

# Public Document Pack



Neuadd y Sir  
Y Rhadyr  
Brynbuga  
NP15 1GA

Dydd Mercher, 14 Medi 2016

## Hysbysiad o gyfarfod:

### Cyngor Sir

Dydd Iau, 22ain Medi, 2016 at 2.00 pm,  
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

### AGENDA

*Prayers will be said prior to the Council meeting at 4.55pm. All members are welcome to join the Chairman for prayers should they wish to do.*

Eitem No	Eitem	Tudalennau
1.	Ymddiheuriadau am absenoldeb	
2.	Fforwm Agored i'r Cyhoedd	
3.	Adroddiad y Cadeirydd ac unrhyw ddeisebau sydd wedi eu derbyn	1 - 2
4.	Datganiadau o Fuddiant	
5.	Cadarnhau a llofnodi cofnodion y cyfarfod diwethaf	3 - 14
6.	Nodi rhestr Camau Gweithredu y cyfarfod diwethaf	15 - 16
7.	Rhestr o Gynigion	
7.1.	<b>Cynnig y Cynghorydd Sir F. Taylor</b>  Bod y Cyngor hwn yn ei gyfarfod nesaf yn derbyn gwerthusiad llawn o ddefnydd Cyngor Sir Fynwy o Gontractau Dim Oriau. Dylai'r gwerthusiad roi manylion maint a chwmpas yr ymarfer o fewn yr Awdurdod hwn a'i effaith ar ddarpariaeth gwasanaeth a llesiant ac ysbryd staff.	
7.2.	<b>Cynnig y Cynghorydd Sir F. Taylor</b>  Bod aelodau'r Cyngor hwn yn cynnig cefnogaeth lawn a gweithgar i'r pwyllgor Gwasanaethau Democrataidd yn eu hymdrechion i annog a chynyddu ymgysylltu democrataidd cyn a thu hwnt i etholiadau llywodraeth leol 2017.	

<b>8.</b>	<b>Swyddfa Archwilio Cymru - Adroddiad Gwella Blynyddol 2015/16</b>	17 - 52
<b>9.</b>	<b>Adroddiadau i'r Pennaeth Cyllid/S151</b>	
<b>9.1.</b>	<b>Datganiad Cyfrifon 2015/2016</b>	53 - 166
<b>9.2.</b>	<b>Adroddiad ISA 260 Cyngor Sir Fynwy</b>	167 - 180
<b>10.</b>	<b>Adroddiadau i'r Pennaeth Democratiaeth, Ymgysylltu a Gwella</b>	
<b>10.1.</b>	<b>Cynigion Hyb y Fenni</b>	181 - 224
<b>10.2.</b>	<b>Cam 2 Cynllun Gwella 2015/2016</b>	225 - 296
<b>11.</b>	<b>Adroddiadau Prif Swyddog, Menter</b>	
<b>11.1.</b>	<b>Ailbenodi Fforwm Mynediad Lleol Sir Fynwy</b>	297 - 306
<b>11.2.</b>	<b>Dêl Dinas Prifddinas-Ranbarth Caerdydd - Trefniadau Llywodraethiant Interim a Chefnogaeth Ariannol</b>	307 - 314
<b>12.</b>	<b>Adroddiad y Prif Swyddog, Adnoddau</b>	
<b>12.1.</b>	<b>Rhaglen Ysgolion y Dyfodol</b>	To Follow
<b>13.</b>	<b>Cwestiynau Aelodaeth</b>	
<b>13.1.</b>	<b>Gan y Cyngorydd Sir R.J.C. Hayward i'r Cyngorydd Sir E.J. Hackett Pain</b>	
	A wnaiff yr aelod cabinet ddiweddarau'r Cyngor ar y cynnydd ar aiiladeiladu ysgolion Cil-y-coed a Threfynwy? Yn neilltuol, a all hysbysu cyngorwyr ar yr amcangyfrifon cost diweddaraf yng nghyswllt y cyllidebau gwreiddiol (heb eu diweddarau) ar gyfer cwblhau?	
<b>13.2.</b>	<b>Gan y Cyngorydd Sir R.J.C. Hayward i'r Cyngorydd Sir S.B. Jones</b>	
	Bu cyhoedduswydd gwael yn ddiweddar am amllder cau cyfleuster ailgylchu Troy oherwydd diffyg gofod pan mae lorïau'n symud sgipiau o'r safle. Mae traffig yn aml yn crynhoi'n ôl i'r brif ffordd gan achosi perygl difrifol i ddiogelwch. A wnaiff yr aelod cyngor hysbysu os oes unrhyw gynlluniau i gynyddu a gwella'r safle fel nad yw'n achosi cymaint o anghyfleuster i'r cyhoedd?	

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## Prif Weithredwr

## CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Cynghorwyr Sir:

D. Batrouni  
J. Prosser  
D. Blakebrough  
M. Powell  
V. Smith  
G. Burrows  
R. Chapman  
P. Clarke  
J. Crook  
D. Dovey  
G. Down  
A. Easson  
D. Edwards  
R. Edwards  
D. Evans  
P. Farley  
P.A. Fox  
J. George  
R.J.W. Greenland  
L. Guppy  
E. Hackett Pain  
R. Harris  
B. Hayward  
M. Hickman  
J. Higginson  
P.A.D. Hobson  
G. Howard  
S. Howarth  
D. Jones  
P. Jones  
S. Jones  
S.B. Jones  
P. Jordan  
J. Marshall  
P. Murphy  
B. Strong  
F. Taylor  
A. Watts  
P. Watts  
A. Webb  
S. White  
K. Williams  
A. Wintle

**Gwybodaeth Gyhoeddus**

### **Mynediad i gopïau 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](http://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

## Cymunedau Cynaliadwy a Chryf

### Canlyniadau y gweithiwn i'w cyflawni

#### Neb yn cael ei adael ar ôl

- Gall pobl hŷn fyw bywyd da
- Pobl â mynediad i dai addas a fforddiadwy
- Pobl â mynediad a symudedd da

#### Pobl yn hyderus, galluog ac yn cymryd rhan

- Camddefnyddio alcohol a chyffuriau ddim yn effeithio ar fywydau pobl
- Teuluoedd yn cael eu cefnogi
- Pobl yn teimlo'n ddiogel

#### Ein sir yn ffynnu

- Busnes a menter
- Pobl â mynediad i ddysgu ymarferol a hyblyg
- Pobl yn diogelu ac yn cyfoethogi'r amgylchedd

### Ein blaenoriaethau

- Ysgolion
- Diogelu pobl agored i niwed
- Cefnogi busnes a chreu swyddi
- Cynnal gwasanaethau sy'n hygyrch yn lleol

### Ein gwerthoedd

- **Bod yn agored:** anelwn fod yn agored ac onest i ddatblygu perthnasoedd ymddiriedus
- **Tegwch:** anelwn ddarparu dewis teg, cyfleoedd a phrofiadau a dod yn sefydliad a adeiladwyd ar barch un at y llall.
- **Hyblygrwydd:** anelwn fod yn hyblyg yn ein syniadau a'n gweithredoedd i ddod yn sefydliad effeithlon ac effeithiol.
- **Gwaith tîm:** anelwn gydweithio i rannu ein llwyddiannau a'n methiannau drwy adeiladu ar ein cryfderau a chefnogi ein gilydd i gyflawni ein nodau.

# Agenda Item 3

## Chairman reports 24<sup>th</sup> July – Sunday 11<sup>th</sup> September

Sunday 24 <sup>th</sup> July	Chepstow Bridge Bicentenary Beaufort Square, Chepstow
Tuesday 26 <sup>th</sup> July 5.30 p.m.	HMS Monmouth Flag – donor thank you event The Nelson Museum & Local History Centre, Monmouth
Thursday 28 <sup>th</sup> July 11 a.m.	Opening Ceremony for refurbishment of Abergavenny Town Centre
Friday 29 <sup>th</sup> July 6 p.m.	Opening Concert for National Eisteddfod The Maes Castle Meadows, Abergavenny
Sunday 31 <sup>st</sup> July 11 a.m.	Eisteddfod 2016 – Morning Service The Pavillion, The Maes Castle Meadows, Abergavenny
Sunday 31 <sup>st</sup> July 1 p.m.	Caldicot Town Council Civic Service
Sunday 31 <sup>st</sup> July 7 p.m.	The National Youth Brass Band of Wales Haberdashers' Monmouth School for Girls
Monday 1 <sup>st</sup> August 12 p.m.	Eisteddfod presentation and Trophy presentation Pl@iad restaurant, The Maes, Castle Meadows, Abergavenny
Tuesday 2 <sup>nd</sup> August 11 a.m.	Visit to St David's Hospice Care Blackett Avenue, Newport
Wednesday 3 <sup>rd</sup> August 4 p.m.	Eisteddfod Medal Ceremony The Pavillion, The Maes Castle Meadows, Abergavenny
Thursday 4 <sup>th</sup> August 11 a.m.	Citizenship Ceremony Registrar's Office, Usk
Thursday 4 <sup>th</sup> August 4 p.m.	Llywydd's Reception with Elin Jones AM National Assembly stand @ National Eisteddfod, Abergavenny
Friday 5 <sup>th</sup> August 4 p.m.	Eisteddfod Bard Ceremony The Maes Castle Meadows, Abergavenny
Saturday 6 <sup>th</sup> August	Status Quo live Caldicot Castle
Saturday 13 <sup>th</sup> August 10.30 a.m.	Rhondda Cynon Taf Civic Service St Donat's Church, Abercynon
Friday 19 <sup>th</sup> August 12 noon	Past Chairman, Jane Foulser funeral service St Mary's Priory Church, Abergavenny
Thursday 25 <sup>th</sup> August 12.30 p.m.	Luncheon at Monmouthshire Show Vice President's Pavilion at Monmouthshire Showground
Thursday 1 <sup>st</sup> September 11 a.m.	Citizenship Ceremony Registrar's Office, Usk
Friday 2 <sup>nd</sup> September 3.30 – 5 p.m.	Afternoon Tea to mark the 350 <sup>th</sup> anniversary of the Great Fire of London Mansion House, London EC4
Saturday 3 <sup>rd</sup> September 7 p.m.	Caldicot Male Voice Choir Gala Concert Caldicot Leisure Centre
Sunday 4 <sup>th</sup> September 12 – 2 p.m.	High Sheriff of Gwent – Summer Garden Party Lower House Farm, Abergavenny
Thursday 8 <sup>th</sup> September 13.30 p.m.	50 <sup>th</sup> Birthday of the 1 <sup>st</sup> Severn Crossing Old Ferry Inn, Beachley
Saturday 10 <sup>th</sup> September 2 p.m.	Vale of Glamorgan Civic Celebration Memorial Hall Theatre, Barry
Sunday 11 <sup>th</sup> September 2 p.m.	Merthyr Civic Service St David's Parish Church, Merthyr Tydfil

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# Public Document Pack Agenda Item 5

## MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of County Council held  
at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

**PRESENT:** County Councillor J. Higginson (Chairman)  
County Councillor P. Jordan (Vice Chairman)

County Councillors: D. Batrouni, J. Prosser, M. Powell, V. Smith, G. Burrows, P. Clarke, J. Crook, D. Dovey, G. Down, A. Easson, D. Edwards, R. Edwards, P. Farley, P.A. Fox, J. George, R.J.W. Greenland, L. Guppy, E. Hackett Pain, R. Harris, B. Hayward, M. Hickman, P.A.D. Hobson, G. Howard, S. Howarth, D. Jones, S. Jones, S.B. Jones, P. Murphy, B. Strong, F. Taylor, A. Watts, P. Watts, A. Webb, K. Williams and A. Wintle

### **OFFICERS IN ATTENDANCE:**

Paul Matthews	Chief Executive
Kellie Beirne	Chief Officer, Enterprise
Will McLean	Head of Democracy, Engagement and Improvement
Joy Robson	Head of Finance/Section 151 Officer
Robert Tranter	Head of Legal Services & Monitoring Officer
Nicola Perry	Senior Democracy Officer
Hazel Clatworthy	Sustainability Community Officer
Deb Hill-Howells	Head of Community Led Delivery
Claire Marchant	Chief Officer Social Care, Health & Housing
Teresa Norris	Policy & Performance Officer
Ian Saunders	Head of Tourism, Leisure and Culture
Ben Winstanley	Estates Manager

### **APOLOGIES:**

Councillors D. Blakebrough, R. Chapman, D. Evans, P. Jones, J. Marshall and S. White

### **2. Public Open Forum**

In response to the question submitted by Mr. J. Callard regarding traffic on the A4143, County Councillor S.B. Jones apologised for the lack of response initially. Ideas for improvements on traffic flow, and ways to reduce delays on our highways network were welcome and officers would be asked to undertake a review of the traffic flow at Waitrose roundabout. Councillor Jones added that he was not convinced that moving parking from this location would improve traffic flow, and consideration must be given to the impact that such an action would have on residents in the area. Should the review identify that moving parking at times may reduce congestion at the approach further consideration would be given to Mr. Callard's suggestion.

Further enquiries would be made to establish if the road in question is a trunk road.

### **3. Chairman's Report and receipt of petitions**

Council received the Chairman's report.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

The Chairman informed members of information received regarding success at visitor attractions across the County. Tintern Old Station, Caldicot Castle and Country Park and Abergavenny's Castle Meadows have retained the coveted Green Park Award, and had been described as being the best kept parks and green space areas in the County. Particular mention was made of Paul Cheeseman, of the Old Station, Tintern, whose efforts had been awarded with the Green Flag Employee of the Year Award.

Members were updated on the new Morrison's store in Abergavenny. We were informed that the new store would be of a different design to that which had been granted planning permission, and a new application would be submitted as of 28<sup>th</sup> July 2016. The store would be the first of the new style of trading for Morrison's. Further detail would be provided when the agreement is confirmed.

#### **Petitions:**

County Councillor S. Jones presented a petition on behalf of County Councillor P. Jones in relation to the retention of smallholdings in Monmouthshire, and New Trecastle Farm, Penyclawdd. The petition was passed to the Chairman.

County Councillor G. Burrows presented a petition in relation to traffic control at Toll House, Mitchel Troy. The petition was passed to the Chairman.

#### **4. Declarations of Interest**

County Councillor F. Taylor declared a personal, non-prejudicial interest under the Member's Code of Conduct in relation to Item 7, Bwr Nawr, as an independent community member of ABUHB.

Further declarations would be made under the relevant item.

#### **5. To confirm and sign the minutes of the previous meeting**

The minutes of the meeting held on 16<sup>th</sup> June 2016 at 5.00pm, were confirmed as a correct record and signed by the Chairman.

We noted the continued request for an action sheet.

#### **6. Notices of Motion**

##### **a) Motion from the Chairman of Monmouthshire County Council:**

*We are proud to live in a diverse and tolerant society. Racism, xenophobia and hate crimes have no place in our country. Our Council condemns racism, xenophobia and hate crimes unequivocally. We will not allow hate to become acceptable. We will work to ensure local bodies and programmes have the support and resources they need to fight and prevent racism and xenophobia. We reassure all people living in Monmouthshire that they are valued members of our community.*

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

The Leader thanked the Chairman for putting the motion forward, and noted that many members had been in receipt of the motion. He added that in supporting the motion it was important that, in addition to the opposition to hate crimes, xenophobia and racism, we recognise our welcoming cohesive communities.

Following discussion, and being put to the vote, the motion was carried.

#### b) Motion from County Councillor D.Batrouni

*Many young people searching for their first job often find it a difficult process mainly because they are told they have no experience. The Labour group believe Monmouthshire County Council could help Monmouthshire's young people with this problem. As one of the biggest employers in Monmouthshire, the Council has the ability to provide a number of internships across a number of departments covering a wide range of skills. The Labour group believe we should set up a formal internship process whereby the Council actively recruits people that live in Monmouthshire. All interns should get paid the living wage commensurate to their age. By doing this, we could give them a head start in today's tough job market.*

In moving the motion Councillor Batrouni highlighted the following points:

- Rather than an informal process, the motion suggests the setting up of a formal internship programme that gives people in the community experience.
- The range of skills and experiences that could be offered by the council is vast, such as a trade, office experience and media experience, and experience in professions that not many organisations could cover.
- Given our status, it makes sense to create a formal programme to provide these skills.
- The work of Yprentis was applauded but this was thought to be an everyday simple measure which could make a difference.

