthshire, ensuring the well-being needs of Monmouthshire are prioritised locally and integrated in regional delivery as appropriate.</p> <p>Arrangements are being established to monitor and challenge the progress and performance of regional and collaborative arrangements. The Gwent PSB is developing its performance management and scrutiny arrangements. In Monmouthshire the Public Services Scrutiny Committee has broadened its</p>

	<p>The formal establishment of the Cardiff Capital Region City Deal as the Southeast Wales Corporate Joint Committee (CJC) is underway, and transition has begun, with a completion date to be confirmed. The council needs to work with Welsh Government and the Cardiff Capital Region on the transition arrangements for services that will form part of the CJC to ensure effective governance arrangements are in place; an officer group has been formed for this.</p>	<p>remit to focus on collaborative activity including but not limited to the partnership arrangements under the PSB. It will scrutinise and constructively challenge, where powers allow, the work and effectiveness of strategic partnership sand other public service providers to ensure public accountability of collaborative services and improved outcomes for people in Monmouthshire.</p>
<p>Potential Risk that: Insufficient broadband infrastructure and a lack of digital skills in the county have the potential to lead to social and economic disadvantages</p>	<p>The Council has continued to work with Welsh Government and Openreach to support the delivery of the Superfast Cymru successor programme. As of June 2021 (last available data), 2,075 premises in Monmouthshire were included on the list of contracted premises and therefore should (but are not guaranteed to) be provided with a gigabit-capable connection (fibre to the premises) through the programme by the time of its completion in June 2022.</p> <p>For premises not included in the Welsh Government-funded fibre rollout, Council officers provide information on other options and signpost them to Welsh Government’s Access Broadband Cymru scheme and/or UK Government’s Gigabit Broadband Voucher Scheme as appropriate. Welsh Government’s Local Broadband Fund (running until 2023) supports local authorities and social enterprises to deliver broadband projects locally. The Council submitted two applications to its first tranche and was successful with both.</p> <p>In September 2019, Cabinet approved the Digital Infrastructure Action Plan, which identifies opportunities to address the issue of 12.5% of premises not having access to Next Generation Access broadband (our Digital Deprivation Rate). The Plan will be refreshed and will be further updated to include the revised deprivation data when published by Welsh Government in 2022.</p>	<p>The Council has supported, invested in and facilitated a range of schemes to improve broadband connectivity, both access and speed in the County. This has led to an improvement in broadband in the County.</p> <p>There remain areas without access to sufficient broadband provision and while it is proposed to de-escalate from the Council’s strategic risk register (which is focussed on strategic risks directly to Council service delivery), the council recognises this still remains a community-based risk in those areas effected and relevant Council service areas will still be manging and working to further mitigate the risk in partnership with communities that still don’t have sufficient connectivity. Data that is awaited from the Welsh Government Open Market Review of broadband provision in Wales, will inform any further targeted action.</p>
<p>Potential Risk that: The spread of Coronavirus accelerates as vaccine immunity wanes and new variants emerge that will impact on staff and residents’ health and cause delays or reductions in the council’s service delivery</p>	<p>The main element of the council’s response, the Emergency Response Team (ERT), the multi-agency Strategic Coordinating Group (SCG) and relevant Tactical Subgroups have all been stood down. However, these are now equipped with the experience to be stood back up quickly and efficiently, should the situation require it.</p> <p>There has been considerable focus on the Business Continuity strategies and alternative methods of service delivery since the beginning of the Covid-19 pandemic. Business continuity planning continues in line with the current Monmouthshire County Council Business Continuity Management cycle and review periods, noting good practise gained during the Covid response.</p> <p>Although the immediate response to the pandemic has been managed, any potential increase in the spread of coronavirus and the resultant impact on the Council will continue to be monitored. There remain longer-term impacts, for example the impact on health services and the financial impact. These, and other areas of potential issues have been covered in other risks within the strategic risk register.</p>	<p>The world has been living with Coronavirus for more than two years and, processes for limiting the spread have been deployed during this period, alongside the mass vaccination rollout and plans to live with Covid.</p> <p>The risk is being deescalated from the strategic risk register based on the assessment of the current impact on the Council’s service delivery. Waves of infections and potential variants emerging are an ongoing concern, as their emergence is unknown. The Council continues to have arrangements in place to monitor this in the county. These include being an active partner in the Test Trace Protect approach across Gwent in accordance with the Wales TTP Strategy and data is analysed regularly to identify patterns and potential outbreaks. Response arrangements are available to be stood up if the situation requires it and these are able to draw on previous experience to act quickly and efficiently. Risk management arrangement can also be escalated if required.</p> <p>As well as the direct impact of the virus, remaining service risks and longer-term direct and in-direct impacts of the pandemic continue to be managed through the Strategic Risk Register and services business plans for ongoing updates, for example the impact on increased complexity in demand for social care and mental health and well-being support.</p>

Appendix 2: Strategic Risk Management Policy – Summary

This sets out the Council’s policy and approach to strategic risk management. A copy of the full policy and guidance is available to staff and members on the council’s intranet the Hub (Finance & Performance Management section – risk assessment)

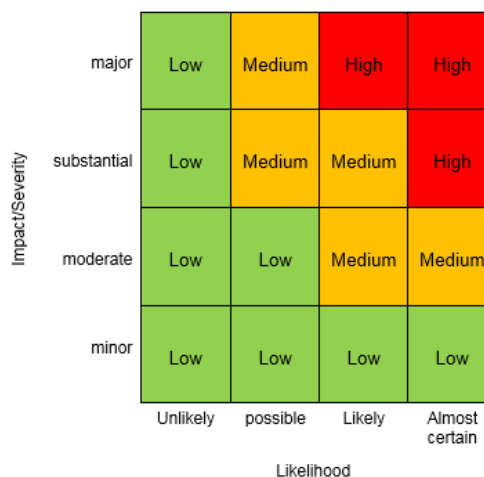
Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them or responding to them. Strategic risks are those which affect the Council as a whole. Typically these will be key risks which could significantly jeopardise the Council’s ability to achieve its objectives, statutory plans and/or provide operational services as planned.

The Council is committed to the effective management of risk. As a large public sector organisation, it is exposed to a wide range of risks and threats in delivering key services to communities. Within the Council the purpose of risk management is to:

- preserve and protect the Council’s assets, reputation and staff
- promote corporate governance and aid good management in controlling and managing risks
- support successful delivery of strategic aims, objectives and outcomes
- improve business performance and better anticipate calculated risks where these are likely in delivering improvements
- avoid unnecessary liabilities, costs and failures

The Council seeks to ensure that risk management is effective from strategic to individual services and employees. Therefore, all employees and councillors are responsible for ensuring there are good levels of internal control and risk management throughout the Council in order that the Council’s specified outcomes are achieved.

The Council uses a ‘traffic light’ system of Red/Amber/Green associated with High/Medium/Low to categorise risk levels. This is determined using the risk matrix below



High risk	The risk is highly likely to occur and the impact will be major. Management action/control evaluation and improvement is required coupled with continued pro-active monitoring
Medium risk	The risk is unlikely to result in a major issue, however, if it did the impact would be significant or serious . This risk is relatively less significant than a High risk however it needs to be closely monitored within timely management action/controls to ensure it does not escalate.
Low risk	The risk is very unlikely to occur and the impact will be minor or moderate at worst. Risk will be managed by seeking control improvements where practical and / or monitoring and reviewing at regular intervals

GOVERNANCE AND AUDIT COMMITTEE FORWARD PLANNER 2022-3	
REPORT	LEAD OFFICER
13TH OCTOBER 2022	
Anti bribery Risk Assessment	Peter Davies
Assurance and Risk Assessment Review	Audit Wales
Annual Performance Review of Investment Committee	Nick Keyse
Annual Grants report	Audit Wales
Invitation of officers & S151 officer regarding Limited Opinions	Andrew Wathan
Audit Wales Work Programme: Council Progress Update	Richard Jones
Review of the Committees Terms of Reference aligned to the Plan	Andrew Wathan
24TH NOVEMBER 2022	
2021/22 MCC Statement of Accounts - final	Jonathan Davies
ISA260 Response to Accounts	Audit Wales/Peter Davies
Treasury Outturn report	Jon Davies
Q2 Progress report for 6 months 21/22	Andrew Wathan
Update on unfavourable Internal Audit Opinions	Andrew Wathan
Review of the Strategic Risk Register-6 monthly	Emma Davies
Implementation of Internal Audit agreed recommendations	Andrew Wathan