During debate we noted the following points:

- The Cabinet Member concurred that Council would agree with the sentiments of the motion, and agreed that it was suitable for the Council to help.
- We recognised the opportunities with the two new Secondary Schools, and highlighted the opportunities available to young people in the County. So far in Caldicot there had been 12 jobs created, career information about the construction business, 200 training weeks, 12 certificates for qualifying within the workforce.
- The Youth Service have also provided opportunities for young people who have then been employed in the wider community.
- It was suggested that the term 'internship' be changed to reflect wider opportunity.
- As Corporate Parents, we had not been effective in providing work experience to our Looked After Children, and it was suggested that significant work would need to be undertaken to take the motion forward.

County Councillor Greenland explained that we are already doing what is being asked for in terms of apprenticeships and internships. Yprentis has 70 apprentices across the greater Gwent area, some of whom from Monmouthshire and are paid above the living wage. There are a number of internal apprenticeships, and wherever there is an opportunity within the Council internships are offered.

Councillor Greenland proposed an amendment to the motion, which was duly seconded, this became the substantive motion:

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

*Many young people searching for their first job often find it a difficult process mainly because they are told they have no experience. Monmouthshire County Council offers various initiatives, both within the Council and externally to help Monmouthshire's young people with this problem. As one of the biggest employers in Monmouthshire, the Council provides a number of internships/apprenticeships/work experience opportunities across a number of departments covering a wide range of skills. Through these initiatives the Council gives work to those living in Monmouthshire and elsewhere. Wages paid are in line with the living wage commensurate to their age. By doing this the Council gives them a head start in today's tough job market and we will continue to do this wherever we can.*

During discussion we noted the following:

- Data was requested to clarify the information in the substantive motion.
- A point was raised that restrictions made by Welsh Government prevented young people crossing the border and obtaining work experience in England.
- It was questioned how young people could access work placements with the lack of transport in the County.
- The Cabinet Member for education agreed that young people should be able to take the best placement suitable, regardless of it being England or Wales. Further information would be sought.
- The Chair of Economy and Development Select Committee advised that this area was regularly scrutinised

Upon being put to the vote, the substantive motion was carried.

#### c) **Motion from County Councillor K. Williams:**

*This council is pleased to host the cycling event in Abergavenny each year. It will continue to ensure that local small businesses benefit from it each year.*

County Councillor J. Prosser declared a personal, non-prejudicial interest under the Member's Code of Conduct as Deputy Mayor of Abergavenny.

In moving the motion, Councillor Williams added that he wished to add 'Friday night cycling event' to the motion.

The Cabinet Member agreed with the sentiments of the motion and added that we hoped to continue to host events in the town. Inevitably there would not always be benefit to all businesses but the aim was to be fair to all traders, and it was suggested that the start and finish points be moved accordingly.

Councillor Greenland proposed an amendment to the motion, which was duly seconded, and became the substantive motion:

*This council is pleased to host the Friday evening cycling event in Abergavenny each year. It will continue in its efforts to promote health through sport whilst offering added benefits to local small businesses through the increased footfall that this and similar events bring. We will endeavour to move the start/finish line around so that all traders can share the benefits.*

Upon being put to the vote, the substantive motion was carried.

#### **7. Reports of Chief Officer, Social Care and Health**

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

Council were presented with a report, the purpose was to inform Monmouthshire County Council of the development of Aneurin Bevan University Health Board and its partners as a Beacons site for the development of Byw Nawr.

Byw Nawr is the Welsh equivalent of Dying Matters. This was set up by the National Council for Palliative Care to support the End of Life Care Strategy. The aim of which is to raise public awareness about the importance of talking more openly about dying, death and bereavement and of making our wishes known.

We welcomed Bobbie Bolt, Associate Director Efficiency and Effectiveness, Aneurin Bevan University Health Board, who was in attendance to provide further insight.

During discussion we noted the following:

- Adults Select Committee had been fully engaged throughout the development of the implementation of the programme, and Council were urged to support the Byw Nawr programme and to recognise the importance of the topic. Adults Select Committee wished to continue monitoring progress and create a forum to enable further discussions.
- A member highlighted that with the demographics of people across Monmouthshire and Gwent, further consideration should be given to cost implications at end of life.
- A member of the Crematorium Committee suggested section 4 of the report should include an added point highlighting the importance of ensuring funeral wishes are kept up to date.
- It was recommended that information and advice relating to planning and recording a will, such as Office of the Public Guardian, be included to ensure the best protection and to avoid exploitation.
- A member requested that emphasis on the specialised area of children and young people, who have life limiting illnesses, be included in the report.
- The Leader thanked Ms Bolt for the report, and welcomed the opportunity for discussion.

Council resolved to agree the recommendations:

- That Council note the contents of this paper.
- That Council agree the Health Board will support this campaign.

#### **7.1. Safeguarding Performance 2015-16**

Council were presented with the End of Year Performance 2015/16 on Whole Authority report, the purpose was to provide Council members with an overview of the performance on whole authority safeguarding in 2015/16.

During debate, the noted the following:

- A Member referred to the point 8 of the table at 3.8: *We operate best safeguarding practices and can demonstrate how we identify and address areas where improvement is needed.* There were concerns that there had been no improvement in this area in two years, and it was expressed that we should be demonstrating improvements in identifying weaknesses. The Chief Officer for Social Care and Health responded by

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

explaining that the way issues are scored demonstrates how officers are taking a forensic look at where we stand. We heard that the vigilant assessment processes meant being harsh in terms of scoring but ensured we were always trying to better ourselves.

- A Member highlighted an issue surrounding Leisure and the importance of ensuring safeguarding policies are in place. Assurance was requested that Council ensure that young people are protected, and as an organisation we recognise that those using our leisure services, parks, or land should be aware of, and adhere to, the policies. The Chief Officer reassured Members that the safe audit process enables the Council to ensure policies are adhered to in all our settings. The next phase of work, included in the action plan would be to ensure the process is properly embedded across all areas involving children and vulnerable adults, not just educational settings.
- Council were assured that plans were in place for those areas needing improvement. Audit processes would alert officers of issues as they arise and it was anticipated that those would continue to improve.
- A Member noted that the report did not cover individuals placed in Monmouthshire but under the Care Standard of Wales. The Chief Officer explained that we do have responsibility for people out of County, in facilities within Monmouthshire, and as far as safeguarding is concerned the establishments are regulated by CSSIW or Health Inspectorate Wales.

Council resolved to agree the recommendations in the report:

- That Members consider this information in parallel with the separate report on the proposed changes to the whole authority safeguarding approach.
- That Members seek assurance that the proposed changes will improve performance on issues highlighted through this report.

#### **7.2. Safeguarding Strategy & Programme**

Council were presented with a report, the purpose was to provide Council members with proposed changes to the whole authority safeguarding approach.

During debate we noted:

- Clarification was sought regarding point 3.8 of the report in terms of what had been shared, whether it was the future programme, or proposals. The Cabinet Member agreed to discuss further with the head of Children's Services.

Council resolved to agree the recommendations in the report:

- Introduce a Safeguarding Strategy – Appendix 1
- Underpin the strategy with an activity programme of three distinct elements covering: Corporate, Children and Young People and Adults - Appendix 2
- Change the terms of reference and representation of the Whole Authority Safeguarding Coordination Group - Appendix 3
- Discontinue the current performance report mechanism and replace it with a scorecard of key safeguarding measures to monitor performance

#### **7.3. Annual Report of the Statutory Director of Social Services**

Council were presented with a report, the purpose was to provide Council with the Annual Report of the Statutory Director of Social Services.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

The Chief Executive reminded Members that this was an opportunity to put questions to the Chief Officer who would provide a straight professional view, rather than directing through a Cabinet Member.

During discussion we noted:

- A Member thanked the Chief Officer for a professional, clear report which identified wins and successes but also noted areas for improvement.
- A question was addressed to the Chief Officer regarding resources. In response we heard that it was thought that social services in Wales has improved since resources had started to become more limited. Adversity had taken the service to a different place in terms of the service offer. The challenge was now to see how much further this could continue, particularly in terms of Adult Services with the challenging demographics. In terms of Children's Services, the aim was to achieve a sustainable financial position, and not coming back to Council year on year requesting more money. Overall, the feeling was dismayed but optimistic.
- A Member made the following comments:
  - Page 14 – the infographics did not provide enough information.
  - Page 16 – inappropriate nature of workforce training, the workforce had not felt supported through the scale of change.
  - Page 18 – request for consistency in reporting.
- A Member noted that the report had been presented to Adults Select Committee and raised the issue of variation and variability. There were concerns if residents in Chepstow and Abergavenny were receiving the same benefits as those in Caldicot and Monmouth, and if not how far away were we from achieving that. The Chief Officer advised that when looking at Community Coordination, the assets within different communities will differ, therefore the service would not be identical offer but the principle needed to be the same.
- In terms of commissioning services, care services in particular, many are a low margin business and providers would have been affected by a number of factors. A question was presented that, should providers increase their pricing structure, how would we respond to that, and was there a danger some providers may disappear. The Chief Officer responded that MCC had responded to the National Living Wage, which had been reflected in the fair price of care paid to care homes and domiciliary providers. The issue regarding how we work with the provider market on a sustainable basis, is referred to in the Turning the World Upside Down work, and is the biggest challenge, but good progress was being made.
- It was suggested that the report identified areas for improvement in Children's Services and a Member referred particularly to page 30 *The percentage of initial assessments where the child has been seen alone by the Social Worker*. It was questioned if it was preferable for the initial assessment to be alone or accompanied, or had there been a policy change. The Chief Officer advised that this related to an audited indicator and appropriate reasons were recorded. It was noted that there had been a high level of agency which was not best practice and could impact on the quality
- The Leader thanked the Chief Officer on behalf of all Members for the forensic insight of the service, enhanced by the answering of questions.

We resolved to agree the recommendations:

- That Council consider and endorse the analysis in 2015/16 Annual Report of the Statutory Director of Social Services concerning the performance, and impact, of adult and children's social care and health services over the last financial year.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

- Council also consider and endorse the 2016/17 areas for improvement set out in the report to address the critical risk and developmental issues in social care and health.

#### **7.4. Dementia Friendly Report**

Council were presented with a report, the purpose was to provide an overview of the work undertaken to develop a Dementia Friendly Local Authority Community (DFA) and set out recommendations for consideration that can support the DFA process going forward through training and subsequent accreditation.

We welcomed Mr. Philip Diamond, from Gwent Transformation Team, who officially presented Council with the Dementia Friendly Community Award, achieved through an accreditation process developed by the Alzheimer's Society.

During discussion we noted the following:

- A Member noted that there is an increase in the number of younger people with dementia, which could result in problems with the police authority. It was pleasing to see that the Police and Crime Commissioner taking the issue seriously, and taking steps to protect individuals who may fall into trouble through no fault of their own.
- A Member referred to Dementia Friendly Businesses, and recommended that the authority undertakes the same initiative.
- We would be embarking on training, and in the weeks and months ahead, this would start to roll-out to all Members, officers, and through training methods.

Council resolved to agree the recommendations in the report:

- That Council note content of report.
- That Council discuss points for consideration.
- That Council identify next steps.

## **8. Reports of the Head of Governance, Policy and Performance**

### **8.1. Sustainable Development Policy**

Council received a report to provide Council with a revised Sustainable Development Policy.

During debate we noted:

- A Member questioned if, in terms of assessments carried out by officers, a copy of the Future Generations Evaluation form, with guidance, could be circulated to Members.
- A Member active on the Agri-Urban project, one of the themes being sustainability in the agricultural environment, and was assured by the amended procedures.
- Members were welcome to challenge officers to ensure developments were sustainable, and not simply a process of completing a form.
- A Member referred to '*We believe that sustainable development and future generations are crucial aspects to everything that we do, and when working with partners, contractors and other organisations we would expect them to share these values*' and raised a question of what do we do if they don't share the values. The Sustainability Policy Officer explained that there were many strategies in place, and officers were working together to imbed the wellbeing goals into other policies. We noted that the work through the Public Service Board ensured the goals were shared through partnership organisations across Wales.

Council resolved to approve the recommendations in the report:



## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

- That Council adopt the new Sustainable Development Policy.
- That the Sustainable Development Policy be adopted as part of the Council's Policy Framework in its constitution.

#### **9. Reports of the Head of Community Delivery and the Head of Tourism, Leisure & Culture**

##### **9.1. Velothon 2017-2020**

Council were presented with a report which updated Members on the 2016 Velothon event and sought the Council's commitment to supporting the Velothon event from 2017 – 2020 by enabling the route to travel through Monmouthshire.

County Councillors B. Jones, B. Strong, and P. Clarke declared a non-personal, prejudicial interest pursuant under the Members Code of Conduct and left the Council Chamber for the following discussion.

County Councillor R.J. Greenland presented the report and highlighted that Run4Wales had been appointed to take on the management of the Velothon, and had consulted widely regarding problems of previous years.

During debate we noted:

- Concerns were expressed surrounding the improvements carried out by Run4Wales.
- It was recognised that Monmouthshire is a cycling county, but as the Velothon is centred around Cardiff, there were concerns that there was no benefit to the County.
- Members sought clarification regarding the costs incurred in hosting the event, and requested further financial information. In response advised that any infrastructure costs were picked up by the organisers, and there was no set budget for the Velothon.

County Councillor S. Jones proposed an addition to the recommendation in that the following be added: *This review will include pro-active and direct engagement with Town and Community Councils and with the business community, particularly those businesses who have been adversely affected over the last two years.* This was duly seconded.

- A Member agreed that communication had improved, but felt that the level of disruption had an inequitable impact on communities.
- A Member briefing on the Velothon had been poorly attended, and those who had attended suggested that this would have been an ideal time to present questions to the organisers. However, some who had attended were still not convinced that concerns have been addressed.
- It was expressed that high profile, televised events held in Monmouthshire were an advantage for the County. However a Member expressed that the Velothon is not in that category, and is a Cardiff event, and therefore the benefits were received by Cardiff only. In comparison Monmouthshire is disrupted and effectively closed for the day.
- The Leader agreed that Council would like to receive more evidence of the benefits, but added that such events were important for the future economy of Monmouthshire.
- There were concerns that the staff costs directed towards the event should be used in other areas, again it was requested that figures and costs should be included in the report.
- A Member expressed that the main concern was the prolonged closures of the roads.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

- A Member advised that at the Member briefing a suggestion had been made to persuade organisers to arrange that start and finish points be in Monmouthshire in the future.

Following a proposal to defer the item to a later date it was agreed to adjourn for 10 minutes.

Upon return the Chief Executive advised Members that officers would not be able to determine the exact benefit to the County, and it could not be guaranteed that costs would be quantified at the next Council meeting. Furthermore, we would not be in a position to negotiate a change in the start/finish for 2017, and there was a concern that Monmouthshire would not have the capacity for this. Newport could be a consideration, and alternative route proposals may be influential to 2018.

County Councillor R.J. Greenland confirmed the amended recommendation as:

*That Council agrees to support the 2017 Velothon subject to an annual post event review. This review will include pro-active and direct engagement with Town and Community Councils, and with the business community, particularly those businesses who have been adversely affected over the last two years.*

The Chair proposed that, following the discussions, an agreement be made with Run4Wales to support the 2017 Velothon, but that they (Run4Wales) address urgently the concerns put to them and officers provide the evidence, that is available including costs, requested by members. This information will be presented to Council in September 2017.

Upon being put to the vote the amended recommendation was carried.

#### **10. Members Questions**

##### **10.1. From County Councillor D.W. Hughes-Jones to County Councillor S.B. Jones**

**From County Councillor D.W. Hughes-Jones to County Councillor S.B. Jones**

*"Monmouthshire is in a unique position offering a special attraction for visitors. It forms part of the Brecon Beacons National Park which adds to the special appeal of our County. The problem of litter can undermine the attraction as it tarnishes the appearance and impression given to any person travelling along the roads of urban and rural Monmouthshire.*

*What is Monmouthshire's policy regarding litter collection, prevention and imposing of fines for dropping litter, and is there any evidence that this strategy is working? How many fines have been imposed for littering our County over the last 5 years and what are the totals of money collected annually from this? Can this "revenue" be used to deter the littering of all Monmouthshire communities in the future?"*

In response, the Cabinet Member thanked constituents for collecting litter and advised that the main objective of the Waste and Street Services Improvement Plan is to make a clean, green and safe environment for residents and visitors. There is a comprehensive schedule for litter collection across the County but it was appreciated that there were gaps in some rural areas. There are a number of projects being undertaken in place where officers from Environmental Health were authorised to issue fixed penalty notices. Police Community Support Officers, on the Council's behalf, can also issue fixed penalty notices. Only 3 have been issued in recent years, but the intention is to extend to include officers from Waste and Street Services. The revenue from FPNs is minimal so of little use in deterrent schemes. There have been five successful prosecutions for instances of fly tipping.