26TH JANUARY 2023	
2021/22 WCF/Mon Farm Statement of Accounts - Final	Dave Jarrett/Nikki Wellington
ISA 260 or equivalent for Trust Funds	Audit Wales
Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Data Subject Access Request (DSARs) report - (twice yearly)	Sian Hayward
16TH FEBRUARY 2023	
Overview of Performance Management arrangements	Performance Manager
Audit Wales Work Programme: Council Progress Update	Richard Jones
2023/24 Capital Strategy and Treasury Strategy	Jon Davies
WAO Annual Audit Summary	Audit Wales/Emma Davies
Whole Authority annual complaints report	Annette Evans
Assessment of the Robustness of the budget process and adequacy of reserves	Peter Davies
30TH MARCH 2023	
Annual Performance Review of Investment Committee	Nick Keyse
Audit Wales Annual Audit 23-24	Audit Wales
Internal Audit Progress report - quarter 3	Andrew Wathan

--	--

This page is intentionally left blank

Public Document Pack Agenda Item 11

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

PRESENT: Andrew Blackmore (Chairman)
County Councillor Peter Strong (Vice Chairman)

County Councillor: A. Blackmore, C. Prosser, M. Veale,
Ian Chandler, John Crook, Tony Easson, Malcolm Lane,
Phil Murphy, Peter Strong and Laura Wright

Lay Members: Martin Veale and Colin Prosser

OFFICERS IN ATTENDANCE:

Nicola Perry	Senior Democracy Officer
Matt Phillips	Chief Officer People and Governance and Monitoring Officer
Andrew Wathan	Chief Internal Auditor
Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Charlotte Owen	Audit Wales Officer
Emma Davies	Performance Officer
Richard Jones	Performance Manager
Jonathan Davies	Acting Assistant Head of Finance
Rachel Freitag	Audit Wales Officer
Colin Davies	Performance Audit Manager for Monmouthshire
Kathryn Evans	Data Protection and Information Governance Manager

APOLOGIES:

County Councillor Bob Greenland

1. Declarations of Interest

None.

2. Public Open Forum

None.

3. To confirm minutes of the previous meeting

The minutes of the meeting of Governance and Audit Committee held on 20th June 2022 were approved.

4. Action List 20th June 2022

The Action List from the meeting held on 20th June 2022 was noted:

- 1) Letter of Thanks: The letter to the outgoing Chair of the Governance and Audit Committee, Philip White, to be signed by the Chair of Monmouthshire County Council and the Chair of the Governance and Audit Committee. Action closed.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

- 2) Annual Governance Statement: The Chief Internal Auditor reported that the comments made at the last meeting had been taken into account and the document amended accordingly for inclusion in the statement of accounts. The action was carried forward to the next meeting when the Committee will see the final version with the statement of accounts.
- 3) Annual Audit Plan: The Audit Wales Officer sent an e mail (24th June) to Committee Members providing information on key performance indicators. Action closed.
- 4) Unfavourable Audit Opinions Progress: The further information requested on Limited Opinion reports is included with the agenda papers. Action closed.
- 5) Internal Audit Plan: The Chief Internal Auditor:
 - i. Updated that work is in progress to compile a list of key collaborations and associated governance arrangements. This information will be provided to Governance and Audit Committee in due course. Action carried forward.
 - ii. Explained that he is obligated to comply with the Public Sector Internal Audit Standards (PSIAS) that involve external review and assessment every five years; next due in 2023. Governance and Audit Committee will be provided with an annual report on compliance in due course. Action closed
- 6) Forward Work Programme: The Deputy Chief Executive provided an update that the terms of reference and supporting guidance (Local Government and Elections Act 2021) relevant to Governance and Audit Committees would be presented to the Committee at the next meeting to prepare to include cross reference to forward work programme items in future. Action carried forward.

5. 2021/2022 MCC Statement of Accounts

The Acting Assistant Head of Finance verbally updated that it has not been possible to present the draft accounts to this meeting as normal. The Committee was reminded that it is a significant piece of work to compile the different elements. This year delays and uncertainties have occurred due to e.g. CIPFA code and asset valuations as raised by Audit Wales. Additionally, it has been necessary to prioritise Finance resources to deliver outturn reports. The Authority and Audit Wales have agreed that draft accounts will be submitted at the end of July. It is intended to present the draft accounts to the September meeting of the Governance and Audit Committee. Other authorities are experiencing similar pressures. Following the update, Member were invited to ask questions:

1. The Chair asked about the approach to asset valuation and was informed of some uncertainties. The Acting Assistant Head of Finance explained that Audit Wales had questioned the robustness of valuations in view of the pandemic. An indexation approach was suggested initially and following concerns discussions continue between CIPFA and Audit Wales. The intention is to compile the draft accounts without valuation of all council's assets. The Acting Assistant Head of Finance confirmed there is a five-year rolling programme of 20% of assets being valued annually, the remaining 80% carried at their old value. It was confirmed that draft accounts are published according to legal requirements. Once agreement is reached, the remaining valuations will be added during the audit process in the Autumn.
2. In response to a question, the Audit Wales Officer confirmed there will be no material concern arising from the two-week slippage in submitting the draft accounts.
3. Replying to a question, it was considered too early to speculate on the impact of the pandemic on changes to valuations. The Audit Wales Officer commented that valuations in another public sector area had risen by 7%.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

6. 2022/23 Treasury Outturn Report

The Acting Assistant Head of Finance presented the 2021/22 Treasury Outturn Report noting that the role of the Committee is to consider whether the Treasury decisions and activities undertaken during the year appeared reasonable and aligned to the treasury strategy and prudential indicators. Following presentation of the report, questions and comments were invited.

1. A Member requested further information of long-term and pooled fund investments. The Acting Assistant Head of Finance explained that pooled fund investments have been held for 3 - 4 years; under the Markets in Financial Instruments Directive (MiFID) regulations we are required to keep a minimum of £10m investment balances to qualify for professional investor status. This allows access to more investment instruments. Long Term in terms of pooled funds could refer to 5-6 years with capital values static and returns being generated. The returns on pooled funds are satisfactory and they offer a balance with the rest of the investment portfolio. It is intended to retain the pooled funds in the medium term.
2. A Member queried the effect of the pandemic on treasury activities, the refund for a proportion of the impact from the Welsh Government and if further problems are predicted in view of rising cases of Covid in Wales. It was responded that there has been a significant amount of grant support from Welsh Government which has increased our investments until the money has been expended, provided funds to invest on behalf of Welsh Government plus funds to reimburse additional costs and income loss arising from the pandemic. There has been little impact on treasury activity overall.
3. The Member asked if ear-marked reserves would be increased, and if needed, how they would be impacted in the future. It was responded that the treasury position is not defined on any one outcome. When designing the year's cashflow, investment and borrowing, expected expenditure and income is taken into consideration and further investment in reserves would be considered at that time. It is also possible to borrow funds if ear marked reserves become depleted.
4. A Member queried the decision-making process for non-treasury investments and was informed that these are capital expenditure investments up to £50m as approved by County Council. An Investment Committee oversees such investments. In future, changes to Public Works Loan Board (PWLB) legislation will mean that investment for financial gain or that are not for economic or local regeneration schemes, may prevent access to PWLB borrowing. Therefore, future non-treasury investments will have an economic or local regeneration approach; decided upon by the Investment Committee. Performance of these assets are regularly reported into the Investments Committee. There is a budgeted income within the revenue budget and performance is monitored as part of that process.
5. A Member requested a breakdown in the changes to asset values of three investments and queried if an investment policy exists, if so, is it managed in line with the Council's declaration of a climate emergency and if there are any ethical considerations on short / long term investments. In response, a breakdown of change in value of individual investments will be provided following the meeting. The Treasury Strategy set in March 2021 outlines investment policy and the limits set therein. In terms of ethical approach, some data can be provided to Committee by Treasury advisers Arlingclose. Ethical investment is not explicitly included in the treasury strategy to date, but assurances have

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

been provided that no investments have been made e.g. with companies or organisations linked to Russia. Further information will be sought. It was confirmed that the climate emergency declaration was not included in the Treasury Strategy but can be considered when the treasury strategy is reviewed by the Governance and Audit Committee in January and presented for approval by Council in March.

The Deputy Chief Executive commented that an annual report on performance of commercial investments will be presented to the Governance and Audit Committee in September 2022.

6. In response to questions, the Acting Assistant Head of Finance confirmed that:
 - a) treasury management activities during the year were compliant with the Treasury Strategy and relevant CIPFA code requirements.
 - b) Distinguishing between the roles and responsibilities of the Finance team and treasury advisers Arlingclose, it was confirmed that Arlingclose provides the authority with advice, but decisions are solely the responsibility of the authority; and
 - c) Arlingclose provides significant amounts of technical data on the external financial market and status of financial organisations and advise on wider access to borrowing instruments. Arlingclose was reappointed in March 2022 for four years minimum.

As recommended in the report, the Governance & Audit committee reviewed the results of treasury management activities and the performance achieved in 2021/22 as part of their delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council and was content with its review with no material exceptions arising.