## MONMOUTHSHIRE COUNTY COUNCIL

### Minutes of the meeting of County Council held at County Hall, The Rhadyr, Usk, NP15 1GA on Thursday, 28th July, 2016 at 5.00 pm

As a supplementary question:

What plans do the Council have to ease the problem in rural towns in particular, for example, Grosmont Town?

In response the Cabinet Member advised he would make enquiries regarding Grosmont Town. The following points were noted:

- Waste and Street Services work closely with SEWTRA to tackle litter along main routes, and are working with neighbouring authorities to develop a litter campaign.
- A strong and consistent message that littering is unacceptable across the trunk road network will help reduce the problem.
- Work is undertaken with Keep Wales Tidy, who coordinate work with community payback teams.
- Educational programmes are delivered through the One Planet Centre.
- Number of littering and fly-tipping complaints reduced in 2015/16 with the downward trend continuing.

#### 11. Oak Grove Solar Farm

Council received a report referring to Oak Grove Solar Farm. The purpose was to retrospectively inform members of the urgent decision taken to authorise payment to commence work on the electricity grid connection, also to amend the basis for which authority is delegated for future decisions on the project based on necessary amendments to the original business case.

Following discussion Council resolved to accept the recommendations in the report.

**The meeting ended at 9.55 pm**

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**ACTION LIST**  
**MEETING OF MONMOUTHSHIRE COUNTY COUNCIL**  
**28<sup>th</sup> July 2016**

MINUTE NUMBER AND SUBJECT	ACTION TO BE TAKEN	TO BE ACTIONED BY	PROGRESS
<b>6. Notices of Motion</b>	<ul style="list-style-type: none"> <li>Information sought regarding restrictions on young people of Monmouthshire to take up work placements in England</li> </ul>	<ul style="list-style-type: none"> <li>County Councillor Hackett Pain</li> </ul>	
<b>7.b Safeguarding Strategy and Programme.</b> <i>This proposal has been shared with Directorate Management Teams and has been presented to the Senior Leadership Team and the Cabinet. It has also been informally presented to the Children and Young People and Adults Select Committees.</i>	<ul style="list-style-type: none"> <li>Clarification regarding the information shared with DMT – future programme or proposals. Further information requested</li> </ul>	<ul style="list-style-type: none"> <li>County Councillor G. Burrows/ J. Rodgers</li> </ul>	
<b>Sustainable Development Policy</b>	<ul style="list-style-type: none"> <li>Copy of FGE form, with guidance notes, to be circulated to Members</li> </ul>	<ul style="list-style-type: none"> <li>H. Clatworthy</li> </ul>	Information emailed to all members.
<b>Velothon</b>	<ul style="list-style-type: none"> <li>To report concerns to Run4Wales, and report to Council in September 2017</li> </ul>	<ul style="list-style-type: none"> <li>I. Saunders / K. Beirne</li> </ul>	

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

## Annual Improvement Report 2015-16

### Monmouthshire County Council

Issued: August 2016

Document reference: 451A2016



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Non Jenkins, Dave Wilson and Allison Rees under the direction of Alan Morris.

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The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.



# Contents

## Summary report

About this report	4
2015-16 performance audit work	5
Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council will comply with the requirements of the Measure during 2016-17 provided it continues to maintain the current pace of improvement	6
Recommendations	7

## Detailed report

Performance	10
Use of resources	14
Governance	15

## Appendices

Appendix 1 – Status of this report	18
Appendix 2 – Annual Audit Letter	19
Appendix 3 – Audit of Monmouthshire County Council's 2015-16 Improvement Plan	21
Appendix 4 – Audit of Monmouthshire County Council's assessment of 2014-15 performance	23
Appendix 5 – National report recommendations 2015-16	26

# Summary report

## About this report

- 1 This Annual Improvement Report (AIR) summarises the audit work undertaken by the staff of the Wales Audit Office on behalf of the Auditor General at Monmouthshire County Council (the Council) since the last such report was published in November 2015. This report also includes a summary of the key findings from reports issued by relevant regulators, namely: the Care and Social Services Inspectorate Wales (CSSIW); Her Majesty's Inspectorate for Education and Training in Wales (Estyn); and the Welsh Language Commissioner (the Commissioner). Nonetheless, this report does not represent a comprehensive review of all the Council's arrangements or services. The conclusions in this report are based on the work carried out at the Council by relevant external review bodies and, unless stated otherwise, reflect the situation at the point in time that such work was concluded.
- 2 Taking into consideration the work carried out during 2015-16, the Auditor General will state in this report whether he believes that the Council is likely to make arrangements to secure continuous improvement for 2016-17.
- 3 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 4 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

## 2015-16 performance audit work

- 5 The work carried out since the last AIR, including that of the 'relevant regulators', is set out below.

Project name	Brief description
Wales Audit Office Annual 'Improvement Plan' Audit	Review of the Council's published plans for delivering on improvement objectives in line with the requirements of the Measure.
Wales Audit Office Annual 'Assessment of Performance' Audit	Review of the Council's published performance assessment in line with the Measure, including testing and validation of performance information.
Wales Audit Office: Performance Management	Corporate Assessment follow-on review including testing and validation of performance information.
Estyn: Monitoring visit	Monitoring visit to assess the Council's progress against the six recommendations made following its inspection in November 2012.
Estyn: Evaluation of schools performance	A review of performance across a range of areas within schools in the Council.
CSSIW: Annual Review and Evaluation of Performance	An evaluation of the Council's performance in delivering its social services functions.
Welsh Language Commissioner	The Welsh Language Commissioner's response to the Council's 2014-15 Annual Monitoring Report.
Wales Audit Office Financial Resilience Assessment	Review of the Council's financial position and how it is budgeting and delivering on required savings.
Wales Audit Office: Governance	Corporate Assessment follow-on review.
Wales Audit Office: Gwent Frailty Programme	A review of the Gwent Frailty Programme to assess whether the Programme had delivered improvements in line with individual organisations' expectations.

Project name	Brief description
National reports	<ul style="list-style-type: none"> <li>• Community Safety Partnerships (to be published)</li> <li>• Income generation and charging (to be published)</li> <li>• Council funding of third-sector services (to be published)</li> <li>• The financial resilience of councils in Wales (published 2 April 2015)</li> <li>• Achieving improvement in support to schools through regional education consortia – an early review (published 3 June 2015)</li> <li>• Review of Corporate Safeguarding arrangements in Welsh Councils (published 21 July 2015)</li> <li>• Supporting the Independence of Older people: Are Councils Doing Enough? (published 15 October 2015)</li> <li>• Delivering Less – Leisure Services (published 3 December 2015)</li> </ul>

**Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council will comply with the requirements of the measure during 2016-17 provided it continues to maintain the current pace of improvement**

6 The Auditor General has reached this conclusion because:

- The Council has continued to improve its performance management arrangements and recognises that it has more to do to ensure consistent application of corporate arrangements, and to address the requirements of the Well-being of Future Generations (Wales) Act 2015.
- Estyn judged that the Council had made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four. As a result, Estyn considers that the authority is no longer in need of special measures and is removing it from further follow-up activity.
- CSSIW reported that the Council made good progress with a transformation in practice agenda and was well placed to meet the requirements as set out in the Social Services and Wellbeing (Wales) Act (SSWBW Act).

- The Council had generally effective financial governance, but its financial planning and control arrangements were not fully embedded or delivering effectively, in the face of some significant financial challenges.
- The Council made progress in improving its governance arrangements, although, more work was needed to strengthen the transparency of decision making and recording.
- The Gwent Frailty Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme.

## Recommendations

- 7 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection, and publish a report and make recommendations; and
  - recommend to Ministers of the Welsh Government that they intervene in some way.
- 8 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports but may be referred to later on in this report. We will continue to monitor proposals for improvement during the course of our improvement assessment work. He does, however, make recommendations that may be relevant to the Council in his Local Government National Reports. A list of recommendations contained in reports issued in 2015-16 can be found in [Appendix 5](#).
- 9 Areas for Improvement (AFI) made by CSSIW during the course of the year are set out below.

**AFI1**

- The pace of change in rolling out the Raglan Project and the My Day – My Life project to other community hubs identified throughout Monmouthshire.
- The council should ensure that the deprivation of liberties team and the Mental Capacity Act is fully embedded in everyday practice within assessment and care management.
- Data recording in relation to carers support from the council needs to be reviewed so as to ensure that carers are being appropriately supported.

**AFI2**

- The increase in the level of children on the child protection register requires a better understanding of whether threshold levels are accurate.
- Progress work to improve transitions for children with disabilities to adult services.
- Take forward post inspection implementation plan.

**AFI3**

- Consider how children continue to be safeguarded in light of financial pressures faced by the council.

# Detailed report



# Performance

## Audit of Monmouthshire County Council's 2015-16 Improvement Plan

- 10 On 16 June 2015, we issued a certificate confirming that the Council had discharged its duties under section 15(6) to (9) of the Local Government (Wales) Measure 2009 (the Measure) and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties. The certificate is contained in [Appendix 3](#).

## Certificate of compliance for the Audit of Monmouthshire County Council's assessment of 2014-15 performance

- 11 On 13 November 2015, we issued a certificate of Compliance for the audit of the Council's assessment of 2014-15 performance. The certificate confirms that the Council has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure. Our certificate is contained in [Appendix 4](#).

## The Council has continued to improve its performance management arrangements and recognises that it has more to do to ensure consistent application of corporate arrangements and to address the requirements of the Well-being of Future Generations (Wales) Act 2015

- 12 In March 2015, we carried out a Corporate Assessment at the Council. In respect of performance management, we concluded that whilst systems, procedures, and guidance were in place, the Council was not consistently managing performance, improvement and risks.
- 13 In January 2016, we reviewed the Council's progress in improving its performance management arrangements, including effectively addressing issues raised in the 2015 Corporate Assessment around performance management. We concluded that the Council had continued to improve its performance management arrangements, and recognised that it has more to do to ensure consistent application of corporate arrangements and to address the requirements of the Well-being of Future Generations (Wales) Act 2015.
- 14 We came to this conclusion because:
- the Council continued to improve the way it managed performance, although, implementation of corporate arrangements was still not consistent and its arrangements need further development to incorporate the requirements of the Well-being of Future Generations (Wales) Act 2015;
  - the Council continued to improve the way it manages the performance of its partnership working, but areas for improvement remain in how it measures outcomes and identifies resources needed to deliver improvements; and
  - although the Council had taken action to improve the accuracy and quality of its performance data, those actions have not yet been fully effective.



Estyn has judged that Monmouthshire County Council has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four. As a result, Estyn considers that the authority is no longer in need of special measures and is removing it from further follow-up activity

- 15 In November 2015, Estyn undertook a monitoring visit to assess the Council's progress against the six recommendations made following its inspection in November 2012. In January 2016, Estyn published the **outcome** of the monitoring visit on its website.

### Estyn's evaluation of school performance

- 16 The proportion of pupils eligible for free school meals in Monmouthshire is the second lowest in Wales. This is taken into account when evaluating the performance in the authority. When the performance of schools in Monmouthshire is compared with that of similar schools in Wales in 2015, based on the proportion of pupils eligible for free school meals, performance is above average for the Foundation Phase indicator and for the core subject indicator in key stages 2 and 3.
- 17 At key stage 4, the proportion of pupils achieving the level 2 threshold including English or Welsh first language and mathematics has exceeded the Welsh Government's benchmark for performance for each of the last two years, having been below the benchmark in the previous three years. However, the proportion of pupils achieving the average wider capped points score in the authority has remained below the Welsh Government benchmark for the last five years. More able pupils do not perform well enough at key stage 4, with too few pupils achieving five or more A\* to A grades at GCSE or equivalent.
- 18 The performance of pupils eligible for free school meals at key stage 4 has improved substantially over time, and is now well above the Wales average for most of the main indicators.
- 19 Attendance in primary and secondary schools has been amongst the best in Wales for several years. However, the rate of exclusions of five days or less from schools has consistently been much higher than in similar authorities.

CSSIW reported that the Council made good progress with a transformation in practice agenda, and was well placed to meet the requirements as set out in the SSWBW Act

- 20 CSSIW published its **Annual Review and Evaluation of Performance 2014-15** in October 2015.
- 21 CSSIW concluded that the Council made good progress with a transformation in practice agenda, and was well placed to meet the requirements as set out in the SSWBW Act. The Council concentrated on moving forward an ambitious agenda in adults' services. There had been more difficulties in children's services where the department had been working hard to deliver on the post inspection action plan. This was developed to address the recommendations in the inspection undertaken by CSSIW into children's services in November 2014, where a number of areas of weakness were found. The action plan also identified the areas for improvement set out in last year's Annual Council Reporting Framework.
- 22 CSSIW concluded that progress had been made in a number of areas to date. In particular, the Council made improvements around statutory visits to looked after children and the timeliness of reviews for children in need, as well as recruitment to permanent posts. However, there is still a journey of improvement that children's services will need to continue over the next year.
- 23 CSSIW concluded that the Council worked well with partners across both adult and children's services to deliver better outcomes in the most efficient and effective ways. In adult services, partnership arrangements with Aneurin Bevan University Health Board (ABUHB) were mature at both strategic and operational levels. However, although work progressed, sometimes this needed to develop at a faster pace with renewed energy and clear objectives. The mental health integration work around the Listen Engage Act Participate project across the whole Council is an example of this.
- 24 CSSIW concluded that performance in adult services improved further in a number of key areas, in particular in relation to delayed transfers of care which decreased. Ongoing progress in reablement services was evident and was working effectively in the hubs where they had been implemented. However, whilst headway had been made, the pace of change to roll out services overall more systematically across the whole Council needed to increase in order to recalibrate services in an appropriate and timely way.

- 25 CSSIW concluded that there was significant support corporately and from members who had a good understanding of the challenges facing social care. This was evidenced by the protection of budgets in Social Services in 2014-15, and the agreement reached for additional funding of £1.2 million in children's services in order to deliver its statutory functions and safeguard children effectively. However, this will become more difficult in the future when there is a need to make significant savings across all services within the Council.
- 26 CSSIW concluded that the Council acknowledged that whilst its citizens have high expectations of public services, in the future, services will need to be provided in a different way, and not necessarily by the Council. Greater emphasis will be placed on support being provided through community networks and localised support.

### Welsh Language Commissioner's evaluation of Monmouthshire County Council's performance

- 27 The role of the Commissioner was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 28 The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report, provides a formal response and collects further information as required.
- 29 The Commissioner's formal response and letters issued to the Council during the year are available on the [Commissioner's website](#).

# Use of resources

## Audit of the Council's accounts

30 On 29 September 2015, the Auditor General issued an Annual Audit Letter to the Council. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor, and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Council's accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. The Annual Audit Letter can be found in [Appendix 2](#) of this report.

## The Council had generally effective financial governance, but its financial planning and control arrangements were not fully embedded or delivering effectively in the face of some significant financial challenges

31 In April 2015, we published a national report on **The financial resilience of councils in Wales**. This report was based on fieldwork carried out in all Welsh local councils.

32 Given the continuing pressures on funding for councils in Wales, we considered whether the Council had appropriate arrangements to plan, secure, and maintain its financial resilience in the medium term (typically three to five years ahead). We undertook a review during the period from May to December 2015, and followed up issues highlighted in our 2014-15 financial resilience work. The focus of this review was on the delivery of 2014-15 savings plans, and the 2015-16 financial planning period.

33 Overall, we concluded that the Council had generally effective financial governance, but its financial planning and control arrangements were not fully embedded or delivering effectively in the face of some significant financial challenges. We came to this conclusion based on our findings in relation to financial planning, financial control, and financial governance arrangements:

- the Council's financial planning arrangements continued to improve, although, the medium-term financial plan was not fully balanced, some budget mandates did not define how savings would be achieved, and some planned savings were unlikely to deliver;
- the Council established financial control arrangements, but the Council was uncertain whether it would remain within its 2015-16 revenue budget due to pressures in Social Services and non-delivery of parts of the savings plan; and
- the Council had generally effective financial governance arrangements in place.

34 We issued the [financial resilience assessment](#) to the Council in February 2016 and it was presented to the Audit Committee in June 2016.

# Governance

The Council made progress in improving its governance arrangements, although, more work was needed to strengthen the transparency of decision making and recording

- 35 In March 2015, we carried out a Corporate Assessment at the Council. We concluded that a culture of mutual respect and trust existed between councillors and officers, leading to productive working relationships. Although, there were examples of decision making that could have been more robust, informed and subject to effective challenge.
- 36 In February 2016, we reviewed the Council's progress and we concluded that the Council made progress in improving its governance arrangements, although, more work was needed to strengthen the transparency of decision making and recording.
- 37 We came to this conclusion because:
- the Council reported on its progress in dealing with external recommendations, although, it did not always challenge whether the actions it was taking were sufficiently focused and measurable;
  - the Council had taken action to ensure prompt sign-off of committee minutes, but could further improve transparency and ease of access to records;
  - the Council was taking action to improve the quality of information to members, but reporting was not always sufficiently clear and relevant to support robust decision making or challenge; and
  - the Council was improving its scrutiny function and intended to further improve the support to scrutiny to enable better outcomes.
- 38 We issued the **Governance–Corporate Assessment follow-on report** to the Council in May 2016, and it was presented to the Audit Committee in June 2016.

The Gwent Frailty Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme

- 39 From April 2011, ABUHB and Blaenau Gwent, Caerphilly, Monmouthshire, Newport, and Torfaen Councils began implementing an ambitious integrated model of care called the Gwent Frailty Programme (the Programme)<sup>1</sup>. The Programme was funded by a Welsh Government Invest to Save loan and contributions from respective partners to create a pooled fund.

<sup>1</sup> Unless stated otherwise, the 'Programme' covers the committees and working groups, members and staff, and the overall delivery and service model.

- 40 The Programme has legal status under a Section 33 partnership agreement<sup>2</sup> between ABUHB and the five Gwent councils. The agreement ran for three years commencing in April 2011. A Gwent Frailty Joint Committee (GFJC) was created as a decision-making body holding formal accountability under the Section 33 agreement. An Operational Co-ordinating Group, a range of specialist sub-groups and local implementation structures also supported the work of the Frailty Programme Joint Committee<sup>3</sup>.
- 41 In November 2012, we reviewed the Programme and found that partners were strongly committed to the Gwent Frailty vision and had created a sound programme management framework to underpin it. We recognised that the Programme was in the early stages of implementation and it faced challenges to ensure the Programme was sustainable, to change established working practices and to demonstrate its impact.
- 42 Our latest review in May 2015 focused on whether the Gwent Frailty Programme had delivered improvements in line with individual organisations' expectations.
- 43 We concluded that 'the Programme had demonstrated positive regional cross-sector partnership working to tackle growing community-based needs, but it had not evidenced tangible improved outcomes, which would be important as partners determine the future of the programme'.
- 44 We reached this conclusion because:
- The Gwent Frailty Programme successfully brought together partners who invested time and resources to improve outcomes for frail elderly people, but the financial aims had not been achieved, and outcomes remained difficult for partners to evidence.
  - Governance arrangements over the lifetime of the programme had been generally adequate, but the Programme could have engaged partners better, benefited from clearer information, and been more open about its business. We found that:
    - the governance arrangements provided for timely decision-making, but partner organisations were not always kept adequately informed of important issues affecting the Programme, such as the emerging large underspend;
    - financial reporting arrangements within the Programme were adequate, but performance reporting was not fit for purpose;
    - public transparency and decision recording started well, but became weaker over time; and
    - routine scrutiny of decisions by the GFJC was not robust, although, most partners reported annually through their own scrutiny arrangements.

<sup>2</sup> The Section 33 agreement provides a formal basis for partnership working. The partners can employ a section 33 agreement as a mechanism to create pooled revenue and capital funding. The host's financial management and financial accounting rules apply. This means that the joint service can reclaim VAT as well as utilising other financial flexibilities available to local government bodies.

<sup>3</sup> For the purposes of this report, reference to Programme Committees covers the Gwent Frailty Joint Committee, Operational Co-ordinating Group, the range of specialist sub-groups, and local implementation structures.

- The Gwent Frailty Programme benefited from strong commitment and was at a pivotal point in its journey, but needed clarity of vision to succeed. We found that:
  - the Programme had benefited from a strong commitment from the partner organisations, this needed to be re-confirmed in the context of the financial and operational challenges facing the individual organisations; and
  - the future direction of the Programme was unclear, the partnership was at a pivotal point, and partners were yet to agree a clear vision, which would need measurable outcomes and benefits.

# Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.



# Appendix 2 – Annual Audit Letter

Councillor Peter Fox  
Leader  
Monmouthshire County Council  
County Hall  
Rhadyr  
Usk  
Monmouthshire  
NP15 1GA

Dear Councillor Fox

## **Annual Audit Letter – Monmouthshire County Council 2014-15**

This letter summarises the key messages arising from the Auditor General for Wales' statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

### **The Council complied with its responsibilities relating to financial reporting and use of resources**

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on International Financial Reporting Standards. On 29 September 2015, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee and full Council in my Audit of Financial Statements report on 23 and 24 September 2015 respectively.

We reported that a number of amendments were made to the draft financial statements, and that there were also several uncorrected misstatements in the financial statements which were not material and were therefore not adjusted for. A more detailed report covering these matters, and some additional issues identified during our audit, together with our recommendations, will be presented to the Council's Audit Committee in December.

**I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work we have undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure 2009. My recently published Annual Improvement Report, which incorporates the Corporate Assessment Report, highlights areas where the effectiveness of these arrangements has yet to be demonstrated, or where improvements could be made.

The Council continues to face significant financial challenges, and we are currently completing a review of the Council's financial resilience. Similar work is being undertaken at all other local government bodies in Wales, and it follows up work carried out in 2014-15. A report will be issued to the Council later in the year.

**I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2015**

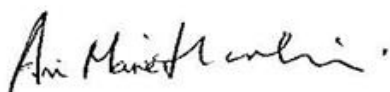
**My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2015-16 accounts or key financial systems**

Our grants certification audit work for 2014-15 at the Council is not yet fully complete. However, we have not identified any significant issues to date that I need to communicate to you within this letter. A detailed report on my grant certification work will follow in February 2016 once this year's work is complete.

**The financial audit fee for 2014-15 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline**

Under the requirements of the Public Audit (Wales) Act 2013, we are required to ensure that our fees do not recover any more than the full cost of an audit. In our Annual Audit Outline, we estimated that our fee for audit of the 2014-15 financial statements would be £176,068, and we are comfortable that our actual fee will not exceed this amount. We will notify you separately should any refund be due to the Council once the final cost of the audit has been calculated in early 2016.

Yours sincerely



**Ann-Marie Harkin**

For and on behalf of the Auditor General for Wales

cc Mr Paul Matthews, Chief Executive  
Mrs Joy Robson, Head of Finance

# Appendix 3 – Audit of Monmouthshire County Council's 2015-16 Improvement Plan

## Certificate

I certify that I have audited Monmouthshire County Council's (the Council) Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit, I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

### **Huw Vaughan Thomas**

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services

Non Jenkins, Manager

Dave Wilson, Performance Audit Lead

# Appendix 4 – Audit of Monmouthshire County Council’s assessment of 2014-15 performance

## Certificate

I certify that, following publication on 29 October 2015, I have audited Monmouthshire County Council’s (the Council’s) assessment of its performance in 2014-15 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe 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.

## Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Council’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Council has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Council has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

### **Huw Vaughan Thomas**

Auditor General For Wales

CC: Leighton Andrews, Minister for Public Services  
Non Jenkins, Manager  
Dave Wilson, Performance Audit Lead

# Appendix 5 – National report recommendations 2015-16

Date of report	Title of review	Recommendation
April 2015	<p><b>The Financial resilience of Councils in Wales</b></p>	<p>R1 Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> <li>• is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure;</li> <li>• maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and</li> <li>• should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances.</li> </ul> <p>R2 The medium term financial plan should identify the major financial risks and key assumptions and senior officers and councillors should subject them to effective scrutiny and challenge before adopting the plan.</p> <p>R3 Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p> <p>R4 Councils should review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p> <p>R5 Councils should ensure that they have a comprehensive reserves strategy that outlines the specific purpose of accumulated useable reserves as part of their Medium term Financial Plan.</p> <p>R6 Councils should develop corporate wide policies on income generation with a view to increasing revenue streams and relieving financial pressures.</p> <p>R7 Councils should:</p> <ul style="list-style-type: none"> <li>• strengthen budget setting and monitoring arrangements to ensure financial resilience; and</li> <li>• review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems.</li> </ul>

Date of report	Title of review	Recommendation
April 2015	<p><b>The Financial resilience of Councils in Wales</b></p>	<p>R8 Councils must review their finance teams and ensure that they have sufficient capacity and capability to meet future demands.</p> <p>R9 Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p>
June 2015	<p><b>Achieving improvement in support to schools through regional education consortia – an early view.</b></p>	<p>R1 To clarify the nature and operation of consortia. We found there to be continuing uncertainty about some aspects of the nature of regional consortia and their present and future scope (paragraphs 2.2 to 2.20). We therefore recommend:</p> <ul style="list-style-type: none"> <li>Local authorities should clarify whether consortia services are jointly provided or are commissioned services (services provided under joint-committee arrangements are jointly provided services and are not commissioned services).</li> </ul> <p>R2 To focus on outcomes through medium-term planning. We found that the development of effective regional consortia was hindered by a focus on short-term actions and uncertainty about the future of consortia (paragraphs 2.33 to 2.36; 3.16 to 3.17). We therefore recommend:</p> <ul style="list-style-type: none"> <li>As any possible local authority re-organisation will not be fully implemented until 2020, the Welsh Government and regional consortia should develop three-year plans for the further development, scope, and funding of regional consortia linked to appropriate strategic objectives.</li> </ul>



Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R3 To develop more collaborative relationships for the school improvement system. The development of the National Model for Regional Working involved many school improvement partners but we found that this had not led to the development of sufficiently collaborative relationships (paragraphs 2.25 to 2.32). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• Regional consortia should develop improved arrangements for sharing practice and supporting efficiency (for example, one consortium could take the lead on tackling an issue or have functional responsibility for the development of a policy).</li> <li>• The Welsh Government, local authorities and regional consortia should recognise the interdependency of all partners fulfilling their school improvement roles and agree an approach to: <ul style="list-style-type: none"> <li>– information sharing and consultation about developments related to school improvement;</li> <li>– developing collaborative relationships of shared accountability; and</li> <li>– undertaking system wide reviews, and an alignment of the understanding and position of regional consortia across all Welsh Government relevant strategies.</li> </ul> </li> </ul> <p>R4 To build effective leadership and attract top talent. Regional consortia, local authorities and the Welsh Government have all found difficulties in recruiting to senior leadership for education and we found there had been limited action to address this (paragraphs 2.37 to 2.40). We therefore recommend:</p> <ul style="list-style-type: none"> <li>• the Welsh Government and local authorities should collaborate to improve the attractiveness of education leadership roles to attract the most talented leaders for the school improvement system; and</li> <li>• local authorities should collaborate to support the professional development of senior leaders and to ensure appropriate performance management arrangements are in place for senior leaders.</li> </ul>

Date of report	Title of review	Recommendation
June 2015	<p>Achieving improvement in support to schools through regional education consortia – an early view.</p>	<p>R5 To improve the effectiveness of governance and management of regional consortia. Whilst continuing progress is being made, we found that regional consortia have not yet developed fully effective governance and financial management arrangements (paragraphs 3.2 to 3.36). We therefore recommend that local authorities and their regional consortia should:</p> <ul style="list-style-type: none"> <li>• improve their use of self-evaluation of their performance and governance arrangements and use this to support business planning and their annual reviews of governance to inform their annual governance statements;</li> <li>• improve performance management including better business planning, use of clear and measurable performance measures, and the assessment of value for money;</li> <li>• make strategic risk management an integral part of their management arrangements and report regularly at joint committee or board level;</li> <li>• develop their financial management arrangements to ensure that budgeting, financial monitoring and reporting cover all relevant income and expenditure, including grants funding spent through local authorities;</li> <li>• develop joint scrutiny arrangements of the overall consortia as well as scrutiny of performance by individual authorities, which may involve establishment of a joint scrutiny committee or co-ordinated work by local authority scrutiny committees;</li> <li>• ensure the openness and transparency of consortia decision making and arrangements;</li> <li>• recognise and address any potential conflicts of interest; and where staff have more than one employer, regional consortia should ensure lines of accountability are clear and all staff are aware of the roles undertaken; and</li> <li>• develop robust communications strategies for engagement with all key stakeholders.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	Review of Corporate Safeguarding Arrangements in Welsh Councils	<p>R1 Improve corporate leadership and comply with Welsh Government policy on safeguarding through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for safeguarding and protecting children and young people with corporate responsibilities for planning improvements;</li> <li>• the appointment of a lead member for safeguarding; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Ensure there is a corporate-wide policy on safeguarding covering all Council services to provide a clear strategic direction and clear lines of accountability across the Council.</p> <p>R3 Strengthen safe recruitment of staff and volunteers by:</p> <ul style="list-style-type: none"> <li>• ensuring that Disclosure and Barring Service (DBS) checks and compliance with safe recruitment policies cover all services that come into contact with children;</li> <li>• creating an integrated corporate compliance system to record and monitor compliance levels on DBS checks; and</li> <li>• requiring safe recruitment practices amongst partners in the third sector and for volunteers who provide services commissioned and/or used by the Council which are underpinned by a contract or service level agreement.</li> </ul> <p>R4 Ensure all relevant staff, members and partners understand their safeguarding responsibilities by:</p> <ul style="list-style-type: none"> <li>• ensuring safeguarding training is mandated and coverage extended to all relevant Council service areas, and is included as standard on induction programmes;</li> <li>• creating a corporate-wide system to identify, track and monitor compliance on attending safeguarding training in all Council departments, elected members, schools, governors and volunteers; and</li> <li>• requiring relevant staff in partner organisations who are commissioned to work for the Council in delivering services to children and young people to undertake safeguarding training.</li> </ul>

Date of report	Title of review	Recommendation
July 2015	<p>Review of Corporate Safeguarding Arrangements in Welsh Councils</p>	<p>R5 In revising guidance, the Welsh Government should clarify its expectations of local authorities regarding the roles and responsibilities of the designated officer within education services, and the named person at senior management level responsible for promoting the safeguarding.</p> <p>R6 Improve accountability for corporate safeguarding by regularly reporting safeguarding issues and assurances to scrutiny committee(s) against a balanced and Council-wide set of performance information covering:</p> <ul style="list-style-type: none"> <li>• benchmarking and comparisons with others;</li> <li>• conclusions of internal and external audit/ inspection reviews;</li> <li>• service-based performance data;</li> <li>• key personnel data such as safeguarding training, and DBS recruitment checks; and</li> <li>• the performance of contractors and commissioned services on compliance with Council safeguarding responsibilities.</li> </ul> <p>R7 Establish a rolling programme of internal audit reviews to undertake systems testing and compliance reviews on the Council's safeguarding practices.</p> <p>R8 Ensure the risks associated with safeguarding are considered at both a corporate and service level in developing and agreeing risk management plans across the Council.</p>

Date of report	Title of review	Recommendation
October 2015	Supporting the Independence of Older People: Are Councils Doing Enough?	<p>R1 Improve governance, accountability and corporate leadership on older people's issues through:</p> <ul style="list-style-type: none"> <li>• the appointment of a senior lead officer who is accountable for coordinating and leading the Council's work on older people's services;</li> <li>• realigning the work of the older people's strategy coordinators to support development and delivery of plans for services that contribute to the independence of older people;</li> <li>• the appointment of a member champion for older people's services; and</li> <li>• regularly disseminating and updating information on these appointments to all staff and stakeholders.</li> </ul> <p>R2 Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> <li>• ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and</li> <li>• engaging with residents and partners in the development of plans, and in developing and agreeing priorities.</li> </ul> <p>R3 Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.</p> <p>R4 Ensure effective management of performance for the range of services that support older people to live independently by:</p> <ul style="list-style-type: none"> <li>• setting appropriate measures to enable Members, officers and the public to judge progress in delivering actions for all council services;</li> <li>• ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and</li> <li>• establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny.</li> </ul>

Date of report	Title of review	Recommendation
October 2015	<p>Supporting the Independence of Older People: Are Councils Doing Enough?</p>	<p>R5 Ensure compliance with the Public Sector Equality Duty when undertaking equality impact assessments by:</p> <ul style="list-style-type: none"> <li>• setting out how changes to services or cuts in budgets will affect groups with protected characteristics;</li> <li>• quantifying the potential impact and the mitigation actions that will be delivered to reduce the potentially negative effect on groups with protected characteristics;</li> <li>• indicating the potential numbers who would be affected by the proposed changes or new policy by identifying the impact on those with protected characteristics; and</li> <li>• ensuring supporting activity such as surveys, focus groups and information campaigns includes sufficient information to enable service users to clearly understand the impact of proposed changes on them.</li> </ul> <p>R6 Improve the management and impact of the Intermediate Care Fund by:</p> <ul style="list-style-type: none"> <li>• setting a performance baseline at the start of projects to be able to judge the impact of these overtime;</li> <li>• agreeing the format and coverage of monitoring reports to enable funded projects to be evaluated on a like-for-like basis against the criteria for the fund, to judge which are having the greatest positive impact and how many schemes have been mainstreamed into core funding; and</li> <li>• improving engagement with the full range of partners to ensure as wide a range of partners are encouraged to participate in future initiatives and programmes.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focusing on the Council's position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul> <p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the Council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce council 'subsidy';</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the Council's wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>

Date of report	Title of review	Recommendation
December 2015	Delivering with less - leisure services	<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, Members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• council 'subsidy';</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of 'new commercial' initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul> <p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected Members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>





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## AGENDA ITEM TBC

<b>SUBJECT:</b>	<b>STATEMENT OF ACCOUNTS 2015/2016</b>
<b>MEETING:</b>	<b>Council</b>
<b>DATE:</b>	<b>22nd September 2016</b>
<b>DIVISIONS/WARD AFFECTED:</b>	<b>All Authority</b>

### 1. PURPOSE:

1.1 The purpose of this report is to:

- Consider the final annual accounts for the Authority for 2015/2016

Members are asked to note that, at the time of writing this covering report, the external auditors are still undertaking some work, which may still introduce late changes to the Statement of Accounts.