7. 2021/22 Draft Welsh Church Fund/Monmouthshire Farm School Endowment Trust Statement Of Accounts

The Acting Assistant Head of Finance presented the draft statements of accounts for the Welsh Church Fund (externally audited) , Monmouthshire Farm School Endowment Trust (externally audited) and Llanelly Hill Social Welfare Centre Trust Fund. Following the report, comments and questions were invited:

1. It was questioned why Audit Wales undertakes the audit of the Welsh Church Fund and the Monmouthshire Farm School Endowment Trust and responded that Audit Wales has carried out this service for several years. The Welsh Church Fund Committee has previously asked that the arrangement was reviewed for value for money and Audit Wales' fees were the most competitive at that time. The fee for inspection of Monmouthshire Farm School Endowment Trust accounts is comparatively small.

Martin Veale declare a non-prejudicial interest as a Governor of Coleg Gwent.

2. A Member queried if there are ethical components in the investment policy for the Welsh Church Fund, recommending that they should be featured in the accounts policy if so. If not, it was queried if an ethical investment policy could be developed. It was responded that most of the funds are in a long-term pooled fund with external fund providers, the remainder within Monmouthshire's internal investments. The strategy was approved by Council in March 2021. In terms of wider ethical considerations, the strategy is drawn up with advice from the Welsh Church Fund Committee and officers. The Trust also holds land. The aspiration of the fund is to maximise returns so that grant distributions can be maximised. Following discussion, it was agreed that the Member would raise a motion with Council on the inclusion of ethical components.

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

The draft statements of account were noted and as recommended in the report the Governance & Audit Committee reviewed the 2021/22 draft Statement of Accounts for the above bodies and provided a few comments which will be considered alongside the external audit process and prior to the final publication.

8. 2022 Audit Plan - The Monmouthshire County Council Welsh Church Act Fund

The Audit Wales officer introduced the 2022 Audit Plan for the Welsh Church Act Fund. Following presentation of the report, comments and questions were invited.

1. The Chair commented that the work plan referred to the Welsh Church Act Fund and queried arrangements for the Monmouthshire Farm School Endowment Trust. It was explained that the Monmouthshire Farm School Endowment Trust involves a smaller examination of the accounts and does not require a work plan.

9. Internal Audit Outturn Report 2021/22

The Chief Internal Auditor introduced the Internal Audit Outturn Report 2021/22. Following presentation of the report, comments and questions were invited.

1. A Member referred to the two Limited opinions in respect of Concessionary Travel and Fleet (Health & Safety / Driver Management) and suggested inviting the responsible officers to attend the Committee to better understand the pressures and circumstances. This was agreed plus it was requested that at the meeting the S151 Officer be required to set out his view on the robustness of the control environment in this area and level of residual risk associated with not accepting the audit recommendations.
2. A Member questioned the overall "Reasonable" opinion suggesting that the numbers point to "Considerable" as the organisation is better than 3rd out of the four possible opinions backed by the self-assessment process. The Annual Governance Statement would have to show considerable gaps in the control environment to justify this status. The Chief Internal Auditor explained that the opinion was an average of the opinions issued based on work undertaken. Evidence, strengths and weaknesses identified and expected controls. Audits are conducted on a cyclical basis and can't consider all the risks due to lack of resources. The Annual Governance Statement and the Self-Assessment document are broader and will reflect the opinions during the year. These will be reported to Governance and Audit Committee later in the year.
3. It was queried if there is an opportunity for managers' views to be considered when an opinion of limited assurance is given especially in contentious areas. It was explained that, where there are Limited opinions, service managers are responsible for writing a management response. Managers' concerns are covered in wrap up meetings and Internal Audit take on board any additional information provided. Overall, if there is evidence to support that a control is not in place, Internal Audit's opinion will stand, and action will be taken.
4. A Member asked about the clearance process suggesting that a member of Senior Leadership Team signs off an audit. The Chief Internal Auditor explained that whilst there is no official signing off process, the draft report is discussed with the service manager. If there is contention, it is discussed with the Head of Service who is issued with the final report. Where a manager is deflecting responsibility, it is raised with Head

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

of Service and Deputy Chief Executive to move the situation forward thus the organisation takes responsibility and action is taken.