### 2. RECOMMENDATIONS:

2.1 The final Monmouthshire County Council Statement of Accounts for 2015/16, as reviewed by audit, be approved (Appendix 1).

### 3. KEY ISSUES

3.1 Under current legislation, the accounts closure process has to be concluded each year by 30<sup>th</sup> June. The Authority is also required to complete and prepare a set of accounts by this date. This deadline was met. Council approval of the accounts follows the audit process which must be completed by 30<sup>th</sup> September.

3.2 Draft accounts were submitted to Audit Committee on 30<sup>th</sup> June 2016. The attached Accounts are presented as a final version with the caveat that they may still change subject to ongoing external audit consideration. Issues raised during the Audit of Accounts are considered and reported in the Wales Audit Office ISA 260 response, which is also included on this Agenda.

3.3. To date the audit process has raised no materiality issues that prejudice the Accounts, and anecdotal feedback (prior to formal ISA 260 confirmation) suggests the Accounts have been prepared with the same rigour as previously. WAO colleagues have identified some refinements, textual clarifications and minor restatements designed to aid the reader, the majority of which have been accommodated. A summary of corrections is commonly provided by WAO as part of their ISA 260 report.

3.4 Once the External Audit process is complete, the Audited Statement of Accounts requires approval by Council by the end of September. Should the Accounts need to change, that change will be highlighted for explicit consideration.

3.5 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 2015/16
- Service Reporting Code of Practice 2015/16
- supported by International Financial Reporting Standards (IFRS).

3.6 In complying with these Standards, the accounts are highly technical and do not always make easy reading. With this in mind a summary of the 2015/16 Accounts has been produced (Appendix 2) and will be available on the Authority's website along with the statutory accounts, when published later in the year. In the meantime, supplementary information, regarding the Authority's financial performance, has also been provided to Cabinet and Select Committees through the Revenue and Capital Outturn Reports.

3.7 The final version of the Statement of accounts includes one adjustment that impacts on the Council fund balance of the Authority moving forward. This is in relation to the provision of £122,000 that was held for CMC2 which has been credited to Comprehensive Income & Expenditure as part of the adjustment.

3.8 2015-16 saw significant cost pressures within the service budgets, which are expected to continue into 2016-17. Members and Officers will therefore need to ensure that the budget is carefully managed in order to ensure that the current stable corporate financial position is maintained.

#### **4. REASONS**

4.1 To consider the Council's accounts after review by external audit, in conjunction with the external audit ISA 260 response.

#### **5. RESOURCE IMPLICATIONS**

5.1 As outlined in the respective Accounts to be found in the Appendices.

#### **6. CONSULTEES**

Strategic Leadership Team  
Cabinet Members  
Head of Finance  
Head of Legal Service

#### **7. BACKGROUND PAPERS**

Statutory and legislative guidance.

Appendices:

1. Statement of Accounts 2015/16
2. Summary Statement 2015/16

#### **AUTHORS:**

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Mark Howcroft	Assistant Head of Finance

#### **CONTACT DETAILS**

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**MONMOUTHSHIRE COUNTY COUNCIL**

**ANNUAL ACCOUNTS**

**2015/16**

## CONTENTS PAGE

	<b>Page</b>
1 Explanatory Foreword	1
2 Statement of Responsibilities	6
3 Annual Governance Statement	7
4 Auditor's Report	22
<b><i>Core Financial Statements:</i></b>	
5 Movement in Reserves Statement	24
6 Comprehensive Income and Expenditure Statement	26
7 Balance Sheet	28
8 Cash Flow Statement	30
<b><i>Notes to the Accounts:</i></b>	
9 Accounting Policies	33
10 Movement in Reserves Statement Notes	51
11 Comprehensive Income and Expenditure Statement Notes	61
12 Non-Current Assets and Capital Financing Notes	68
13 Financial Instruments, Current Assets & Liabilities Notes	79
14 Post-Employment Benefits Notes	88
15 Cash Flow Statement Notes	94
16 Other Notes to the Accounts	96

## **1 EXPLANATORY FOREWORD**

### **1.1 Introduction**

- 1.1.1 Monmouthshire County Council is a Welsh Unitary Authority and was created on 1st April 1996 by virtue of the Local Government (Wales) Act 1994.
- 1.1.2 Monmouthshire County Council was formed from a transfer of the services, assets and liabilities of the functions of the former Monmouth Borough Council and parts of the former Blaenau Gwent Borough and Gwent County Councils.
- 1.1.3 The purpose of this explanatory foreword is to offer a guide to the most significant matters appearing in the accounts and to explain the Authority's overall financial position. I hope it assists the reader in understanding the financial statements that follow.

### **1.2 The Accounting Statements**

- 1.2.1 The Authority's accounts for the year 2015/16 are set out in sections 5 to 16. 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 2016. The notes are sectioned to aid the user of the accounts to navigate the extensive supporting notes.

### **1.3 Code of Practice on Local Authority Accounting**

- 1.3.1 The accounts have been prepared in accordance with the latest code of practice applying to local authorities in England and Wales.
- 1.3.2 The Code requires authorities to enhance their statement of accounts with information about any material interest in subsidiaries, associates and jointly controlled entities in a set of group accounts. These accounting requirements result in the consolidation of the transactions and balances of subsidiaries and of interests in associates and joint ventures, thus ensuring group accounts provide a complete picture of the authority's control over other entities.
- 1.3.3 The Authority accounts for its respective contributions to joint committees within services in the Comprehensive Income and Expenditure Statement on an accruals basis. For 2015/16 the Authority has consolidated its respective shares of the income, expenditure, assets and liabilities into its financial statements. Where appropriate these adjustments have been shown under the heading of 'Adjustments relating to JANEs'.

### **1.4 2015/16 Net Revenue Expenditure**

- 1.4.1 The details of the Authority's revenue expenditure for the year are set out in the Comprehensive Income and Expenditure Statement and further transfers to and from the Council Fund have taken place within the Movement in Reserves Statement. These statements appear in sections 5 and 6 of the accounts.
- 1.4.2 The Authority manages against its budget requirement for the year based on its internal management and directorate structure. Schools are reported separately during the financial year and are consolidated as part of the production of the year end accounts.
- 1.4.3 Excluding JANEs, the Authority is reporting a £6,432,000 deficit for the year, the principal reasons for this being:
- £15,034,000 of depreciation (£8,910,000), revaluation losses (£2,753,000) and impairment charges (£3,371,000) on property, plant and equipment assets
  - £2,132,000 of revenue expenditure funded from capital under statute (REFCUS) charged to the Comprehensive Income & Expenditure Account
  - £1,515,000 of net revaluation losses relating to Investment properties; offset by:
  - £6,529,000 relating to the reversal of past impairment losses on property, plant & equipment assets
  - £6,190,000 of capital grants applied during the year that are recognised in full in the Comprehensive Income & Expenditure Account



- 1.4.4 These charges and credits are reversed or replaced in the Movement in Reserves Statement with other statutory charges, together with other adjustments required to move from an accounting basis to a funding basis under regulations. When combined with transfers to and from earmarked reserves the Authority has incurred a surplus on its Council Fund Balance of £136,000. This comprises a £120,000 surplus relating to non-school budgets and a £16,000 surplus relating to school budgets.
- 1.4.5 When compared against the revised budgets set by the Authority and schools respectively, this illustrates how the Authority has performed against budget for the year of account.
- 1.4.6 The analysis below of outturn against revised budget is based on the internal management structure of the Authority and not on the classification prescribed by the Code of Practice. Readers will be able to reconcile the Council Fund surplus to that reported in the Movement in Reserves Statement by reference to note 11.1 to the accounts and the Authority's revenue outturn report.
- 1.4.7 The Council fund balance, excluding school balances, has increased from £6,991,000 to £7,111,000 as a result of the surplus for the year. Earmarked revenue reserves have decreased from £10,980,000 to £9,269,000 during the financial year. In total, available revenue reserves to the Authority (excluding school balances) have decreased by £1,592,000 from £17,972,000 to £16,380,000.

	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
<b>Net Expenditure:</b>			
Net cost of services (internal management structure)	141,171	141,315	144
Attributable costs – Fixed Asset Disposal	233	138	(95)
Interest and Investment Income	(51)	(117)	(66)
Interest Payable and Similar Charges	3,663	3,295	(368)
Changes to Investment Losses	0	(48)	(48)
Charges Required Under Regulation	5,806	5,566	(240)
Capital Expenditure financed from revenue	272	272	0
Earmarked Contributions to Reserves	95	2,012	1,917
Earmarked Contributions from Reserves	(2,773)	(3,075)	(302)
<b>Financed by:</b>			
General government grants	(67,642)	(67,642)	0
Non-domestic rates	(26,737)	(26,737)	0
Council tax	(60,094)	(61,004)	(910)
Council Tax Benefit Support (included in n.c.s)	6,097	5,906	(191)
Contribution to/(from) Council Fund	(40)	0	40
<b>Council Fund (surplus)/deficit - Non-Schools</b>	<b>0</b>	<b>(120)</b>	<b>(120)</b>
<b>Council Fund (surplus)/deficit - Schools</b>	<b>583</b>	<b>(16)</b>	<b>(599)</b>
<b>Council Fund (surplus)/deficit - Total</b>	<b>583</b>	<b>(136)</b>	<b>(719)</b>

## 1.5 Reserves

- 1.5.1 Movements in the Authority's reserves for the year are detailed in the Movement in Reserves Statement and is supported by notes to the Accounts which appear in section 10 of the accounts.

**1.6 2015/16 Capital Expenditure**

1.6.1 Detailed information on capital expenditure incurred in the year appears in note 12.7 to the accounts. Total capital expenditure in 2015/16 was £18,845,000 (£14,256,000 in 2014/15). The main items within this figure are shown below along with an analysis of the capital financing arrangements:

<b>Financing</b>	<b>£000</b>
Capital receipts	7,765
Borrowing and Finance Lease Commitments	2,952
Grants and Contributions	7,208
Revenue and Reserve Contributions	920
	<b>18,845</b>
<b>Expenditure</b>	<b>£000</b>
Infrastructure and Transport Schemes	3,135
Asset Management Schemes	2,710
School Development Schemes	10,192
Regeneration Schemes	517
Inclusion Schemes	1,235
Other scheme types	1,056
	<b>18,845</b>

1.6.2 The major capital schemes supported by the Authority during the year comprise:

- Schemes delivered as part of the Authority's schools modernisation programme which included investment at Monmouth Comprehensive (£3,998,000), Caldicot Comprehensive (£4,243,000), Raglan Primary (£1,780,000) & other smaller schemes (£112,000)
- Additional investment of £3,135,000 in highways infrastructure, specifically the road resurfacing programme, flood alleviation, bridges & street lighting and investment in grant funded transport schemes
- Asset management schemes, principally comprising expenditure incurred on major property maintenance schemes (£1,958,000) and numerous smaller asset management schemes (£752,000)
- Investment in Inclusion projects of £1,235,000 consisting of Disabled Facilities Grants (£647,000), Access for All (£511,000) and Low Cost Home Ownership (£77,000)
- Investment in Regeneration projects of £517,000 primarily via Section 106 schemes

1.6.3 Other than specific funding support being received from external funding bodies, the Authority is reliant on useable capital receipts and revenue support. The useable capital receipts balance as at 31st March 2016 amounted to £5,423,000 (£17,629,000 as at 31st March 2015). In terms of revenue support, reference is made to available balances in paragraph 1.4.7 of this foreword.

**1.7 Loan Debt**

1.7.1 The loan debt at 31st March 2016 was £95,560,000 compared to an opening position for the year of £101,313,000. Separate to the cost of servicing debt the Authority is required to make prudent provision through its revenue account for the repayment of debt. £5,486,000 (£5,496,000 in 2014/15) was provisioned for the repayment of principal and £3,267,000 (£3,532,000 in 2014/15) was provisioned for the repayment of interest, a total cost in the year of £8,753,000 (£9,028,000 in 2014/15).

**1.8 Pension Liabilities**

- 1.8.1 The requirements of IAS19 *Employee Benefits* are incorporated into the Code of Practice. This requires the recognition of a net pension liability and a pensions reserve in the Balance Sheet together with entries in the Comprehensive Income and Expenditure Statement for movements in the asset/liability relating to defined benefit schemes (with reconciling entries back to contributions payable for council tax purposes via the Movement in Reserves Statement).
- 1.8.2 The pension liability at the end of the year amounted to £188,225,000 (£167,414,000 in 2014/15). The Authority is being charged increased employer contributions in order to contribute to the redressing of the balance of the pension fund. Further details are given in section 14 of the notes to the Accounts.

**1.9 Conclusions**

- 1.9.1 The accounts have been produced to comply with legislative and best practice. Supporting outturn statements on both revenue and capital accounts are separately available and show comparisons of service and project expenditure against budget in a clearer manner, with explanations of variances. These reports, together with the Statement of Accounts are available on the Authority's website.
- 1.9.2 The under spend for 2015/16 has largely resulted from under spends on treasury activity, improved recovery on council tax, a reduction in anticipated borrowing costs offset by a net over spend on Directorate services. Following transfers to/from earmarked reserves, this has resulted in a small net deficit on the general fund account.
- 1.9.3 However, the 2016/17 budget is extremely challenging, with continuing pressures in Children's social services. The MTFP requires significant changes in service provision in order to meet the challenging financial targets and work has started to look at what the Council needs to do to respond to future challenges whilst still balancing next year's budget. Indications are that the next 4 year window of the MTFP is going to be as challenging as the last and therefore further scope for savings will need to be assessed. Members and officers will need to ensure that the budget is carefully managed and earmarked reserves carefully directed to maximise their impact in 2016/17 in order to ensure the current stable corporate financial position is maintained.

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**J Robson**  
**Head of Finance (S151 Officer)**

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**Date**

## 2 STATEMENT OF RESPONSIBILITIES

### 2.1 The Authority's Responsibilities

2.1.1 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 this Authority, that officer is the Head of Finance.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

### 2.2 The Head of Finance's Responsibilities

2.2.1 The Head of Finance 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).

2.2.2 In preparing this Statement of Accounts, the Head of Finance 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.

2.2.3 The Head of Finance has also:

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

## CERTIFICATION OF ACCOUNTS

I certify that the accounts set out within sections 5 to 16 gives a true and fair view of the financial position of the Council as at the 31st March 2016 and its income and expenditure for the year ended 31 March 2016.

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**Joy Robson**  
**Head of Finance (S151 Officer)**

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**Date**

I confirm that these accounts were approved by the Leader of the Council on 22nd September 2016 on behalf of Monmouthshire County Council.

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**Cllr Peter Fox**  
**Leader of the Council**

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**Date**

### **3 ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

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'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

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 2014/15 action plan is shown at paragraph 3.8.1. The main areas for improvement in 2015/16 identified by the Council are shown at paragraph 3.7.1 and an action plan to address known gaps is shown at paragraph 3.8.2.

#### **3.1 Scope of Responsibility**

- 3.1.1 Monmouthshire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This has been updated in recent years through the Wales Programme for Improvement 2005 and even more recently through the Local Government (Wales) Measure 2009 to encompass responsibility for securing continuous improvement based on the needs of and in engagement with communities.
- 3.1.2 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.
- 3.1.3 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 approved by Council in July 2011; the Code was revised and updated in May 2014. A copy of the code is available from the Chief Internal Auditor. This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

#### **3.2 The Purpose of the Governance Framework**

- 3.2.1 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.
- 3.2.2 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.
- 3.2.3 The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

#### **3.3 The Governance Framework**

- 3.3.1 The Council's Code of Governance has been developed in line with the following principles:

- Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

3.3.2 The Authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)*.

3.3.3 The key elements of the Council's governance arrangements are set out in The Improvement Plan; the latest version, Building Sustainable and Resilient Communities 2015-2017, was approved by Council in May 2015. Six monthly progress updates were presented to select committees during the year to enable scrutiny of progress and to allow Chief Officers and executive members to be held to account. The Council's four priorities are education of young people, protecting the vulnerable, supporting business and job creation and maintaining locally accessible services. The Council subscribes to a vision shared with other public service partners of working to deliver 'Sustainable resilient communities'. This is the cornerstone of the County's Single Integrated Plan where three themes have been adopted: Nobody is Left Behind; People are Confident, Capable and Involved; Our County Thrives.

### **3.4 Review of Effectiveness**

3.4.1 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 Senior 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.

3.4.2 As a result, the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

3.4.3 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:

- i) The Monitoring Officer has reviewed the Council's Constitution and ethical governance arrangements during the year. Amendments and updates were approved by Council in September 2014;
- 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;
- iii) Revisions and updates to strengthen the strategic risk Management Policy were approved by Cabinet in March 2015;
- iv) Formal risk management and regular ongoing review of the processes involved;
- v) Scrutiny Service Plan 2015-2018
- vi) 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;
- vii) The work of the Council's Select and other Committees, including its Audit and Standards committees;

- viii) 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 Audit Committee, as appropriate;
  - ix) The opinions and recommendations of other inspection, regulation and review agencies which are reported to Council, Cabinet and Audit Committee as appropriate;
  - x) Regular monitoring of performance against the Improvement Plan and service plans and of key targets, and reporting of this to senior management and members;
  - xi) Corporate self-evaluation was carried out in Autumn 2014 and the findings addressed through an action plan that is being monitored by Strategic Leadership Team – Cabinet report next on Autumn 2016;
  - xii) An annual Head of Service Challenge Process involving the Leader, Chief Executive and Executive Members which evaluates and challenges performance to drive improvements in services;
  - xiii) Audit Committee review of effectiveness workshop;
  - xiv) Evaluating the effectiveness of Safeguarding in Monmouthshire was taken through Cabinet;
  - xv) Annual appraisal of the effectiveness of the authority's performance management arrangements reported annually to Audit Committee.
- 3.4.5 The following paragraphs review the effectiveness of the governance arrangements in Monmouthshire under the 6 principles. A senior officer working group was set up to undertake the initial review; the outcome of that process fed into this statement which then went to the Senior leadership team (SLT) for review before being taken to Audit Committee for a further review.
- 3.4.6 **Principle 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
- 3.4.7 The Single Integrated Plan sets out the vision of the Local Service Board – a partnership of the key public service providers in Monmouthshire which includes the Council – it has three key themes; nobody is left behind, people are confident, capable and involved; and our County thrives. It is developed by and agreed by all our partner organisations who are members of the Board. The LSB will become the Public Service Board (PSB) from April 2016.
- 3.4.8 The Council's strategic partners and wider stakeholders were fully engaged in the development of the Single Integrated Plan 2013-17 (SIP) incorporating key themes and outcomes to realise the shared vision. The organisation's Stage 1 Improvement Plan underpins the Council's contribution to the SIP by setting Annual Improvement Objectives for 2015/16. The Stage 1 Improvement Plan (Two-year Plan), was presented to Council in May 2015 and was reviewed, Stage 2, at six months through the year in December 2015 and January 2016 through the Council's four Select committees.
- 3.4.9 In the 2015 Corporate Assessment WAO issued a Proposal for Improvement that the Authority should "Improve performance management arrangements by: ensuring planned improvements are tangible; improving target setting to better reflect desired improvement; ensuring resources are allocated to deliver Council priorities through the MTFP and improving data quality arrangements to ensure that performance reporting is accurate and that decisions are made based on robust information.
- 3.4.10 The Annual Improvement Plan Objectives for 2015/16 are supported by service plans to operationally deliver these objectives. Planned improvements and targets are aligned to the Annual Improvement Objectives. Service plans were developed in 2015/16 covering all service areas. These were quality assessed as part of the service planning process.
- 3.4.11 In the 2015 Corporate Assessment Wales Audit Office issued a Proposals for Improvement that the Authority should "Improve strategic planning by ensuring clear links between strategies and agreed priorities; and developing cohesive strategies to underpin and support robust decision making".

- 3.4.12 Reports were taken through the Scrutiny process during the year which linked service plans to the Council's policies, priorities and objectives. The agendas and minutes of which became public documents available through the Council's website.
- 3.4.13 Throughout 2015/16 the Council has been an early adopter of the Wellbeing of Future Generations Act and has received support from the WLGA as well as working with Wales Audit Office in preparing for the implementation of the Act in April 2016. Preparation has included increased awareness raising with Council members and officers, Wales Audit Office reviewing the Council's preparedness for the Act and identifying key next steps for delivery and transitioning the Local Service Board (LSB) in to a Public Service Board. Action plan – 16/17 Scrutiny set up for service board'
- 3.4.14 In addition, the Medium Term Financial Plan (MTFP) supports the vision for Monmouthshire and extensive public engagement continued in 2015/16 for the 2016/17 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions and open meeting. The Chief Executive and Leader of the Council also held consultation roadshows across the whole County with staff. These were key to providing people with the opportunity to become informed, involved and participate. There was broad agreement with the key priorities set out for Monmouthshire. Following the engagement in 2014/15 maintaining locally accessible services was added as fourth priority of the Council in the March 2015 partnership administration's Continuance Agreement.
- 3.4.15 The Council is embracing the benefits of digital communications including social media use. It is also developing additional digital channels by introducing a Customer Services app, enabling people to interact and transact with the Council using mobile devices. We are also further developing the Council's website making it easier to navigate and including more transactional functions. Social media continues to thrive during 2015/16 through Twitter, Facebook and You Tube to raise awareness of forthcoming events, to provide live streaming of Cabinet, Council and other political meetings, to promote the activities and services provided and to show support and encouragement for community groups.
- 3.4.16 The provision of high quality of services has been measured by the Welsh Government National survey for Wales. This stated that in 14/15 57% of Monmouthshire residents agree the local authority provides high quality services (Wales average 53%). In 13/14 63% agreed.
- 3.4.17 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 107 complaints received in 2015/16, 103 were resolved informally [96%]; this compared with 100 out of 116 complaints resolved informally in 2014/15. 2 complaints were referred to the Ombudsman who decided not to investigate. 91% of Stage 1 complaints received were dealt with within 25 working days of receipt. Within Social Services, 43 complaints were received in 2015/16, 86% were dealt with informally.
- 3.4.18 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 for the 21st Century Schools considered cost and quality to determine the best outcome for the service; budget mandates were in place to monitor and capture the savings assessments; the IT Board reviewed business cases for future IT investment;
- 3.4.19 Regular budget / outturn reports for revenue and capital were presented to and approved by Cabinet during the year, and the budget management actions of Cabinet and senior officers are scrutinized by the 4 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. This exercise is next due during 2016-17. The updated MTFP was reviewed and approved by Cabinet over the course of the budget setting period (Sept 2015 to Jan 2016) in response to feedback from engagement and scrutiny sessions and the budget was set in January 2016 by Council for 2016/17.



- 3.4.20 An authority-wide performance measurement system for the Council, the “data hub”, hosted on the Council’s intranet site continues to be used and further developed. This is available within 3 clicks of the homepage that opens up on all laptops and enables members and officers to track and monitor key data at any point in time from key strategic plans to directorate level “dashboards”. This also allows performance to be compared against other council areas, where applicable. A Cabinet level dashboard contains a number of key performance measures and is discussed quarterly by SLT and Cabinet.
- 3.4.21 Based on 2014/15 National Performance indicator data the council has seen service performance improve, or remain at the maximum level, in 84% of comparable National Performance indicators and declined for 14% of them. When comparing against other local authorities Monmouthshire was ranked in the top quartile for 44% of the published indicators and the bottom quartile for 16% of indicators. 63% of indicators met the targets that had been set, while 23% missed their targets.
- 3.4.22 Contract Procedure Rules exemptions are reported to the Audit Committee 6 monthly; managers have been challenged in year to justify their procurement outside the Council agreed procedures. Several managers were called in to Audit Committee to give an account of why accepted procedures were not followed.
- 3.4.23 The Council utilises ‘Buy For Wales’ contracts to ensure value for money is obtained in procuring the many goods and services required to run the Council. A nationwide analysis found that MCC had the highest proportion of spend with SMEs of any local authority in the UK (Source: <http://www.spendsmall.org/>)
- 3.4.24 Transparency and Openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Audit Committee process before being endorsed by Council. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Improvement Plan progress, Council activities, achievements, developments, updates and events were included on the Council’s intranet and website, with all Council, Cabinet and Scrutiny Committees now live streamed on You Tube.
- 3.4.25 The Equality Impact Assessment and Sustainable Development checklist have been 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, Wellbeing of Future Generations Act and Welsh Language (Wales) Measure 2011. A range of these were undertaken during 2015/16 which have been published on the website accompanying decision making reports.
- 3.4.26 The Local Service Board (LSB) review includes the monitoring of targets to ensure policies are delivering the agreed outcomes. The Council was an “early adopter” of the Wellbeing of Future Generations Act 2015, working with the WLGA; in line with the Act the LSB will become a Public Services Board with effect from 1st April 2016 and the Council has been involved in taking this forward.
- 3.4.27 **Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens**
- 3.4.28 The Constitution is updated periodically by the Monitoring Officer; it was reviewed and updated between January 2014 and June 2014, and was approved by Council in September 2014. It can be found on the Council’s website and sets out:
- how the Council operates and makes decisions,
  - the procedures to ensure that decision-making is transparent and accountable to local people and other stakeholders,
  - the key roles of all members and chief officers, including the lead responsibilities for corporate governance of the Leader, the Chief Executive and other designated chief officers,
  - a scheme of delegated powers for decision-taking

- responsibilities for reviewing and agreeing the Council's corporate governance arrangements,
  - arrangements for ensuring it is regularly reviewed and updated
  - its related codes and protocols.
- 3.4.29 Policy and decision-making is facilitated through (i) the Cabinet, the meetings of which are open to the public 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 select committees and a separate 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.
- 3.4.30 Appropriate and relevant job descriptions were in place for the Chief Executive, Senior Leadership Team (SLT), Monitoring Officer and Head of Finance. The minutes of the SLT were also maintained during the year.
- 3.4.31 To ensure agreed procedures and all applicable statutes are complied with the Monitoring Officer attends all Council meetings; to ensure sound financial management is a key factor in decisions, the Head of Finance attends Cabinet and Council meetings.
- 3.4.32 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, and Monmouthshire signed up to this in January 2011. The Authority is required to meet statutory obligations regarding the handling and sharing of data, in accordance with the Data Protection Act 1998. The Information Sharing protocol has been developed to ensure information is only shared appropriately, safely and compliantly.

### **3.5 Partnerships/collaboration working**

- 3.5.1 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.
- 3.5.2 An exercise was undertaken by the Policy and Partnership Team in 2013/14 to determine the full extent of the Council's collaboration and partnership arrangements and their respective governance arrangements. A Partnership Audit was undertaken and reported into the Audit Committee in May 2014; 100 partnership / collaboration arrangements were identified. Although the governance arrangements for the majority of partnerships identified have been captured, further work is on-going to clarify the governance arrangements for all of the partnerships; this was reported to Members through the Audit Committee. Governance arrangements have been put in place around all key partnerships the Council is involved with. Monmouthshire's Partnership Structure is now shown on The Hub and was reported through Strong Communities Select in April 2016.
- 3.5.3 Wales Audit Office made a proposal for improvement to the Council as part of their Annual Improvement Report 2014-15, published in November 2015, to "Adopt a more planned, risk-assessed approach to partnership and collaborative working to make better use of resources." The action the Council is taking in response to the proposal was reported to Cabinet in January 2016. Their Corporate Assessment on the Council, reported through Audit Committee in January 2016, stated "The Council demonstrates ambition in its vision, enthusiasm to deliver and commitment to working collaboratively, but this needs to be supported by a clearly joined-up strategic approach and effective delivery mechanisms."
- 3.5.4 **Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- 3.5.5 The code of conduct for members and a protocol on member / officer relations are set out in the constitution. A new version of the code of conduct for members will be adopted by Council in May 2016. The council also has a local protocol for the self-regulation of member conduct.
- 3.5.6 There were no successful “call-in” challenges to decisions on procedural grounds and no judicial review challenges on grounds of legality during the year.
- 3.5.7 There were 3 complaints of alleged breaches of the code of conduct for members that were referred to the Public Services Ombudsman for Wales in 2015/16. No further action was required on the complaints and none were referred to the Standards Committee.
- 3.5.8 All waivers of the Contract Procedure Rules are reported through Audit Committee quarterly. The Internal Audit team continues to deliver awareness raising sessions on the importance of compliance with these Contract Procedure Rules and Financial Procedure Rules.
- 3.5.9 The Audit Committee called in several senior managers during the year and challenged them on why a procurement process went outside the Council’s normal tendering processes.
- 3.5.10 26 Internal Audit opinions were issued in 2015/16; 3 were deemed to be unsatisfactory.
- 3.5.11 The overall opinion on the adequacy of the internal control environment for 2015/16 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 2015/16 were as follows and more detail can be found in the Annual Internal Outturn Report for 2015/16, as reported to Audit Committee:

Opinion	2013-14	2014-15	2015-16
Very Good	0	1	0
Good	8	9	9
Reasonable	7	12	14
Unsatisfactory	0	6	3
Unsound	0	0	0
<b>Total</b>	<b>15</b>	<b>28</b>	<b>26</b>

- 3.5.12 The Internal Audit team did not have a full complement of staff for the full year; 74% of the 2015/16 plan was achieved, which was an improvement on the previous year (65%). 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.
- 3.5.13 A 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.
- 3.5.14 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.
- 3.5.15 **Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation**

- 3.5.16 There are robust arrangements for effective 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 Regulations. 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.
- 3.5.17 All public meetings of the Council 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. Wales Audit Office made a proposal for improvement to the Council as part of their Annual Improvement Report 2014-15, published in November 2015, to "Strengthen the governance and challenge arrangements by: ensuring that minutes of meetings are signed at the next suitable meeting in accordance with the Council's constitution to improve timeliness and transparency of public reporting; and reconsider the Council's policy of not formally minuting Cabinet meetings".
- 3.5.18 The action the Council is taking in response to the proposal was reported to Cabinet in January 2016. This identified the 'Modern Gov' system has been implemented and improved the documentation of minutes, agendas and reports for meetings on the Council's website. A decision-log of Cabinet meetings is published on the website following each Cabinet meeting detailing the decisions that have been which include any amendments made to the proposed decision. Not publishing minutes for Cabinet has been a longstanding practice of the Council which has raised no issues of transparency and openness in the decision making process and the Council does not have any plans to change this process for recording decisions at Cabinet.
- 3.5.19 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 and which is regularly reviewed.
  - registers of personal and business interests for Members
  - 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
- 3.5.20 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.
- 3.5.21 The anti-fraud and corruption strategy (approved by Cabinet March 2012) provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention. The Council's Council Tax Reduction Anti-Fraud Policy was approved by Cabinet in June 2015.
- 3.5.22 The Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management arrangements. The 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 Audit Committee has an independent, non-political, Chairman.