5. A Member questioned fraud investigation and requested figures not percentages. The Chief Internal Auditor identified that the query related to Covid related business grants during the pandemic; Internal Audit were involved in assessment and fraud review. Figures will be provided. It was explained that no benchmarking is available.
6. A Member questioned if the grant work was a significant reason for the number of audits not achieved asking if lessons have been learned. The Chief Internal Auditor explained that a key message from Welsh Government and Monmouthshire County Council was to pay out grants to support local businesses as soon as possible. Internal Audit's role was to assess the applications and where fraud was identified, a referral was made to the Police. Our bank was contacted to recover some of the money. It was a UK wide issue. Lessons were learnt as the team was involved at an early stage, so the systems weren't in place immediately. The team did a very good job, robustly challenging the applications and insisting that the appropriate evidence was provided before the grant was paid out. Some instances of fraud were detected accordingly.
7. The Chair noted some vacancies in the Internal Audit Team and asked for an update. It was explained that there are two significant vacancies to be advertised shortly with a view to interview and appoint by September. If under-resourcing continues external/internal assistance will be requested. The Governance and Audit Committee will be kept updated. Support from the Committee was offered as necessary.

As per the report recommendations, the Governance and Audit Committee received, commented on, and endorsed the Annual Report

10. Governance & Audit Committee Annual Report 2021/22

The Chief Internal Auditor introduced the Governance and Audit Committee Annual Report 2021/22; jointly authored with Philip White, Former Chair of the Governance and Audit Committee. Following presentation of the report, comments and questions were invited particularly from Members who sat on the previous Committee.

(County Councillor Laura Wright left the meeting at 15:50 pm)

A Member commented that it is a balanced report adding that the Committee was well-chaired, and the Chair was committed, dealt with Members questions and followed matters up appropriately. Members of the previous committee supported these comments.

As recommended in the report, the Governance and Audit Committee endorsed the report and recommended its presentation to Council, and that Council accepts and endorses the report.

11. Draft self assessment report 2021/22

The Performance Manager and Performance Officer presented the draft self-assessment report for 2021/22. Following presentation of the report, comments and questions were invited.

1. Members commented that it will take time to develop a robust and balanced self-assessment. It was responded that there will be further work to promote a balanced

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm

approach such as including supporting evidence of positive outcomes for communities, identifying areas for development and promoting a culture that ensures service areas are challenging themselves and providing evidence in the self-assessment process.

2. A Member asked how areas for improvement will be tracked and if there would be an action plan. The Member also asked about the range and suitability of performance indicators. It was responded that output from the self-assessment process will be used to inform the specifics of the corporate plan which will necessarily include a set of actions and associated performance indicators. The process of challenge has generated a lot of evidence that is fed back to Directorate Management Teams and Service Managers for use in their own service area planning. Performance indicators are important to provide part of the evidence in a range of sources of evidence.
3. A Member queried the process for self-assessment and asked to what extent we are seeking the views of individual service area users and non-users to gain residents' views of the service. It was explained that feedback from residents, external organisations and partners has been sought e.g. service user questionnaire for social care service users. Work is ongoing on how to increase and broaden engagement with communities, service users and residents for forward planning and evaluation of existing services, also to ask non-users why they don't use the service.
4. A Member questioned how waste recycling, reused or composted had exceeded its target whilst the tonnage of waste had increased by over 3000 tonnes. It was explained that the target is set by Welsh Government and further information can be sought. It was suggested that the increase was in part due to the introduction of a booking system for the household waste recycling centres (HWRC) which encouraged less waste to the HWRCs, but more kerbside waste collected and more recycling.
5. The rise in absence rate from 10% – 14.4 % was queried. It was responded that there are recruitment challenges, and a range of data and evidence is used to manage the workforce planning which will be utilised to understand this increase. It was also confirmed that the authority works in collaboration with Cardiff City Council's award-winning procurement service to strengthen procurement.

(County Councillor Tony Easson left at 16:22pm)

A Member welcomed the easy to read language used in the document.

As per the recommendations in the report, the Governance and Audit Committee reviewed the draft self-assessment report 2021/22 and was broadly comfortable with its findings and conclusions and recommended its consideration by Council.

12. Governance and Audit Committee Forward Workplan

The Chair invited Members to suggest items for inclusion in the forward work plan.

- 1) It was agreed to add a review of the Committee's terms of reference aligned to the plan; the Chair to liaise with the Chief Internal Auditor on a report.
- 2) Invitation of Officers regarding Limited Opinions to be added to the plan for September.

13. Date of next meeting - 8th September 2022

Meeting ended at 4.30 pm

MONMOUTHSHIRE COUNTY COUNCIL

**Minutes of the meeting of Governance and Audit Committee held
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 14th July, 2022 at 2.00 pm**