- 3.5.23 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. The Chief Internal Auditor reports to the Audit Committee a summary of audit findings for each quarter, and also reports annually an opinion on the overall adequacy and effectiveness of the Council's control environment.
- 3.5.24 The Chief Internal Auditor will ensure Internal Audit complies with the Public Sector Internal Audit Standards.
- 3.5.25 The Council has an objective and professional relationship with its external auditors and statutory inspectors.

**3.6 Risk management**

- 3.6.1 The Council's Strategic Risk Management Policy was updated and approved by Cabinet in March 2015. The revisions provide greater clarity on how the risk levels are to be assessed. 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.
- 3.6.2 A Whole Authority Strategic Risk Assessment for 2015-2016 has been compiled as a starting point from service improvement plans. In addition a wide range of performance information including reports from regulators and inspectors, data and performance analysis and feedback from the Authority's partners and service users was used. In order to mitigate the risks, proposed action was recorded and factored back into the respective service improvement plan. This was presented to Cabinet in March 2016. As well as being approved by Cabinet the risk assessment was presented to Council alongside consideration of the budget.
- 3.6.3 The Council's Strategic Risk Assessment contains 11 distinct risks. Following the revised policy these must now be updated and reviewed throughout the year with the latest version being made available to members via The Hub.

Risk	Pre mitigation			Post mitigation		
	2015/16 Risk Level	2016/17 Risk Level	2017/18 Risk Level	2015/16 Risk Level	2016/17 Risk Level	2017/18 Risk Level
The Authority is unable to deliver its political priorities in the future because it does not yet have clarity on its future business model or longer term financial plan.	Low	Medium	Medium	Low	Low	Low
Some services may become financially unsustainable as a result of reducing budgets and demographic pressures.	Low	Medium	Medium	Low	Low	Low
A failure to meet income targets could lead to unplanned changes in other services or a call on reserves to balance the budget.	Medium	Medium	Medium	Medium	Medium	Medium
Potential that the Authority is unable to deliver its new schools capital programme due to capital receipts not generating the required income  Pressure on capital budget from 21st Century schools programme will impact on other areas requiring capital investment.	Medium	Medium	High	Medium	Medium	Medium

Risk	Pre mitigation			Post mitigation		
	2015/16 Risk Level	2016/17 Risk Level	2017/18 Risk Level	2015/16 Risk Level	2016/17 Risk Level	2017/18 Risk Level
Potential that the Council does not make sufficient progress in areas of weakness identified by regulators leading to underperformance.	Low	Medium	Medium	Low	Low	Low
Potential for significant harm to vulnerable children or adults due to factors outside our control.  Potential for significant harm to vulnerable children or adults due to failure of services and/or partners to act accountably for safeguarding.	Medium	Medium	Medium	Medium	Medium	Medium
Failure to meet the needs of individual learners may result in them not achieving their full potential.	Medium	Medium	Medium	Low	Low	Low
Potential that Council services, including schools do not have the necessary ICT infrastructure meaning they are unable to maximise their offer to service users or learners needs.	Medium	Medium	Medium	Medium	Medium	Medium
Insufficient ICT infrastructure and skills in the county have the potential to lead to social and economic disadvantages.	Medium	Medium	Medium	Medium	Medium	Medium
Reductions in our workforce due to budgetary pressures will impact on our capacity to deliver transformational change and improve performance.	Medium	Medium	Medium	Medium	Medium	Low
Not having appropriate governance mechanisms does not make it easy for communities to work with us when we are co- delivering and co-developing services which will impact on our shared ability to deliver sustainable and resilient communities.	Medium	Medium	Medium	Medium	Medium	Low
The current configuration of the recycling service becomes unviable because of legislation requirements and financial constraints.	Low	Medium	Medium	Low	Low	Medium

**3.6.4 Principle 5: Developing the capacity and capability of members and officers to be effective**

3.6.5 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.

3.6.6 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.

**3.6.7 Good governance and upholding standards of behaviour**

3.6.8 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.

3.6.9 In accordance with its statutory responsibilities, the Council has in place a Health and Safety Policy and related procedures.

3.6.10 The Council operates a Data Protection policy and also has procedures in place to meet its responsibilities under the Environmental Information Regulations and the Freedom of Information Act, 2000. The Council's website includes other information which the Council is required to publish, such as allowances paid to members in accordance with statutory provisions. There are also agreed procedures to meet the requirements of the Regulation of Investigatory Powers Act 2000.

3.6.11 There is continued support for Members' development through briefing sessions and other learning opportunities. 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.

3.6.12 Wales Audit Office made a proposal for improvement to the Council as part of their Annual Improvement Report 2014/15, published in November 2015, to "Ensure that the planned revisions and changes made to 'Check In Check Out' deliver a clear process of assessing and improving the performance of all staff and that department, team and individual objective setting is in line with the Council's corporate objectives." The action the Council is taking to response to the proposal was reported to Cabinet in January 2016. Based on feedback received the process has been evaluated and been further developed in 2015/16.

**3.6.13 Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability**

3.6.14 The agendas are published in advance of all meetings on the Council's website.

3.6.15 The Scrutiny Annual Report is produced for the Council meeting in July each year. The scrutiny function has a 'Scrutiny Service Improvement Plan'. The plan is built into the Council's improvement framework. The plan is also scrutinised by the Council's Audit Committee annually to ensure they are satisfied that the Council has appropriate and effective scrutiny arrangements in place

3.6.16 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 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. Dissemination of ward meeting minutes.

- 3.6.17 Social media, Twitter and Facebook for example, is increasingly being used to engage local people and communicate the corporate message. The Council has partnered with an IT supplier to develop Monmouthshire Made Open – a digital engagement platform to enable local people to help shape ideas to the challenges facing their communities.
- 3.6.18 All meetings are held in public as shown from Committee agendas and minutes which are then available on the website. All meetings - The Council, Cabinet, Audit Committee, Select Committees and Planning / Licensing Committees are streamed live on the internet.
- 3.6.19 There were several extensive public engagement events undertaken in 2013/14, 2014/15 and 2015/16 for the budget. MCC’s model of engagement in understanding its communities’ views and the way it now operates as an organisation was shared with many delegates at a Welsh sustainability conference as exemplar. The development of ‘Your County Your Way’ and Whole Place approach has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided; the intention is to transform public service delivery. This links back to the population outcomes for Monmouthshire in the Single Integrated Plan.
- 3.6.20 The Council has received a number of Freedom of Information Act requests during the year, with no complaints made to the Information Commission Officer. 98% of requests were responded to within the required 20 days:

FOI	2013-14	2014-15	2015-16
No. of FOI requests	918	1023	1057
No. responded to within 20 days	841	1002	1034
Percentage of FOIs responded to within 20 days	93%	95%	98%

**3.7 Main areas of Concern**

- 3.7.1 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:
- improve performance management arrangements and improve strategic planning;
  - take the next steps identified from the Wellbeing of Future Generations Act;
  - to review the appropriateness of the governance arrangements of the Public Services Board;
  - adopt a more planned, risk-assessed approach to partnership and collaborative working to make better use of resources;
  - review the governance arrangements in place around all key partnerships the Council is involved with;
  - continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules;
  - review the ‘Check In Check Out’ process to deliver a clear process of assessing and improving performance.
- 3.7.2 The following Table outlines where the Council has identified gaps in its governance arrangements, which will be addressed in the forthcoming months to further strengthen governance in Monmouthshire County Council.



**3.8 Action Plan**

3.8.1 The following table shows how the 2014/15 Action plan areas for improvement have been addressed during 2015/16.

Governance Principle		Progress
<b>Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens</b>	The governance arrangements for all of the Monmouthshire partnerships will be clarified and reported to Members in due course through the Audit Committee.	Published internally on The Hub and externally on the MCC Website.
<b>Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;</b>	The Internal Audit team will work with the Procurement Team to continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules	To be further developed in 2016/17.
<b>Principle 5: Developing the capacity and capability of members and officers to be effective</b>	The Appraisal process (CICO) will continue to be rolled out to all staff which will pick up any issues here.	All staff now go through a CICO process which is fully documented
<b>Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability</b>	Decision making work programmes will continue to be populated in advance in future.	Work programmes are include as agenda items for Scrutiny and Audit Committees.

3.8.2 An Action Plan for 2015/16 has been developed to capture known gaps in the Council's governance arrangements; the areas for improvement will be reviewed and considered during 2016/17 to further enhance the Council's governance arrangements. This is shown in the following table:

Governance Principle		Progress
<p><b>Principle 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area</b></p>	<p>Undertake actions identified in the Council's action plan to address the Wales Audit Office proposals for improvement from the Corporate Assessment report to "Improve performance management arrangements..." and "Improve strategic planning.."</p>	
<p><b>Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles in order to achieve the best possible outcomes for citizens</b></p>	<p>Undertake actions identified in the Council's action plan to address the Wales Audit Office proposals for improvement from the Corporate Assessment report to "Adopt a more planned, risk-assessed approach to partnership and collaborative working to make better use of resources"</p> <p>Review the governance arrangements in place around all key partnerships the Council is involved with.</p>	
<p><b>Principle 3: Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;</b></p>	<p>The Internal Audit team will work with the Procurement Team to continue to deliver awareness raising sessions on the importance of compliance with Contract Procedure Rules and Financial Procedure Rules</p>	
<p><b>Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk in order to foster innovation</b></p>	<p>Undertake actions identified in the Council's action plan to address the Wales Audit Office proposals for improvement from the Corporate Assessment report to "Strengthen the governance and challenge arrangements.."</p>	

Governance Principle		Progress
<p><b>Principle 5: Developing the capacity and capability of members and officers to be effective</b></p>	<p>Undertake actions identified in the Council's action plan to address the Wales Audit Office proposals for improvement from the Corporate Assessment report to "Ensure that the planned revisions and changes made to 'Check In Check Out' deliver a clear process of assessing and improving the performance of all staff and that department, team and individual objective setting is in line with the Council's corporate objectives."</p>	

**3.9 Monitoring & Evaluation**

3.9.1 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

\_\_\_\_\_  
**Paul Matthews, Chief Executive**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Cllr Peter Fox, Leader of the Council**

\_\_\_\_\_  
**Date**

#### **4 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONMOUTHSHIRE COUNTY COUNCIL**

I have audited the accounting statements and related notes of Monmouthshire County Council for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Monmouthshire County Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 based on International Financial Reporting Standards (IFRSs).

##### **Respective responsibilities of Head of Finance (Responsible Financial Officer) and the Independent Auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

##### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Monmouthshire County Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

##### **Opinion on the accounting statements of Monmouthshire County Council**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Monmouthshire County Council as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

##### **Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

##### **Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

#### **4 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONMOUTHSHIRE COUNTY COUNCIL (CONTINUED)**

##### **Certificate of completion of audit**

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

The maintenance and integrity of the Monmouthshire County Council's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

**For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ**

**SECTION 5**

**Movement in Reserves Statement  
for the Year Ended  
31st March 2016**

**MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

		Council Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total usable Reserves	Unusable Reserves	Total Authority Reserves	Total JANES Reserves	Total Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>		<b>8,068</b>	<b>13,249</b>	<b>8,023</b>	<b>29,340</b>	<b>51,550</b>	<b>80,890</b>	<b>571</b>	<b>81,460</b>
<b>Movement in reserves during 2014/15:</b>									
Surplus/(deficit) on the provision of services		558	-	-	558	-	558	(183)	375
Other Comprehensive Income and Expenditure		-	-	-	0	(41,733)	(41,733)	80	(41,653)
<b>Total Comprehensive Income and Expenditure</b>		<b>558</b>	<b>0</b>	<b>0</b>	<b>558</b>	<b>(41,733)</b>	<b>(41,175)</b>	<b>(103)</b>	<b>(41,278)</b>
Adjustments between accounting basis & funding basis under regulations	10.2	(2,763)	-	9,606	6,843	(6,843)	(0)	0	(0)
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>(2,205)</b>	<b>0</b>	<b>9,606</b>	<b>7,401</b>	<b>(48,575)</b>	<b>(41,175)</b>	<b>(103)</b>	<b>(41,278)</b>
Transfers to/(from) Earmarked Reserves	10.4	2,268	(2,268)	-	0	-	(0)	0	(0)
<b>Increase/(Decrease) in 2014/15</b>		<b>63</b>	<b>(2,268)</b>	<b>9,606</b>	<b>7,401</b>	<b>(48,575)</b>	<b>(41,175)</b>	<b>(103)</b>	<b>(41,278)</b>
<b>Balance at 31st March 2015 carried forward</b>		<b>8,132</b>	<b>10,980</b>	<b>17,629</b>	<b>36,741</b>	<b>2,974</b>	<b>39,715</b>	<b>468</b>	<b>40,182</b>
<b>Movement in reserves during 2015/16:</b>									
Surplus/(deficit) on the provision of services		(6,432)	-	-	(6,432)	-	(6,432)	(72)	(6,503)
Other Comprehensive Income and Expenditure		-	-	-	0	1,606	1,606	186	1,792
<b>Total Comprehensive Income and Expenditure</b>		<b>(6,432)</b>	<b>0</b>	<b>0</b>	<b>(6,432)</b>	<b>1,606</b>	<b>(4,825)</b>	<b>114</b>	<b>(4,711)</b>
Adjustments between accounting basis & funding basis under regulations	10.2	4,856	-	(12,206)	(7,350)	7,350	(0)	0	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>(1,576)</b>	<b>0</b>	<b>(12,206)</b>	<b>(13,782)</b>	<b>8,956</b>	<b>(4,825)</b>	<b>114</b>	<b>(4,711)</b>
Transfers to/(from) Earmarked Reserves	10.4	1,712	(1,712)	-	0	-	0	0	0
<b>Increase/(Decrease) in 2015/16</b>		<b>136</b>	<b>(1,712)</b>	<b>(12,206)</b>	<b>(13,782)</b>	<b>8,956</b>	<b>(4,825)</b>	<b>114</b>	<b>(4,711)</b>
<b>Balance at 31st March 2016 carried forward</b>		<b>8,267</b>	<b>9,268</b>	<b>5,423</b>	<b>22,959</b>	<b>11,930</b>	<b>34,889</b>	<b>582</b>	<b>35,472</b>

**SECTION 6**

**Comprehensive Income  
and Expenditure Statement  
for the year ended  
31st March 2016**



**COMPREHENSIVE INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

	Note	31 March 2016			31 March 2015		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Education and children's services		85,330	(17,503)	67,827	93,992	(19,001)	74,991
Adult social care		38,509	(7,117)	31,392	38,161	(6,835)	31,326
Highways and transport services		20,673	(8,807)	11,865	23,637	(10,385)	13,252
Environment and Regulatory Services		10,838	(3,171)	7,667	11,920	(3,345)	8,575
Cultural and Related Services		13,269	(5,289)	7,980	15,476	(4,900)	10,575
Planning Services		3,151	(1,189)	1,961	4,305	(2,457)	1,848
Central services to the public		13,067	(4,352)	8,715	14,848	(6,624)	8,224
Housing services		27,819	(25,866)	1,953	27,403	(25,482)	1,921
Corporate and democratic core		3,646	(503)	3,143	924	(791)	133
Non distributed costs - other		360	0	360	1,001	0	1,001
<b>Net Cost of Services</b>	11.1	<b>216,661</b>	<b>(73,798)</b>	<b>142,864</b>	<b>231,667</b>	<b>(79,820)</b>	<b>151,847</b>
<b>Other operating expenditure:</b>							
<i>Precepts &amp; Levies:</i>							
Gwent Police Authority		9,430	0	9,430	8,995	0	8,995
South Wales Fire & Rescue Authority		4,188	0	4,188	4,271	0	4,271
Community and Town Councils		1,870	0	1,870	1,669	0	1,669
National Parks		112	0	112	115	0	115
Internal Drainage Boards		100	0	100	117	0	117
Gains/losses on the disposal of non-current assets		1,476	(1,215)	262	10,100	(10,093)	7
		17,176	(1,215)	15,962	25,268	(10,093)	15,175
<b>Financing and investment income and expenditure</b>	11.2	24,933	(15,682)	9,250	21,725	(31,495)	(9,770)
<b>Taxation &amp; non-specific grant income:</b>							
Council Tax	11.4	0	(61,004)	(61,004)	421	(57,579)	(57,158)
Non-domestic rates redistribution	11.5	0	(26,737)	(26,737)	0	(28,984)	(28,984)
General government grants	11.6	0	(73,832)	(73,831)	0	(71,485)	(71,485)
				(161,572)			(157,627)
<b>(Surplus) or Deficit on Provision of Services</b>				<b>6,503</b>			<b>(376)</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets				(16,255)			597
(Gains)/losses on remeasurement of pension assets / liabilities	14.2/16.7			14,656			41,196
Adjustments relating to JANES	16.7			(193)			(141)
<b>Other Comprehensive Income and Expenditure</b>				<b>(1,792)</b>			<b>41,653</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>4,711</b>			<b>41,278</b>

**SECTION 7**

**Balance Sheet  
as at 31st March 2016**

**BALANCE SHEET AS AT 31 MARCH 2016**

<b>31 March 2015</b>		<b>Note</b>	<b>31 March 2016</b>
<b>£000s</b>			<b>£000s</b>
	<b>Property, Plant &amp; Equipment</b>		
156,291	Other land and buildings	12.1	171,546
436	Other land and buildings - JANEs	16.7	417
4,080	Vehicles, plant, furniture and equipment	12.1	3,608
61,613	Infrastructure	12.1	60,648
3,887	Community assets	12.1	3,944
1,141	Assets under construction	12.1	10,079
4	Surplus assets not held for sale	12.1	0
227,452			250,243
4,647	Heritage Assets	12.13	4,795
42,716	Investment Property	12.8	41,099
670	Intangible Assets		754
40	Long-Term Investments	13.1	40
383	Long Term Debtors		312
275,907	<b>Long term assets</b>		297,242
4,016	Short Term Investments	13.1	3,999
424	Inventories		413
16,392	Short Term Debtors	13.5	19,588
20,406	Cash and Cash Equivalents	15.3	7,972
22,095	Assets Held for Sale	12.9	20,683
63,333	<b>Current Assets</b>		52,655
0	Cash and Cash Equivalents	15.3	(1,025)
(33,552)	Short Term Borrowing	13.1	(29,852)
(20,995)	Short Term Creditors	13.6	(22,286)
(3,275)	Provisions	13.7	(2,124)
(57,821)	<b>Current Liabilities</b>		(55,288)
(167,414)	Liability related to defined benefit pension scheme	14.4	(188,225)
(179)	Provisions	13.7	(132)
(67,761)	Long Term Borrowing	13.1	(65,708)
(137)	Long term Creditors	16.7	(137)
(1,294)	Other Long Term Liabilities	13.1/16.7	(1,285)
(2,440)	Capital Grants Receipts in Advance	11.7(b)	(1,830)
(2,013)	Revenue Grants Receipts in Advance		(1,819)
(241,238)	<b>Long Term Liabilities</b>		(259,137)
<b>40,182</b>	<b>Net Assets</b>		<b>35,472</b>
8,131	Council Fund Balance	10.3	8,267
10,980	Earmarked Reserves	10.4	9,269
398	Earmarked Reserves - JANEs	16.7	455
17,629	Capital Receipts Reserve	10.6	5,423
37,138	<b>Usable Reserves</b>		23,416
33,753	Revaluation Reserve	10.7	47,671
(167,414)	Pensions Reserve	10.9	(188,225)
140,531	Capital Adjustment Account	10.8	155,410
2	Deferred Capital Receipts Reserve		0
(1,015)	Financial Instrument Adjustment Account		(934)
(2,884)	Accumulating Absence Adjustment Account	10.10	(1,992)
70	Unusable Reserves - JANEs	16.7	128
3,043	<b>Unusable Reserves</b>		12,057
<b>40,182</b>	<b>Total Reserves</b>		<b>35,472</b>

**SECTION 8**

**Cash Flow Statement  
for the Year Ended  
31st March 2016**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

	Note	31 March 2016 £000	31 March 2016 £000	31 March 2015 £000	31 March 2015 £000
Net (surplus) or deficit on the provision of services	15.1	6,503		(375)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements	15.1	(13,497)		(25,167)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15.1	75		14,991	
Adjustments relating to JANEs	15.1	(155)		143	
<b>Net cash flows from Operating Activities</b>	15.1		<b>(7,074)</b>		<b>(10,408)</b>
<b>Investing Activities</b>					
<i>Cash outflows</i>					
Purchase of property, plant and equipment, investment property and intangible assets		15,137		10,782	
Purchase of short-term and long-term investments		16,000		16,999	
Other payments for investing activities		2,132		2,042	
		<b>33,268</b>		<b>29,823</b>	
<i>Cash Inflows</i>					
Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(1,809)		(11,478)	
Proceeds from short-term and long-term investments		(16,073)		(19,550)	
Other receipts from investing activities		(509)		(5,560)	
		<b>(18,392)</b>		<b>(36,587)</b>	
<b>Net Cash (Inflow)/Outflow from Investing Activities</b>			<b>14,877</b>		<b>(6,765)</b>
<b>Financing Activities</b>					
<i>Cash Outflows</i>					
Repayments of short- and long-term borrowing		40,842		37,559	
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		30		132	
		<b>40,871</b>		<b>37,691</b>	
<i>Cash Inflows</i>					
Cash receipts of short- and long-term borrowing		(35,054)		(40,250)	
Other receipts from financing activities		(161)		146	
		<b>(35,215)</b>		<b>(40,104)</b>	
<b>Net Cash (Inflow)/Outflow from Financing Activities</b>			<b>5,656</b>		<b>(2,413)</b>
<b>Net (increase) / decrease in cash and cash equivalents</b>			<b>13,459</b>		<b>(19,585)</b>
Cash and cash equivalents at the beginning of the reporting period			<b>20,406</b>		820
<b>Cash and cash equivalents at the end of the reporting period</b>	15.3		<b>6,947</b>		<b>20,406</b>

**Notes to the Accounts  
for the Year Ended  
31st March 2016**

## **9 STATEMENT OF ACCOUNTING POLICIES**

### **9.1 General Principles**

9.1.1 The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the *Accounts and Audit (Wales) Regulations 2014*, 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 2015/16* and the *Service Reporting Code of Practice 2015/16*, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

9.1.2 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.

### **9.2 Accounting Standards issued not yet adopted**

9.2.1 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 that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

9.2.2 IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

9.2.3 Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

9.2.4 The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

### **9.3 Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet where such balances are considered material.
- 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 respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### **9.4 Cash and Cash Equivalents**

- 9.4.1 Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 24 hours or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
- 9.4.2 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.

#### **9.5 Charges to Revenue for Non-Current Assets**

- 9.5.1 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.

- 9.5.2 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 equal to either an amount calculated on a prudent basis 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.

#### **9.6 Critical Judgements in Applying Accounting Policies**

- 9.6.1 In applying the accounting policies set out above, 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:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council is deemed to control the services provided under 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.
- 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 accrual is calculated by taking a sample of non-school employee records and extrapolating the data over the total non-school employee base. The sample return for 2015/16 was 25% (17% for 2014/15).



**9.7 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

9.7.1 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.

9.7.2 The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	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	<p>The Council has included provisions for known insurance claims as at 31 March 2016. The value of these claims is based on information provided by our Insurance brokers 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.</p>	<p>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 2016 are deemed to provide sufficient cover for the Authority's claims exposure. Notes 13.7(a) &amp; 13.7(b) provide further information on the types of claims the Authority is exposed to.</p>
Arrears	<p>At 31 March 2016, the Authority had a balance of £8.4m (£7.6m as at 31 March 2015) of debtors relating to council tax arrears, business rate arrears, rent arrears, corporate sundry debtors, social services sundry debtors and housing benefit overpayments. A review of these balances suggested that an impairment of doubtful debts of £3.1m (£3.2m as at 31 March 2015) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, there would be a consequential increase in the impairment of doubtful debts.</p>

## 9.8 Employee Benefits

### ***Benefits Payable During Employment***

9.8.1 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***

9.8.2 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.

9.8.3 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**

9.8.4 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

9.8.5 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 and length of service.

9.8.6 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**

9.8.7 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.

9.8.8 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.

9.8.9 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.

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

9.8.11 The impact of accounting for IAS19 *Employee Benefits* as analysed in 14.2 has had the following effects on the results of the prior and current periods:

- The overall amount to be met from the Council Fund has remained unchanged as a result of statutory provisions in place, but the cost amounts included in Net Cost of Services are £628,000 (0.44%) lower (£845,000 (0.56%) in 2014/15) after the replacement of employer's contributions by current and past service costs. The surplus on the Provision of Services is £6,162,000 (94.4%) lower (£4,400,000 (90.2%) lower in 2014/15) than it would otherwise have been.
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported total reserves of the authority by 84% (reduced by 81% in 2014/15).

#### ***Discretionary Benefits***

9.8.12 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.

### **9.9 Events After the Balance Sheet Date**

9.9.1 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.

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

**9.10 Exceptional Items**

- 9.10.1 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.

**9.11 Financial Instruments**

***Financial Liabilities***

- 9.11.1 Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.
- 9.11.2 For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.
- 9.11.3 However, one stepped loan held by the Authority is carried at a higher amortised cost than the outstanding principal, and interest is charged at a marginally lower effective rate of interest than the interest payable under the terms of the loan contract.
- 9.11.4 Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.
- 9.11.5 Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Council Fund Balance to be spread over future years. The Authority has a policy of spreading any loss over the term that was remaining on the loan against which the premium was payable and any gain over lesser of the term remaining on the loan against which the discount was receivable or 10 years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

***Financial Assets – Loans and Receivables***

- 9.11.6 Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.
- 9.11.7 The Authority has made one loan at less than market rates (soft loans) for policy reasons. Due to the immaterial nature of the loan, it is recorded in the balance sheet at the value of the principal outstanding.

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

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

## **9.12 Government Grants and Contributions**

9.12.1 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.

9.12.2 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.

9.12.3 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.

9.12.4 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.

## **9.13 Heritage Assets**

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

9.13.2 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.

9.13.3 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.

9.13.4 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.

9.13.5 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.

9.13.6 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.

#### **9.14 Intangible Assets**

9.14.1 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.

9.14.2 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).

9.14.3 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.

9.14.4 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.

9.14.5 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.

#### **9.15 Interests in Companies and Other Entities**

9.15.1 The Code requires authorities to enhance their statement of accounts with information about any material interest in subsidiaries, associates and jointly controlled entities in a set of group accounts.

9.15.2 These accounting requirements result in the consolidation of the transactions and balances of subsidiaries and of interests in associates and joint ventures, thus ensuring group accounts provide a complete picture of the authority's control over other entities.

9.15.3 The authority does not hold any material interests in subsidiaries, associated or jointly controlled entities. In the Authority's own single-entity accounts, it is the Authority's policy to disclose as a note to the balance sheet details of the name, business, shareholding, net assets and results of operations and other financial transactions of any related companies.

**9.16 Inventories and Long Term Contracts**

- 9.16.1 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.
- 9.16.2 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.

**9.17 Investment Property**

- 9.17.1 Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
- 9.17.2 Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.
- 9.17.3 Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**9.18 Fair value measurement**

- 9.18.1 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.
- 9.18.2 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.
- 9.18.3 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.
- 9.18.4 The use of relevant observable inputs is maximised and the use of unobservable inputs is minimised.



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

### **9.19 Joint Arrangements**

9.19.1 Joint operations are activities undertaken by the Council in conjunction with other parties that involve the use of the assets and resources of the parties rather than the establishment of a separate entity. Joint Committees are an example of jointly controlled operations that are relevant to the Council. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

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

### **9.20 Leases**

9.20.1 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.

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

9.20.3 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***

9.20.4 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.

9.20.5 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.

9.20.6 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).

9.20.7 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***

9.20.8 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***

9.20.9 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.

9.20.10 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).

9.20.11 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.

9.20.12 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***

9.20.13 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.

## **9.21 Overheads and Support Services**

9.21.1 The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority’s status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

9.21.2 These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

## **9.22 Property, Plant and Equipment**

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

### ***Recognition***

9.22.2 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.

9.22.3 A further condition for expenditure to be capitalised is that it exceeds the relevant de minimus limit in place. Different de-minimus limits are in place for different categories of asset. These are:

- Land and Buildings - no de minimus limit
- Vehicles - no de minimus limit
- IT Equipment - £10,000
- Plant and Machinery - £10,000

### ***Measurement***

9.22.4 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.

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

9.22.6 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.

9.22.7 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.
- 9.22.8 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.
- 9.22.9 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.
- 9.22.10 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.
- 9.22.11 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.
- 9.22.12 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**
- 9.22.13 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.
- 9.22.14 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.
- 9.22.15 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**

9.22.16 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).

9.22.17 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 – straight-line allocation over 60 years

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

9.22.18 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**

9.22.19 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.

9.22.20 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.

9.22.21 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**

9.22.22 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.

- 9.22.23 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.
- 9.22.24 Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.
- 9.22.25 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.
- 9.22.26 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.
- 9.22.27 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.
- 9.23 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**
- 9.23.1 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.
- 9.23.2 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.
- 9.23.3 Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.
- 9.24 Private Finance Initiative (PFI) and Similar Contracts**
- 9.24.1 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.
- 9.24.2 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.
- 9.24.3 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.

- 9.24.4 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.

## **9.25 Provisions, Contingent Liabilities and Contingent Assets**

### ***Provisions***

- 9.25.1 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.
- 9.25.2 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.
- 9.25.3 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.
- 9.25.4 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***

- 9.25.5 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.
- 9.25.6 Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### ***Contingent Assets***

- 9.25.7 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.
- 9.25.8 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.

**9.26 Reserves**

- 9.26.1 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.
- 9.26.2 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.

**9.27 Revenue Expenditure Funded from Capital under Statute**

- 9.27.1 Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

**9.28 VAT**

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



## 10 MOVEMENT IN RESERVES STATEMENT NOTES

### 10.1 Movement on 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 1 April 2014	Movement in Reserve £000	Balance at 31 March 2015	Movement in Reserve £000	Balance at 31 March 2016
<b>Usable Reserves:</b>						
Council Fund balance: Authority	10.3	7,080	(88)	6,991	120	7,111
Council Fund balance: LMS School Balances	10.5	988	152	1,140	16	1,156
Earmarked reserves	10.4	13,249	(2,268)	10,980	(1,711)	9,269
Capital Receipts Reserve	10.6	8,023	9,606	17,629	(12,205)	5,423
<b>Total Usable Reserves</b>		<b>29,340</b>	<b>7,401</b>	<b>36,741</b>	<b>(13,780)</b>	<b>22,960</b>
<b>Unusable Reserves:</b>						
Revaluation Reserve	10.7	45,441	(11,688)	33,753	13,918	47,671
Capital Adjustment Account	10.8	131,770	8,762	140,531	14,878	155,410
Financial Instruments Adjustment Account		(1,095)	80	(1,015)	81	(934)
Pension Reserve	10.9	(121,878)	(45,536)	(167,414)	(20,811)	(188,225)
Deferred Capital Receipts Reserve		7	(5)	2	(2)	0
Accumulated Absences Adjustment Account	10.10	(2,695)	(189)	(2,884)	892	(1,992)
<b>Total Unusable Reserves</b>		<b>51,549</b>	<b>(48,576)</b>	<b>2,973</b>	<b>8,956</b>	<b>11,929</b>
<b>Total Authority Reserves</b>		<b>80,889</b>	<b>(41,175)</b>	<b>39,714</b>	<b>(4,824)</b>	<b>34,889</b>

**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:

<b>Movements in 2015/16:</b>	<b>Council Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b><u>Adjustments primarily involving the Capital Adjustment Account:</u></b>					
<b><i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i></b>					
Charges for depreciation and impairment of Property, Plant and Equipment assets	5,752	0	<b>5,752</b>	(5,752)	<b>0</b>
Charges for impairment of Heritage Assets	5	0	<b>5</b>	(5)	<b>0</b>
Revaluation movements on Property Plant and Equipment (charged to SDPS)	2,516	0	<b>2,516</b>	(2,516)	<b>0</b>
Revaluation movements on Assets Held for Sale (charged to SDPS)	245	0	<b>245</b>	(245)	<b>0</b>
Movements in the market value of Investment Properties	1,515	0	<b>1,515</b>	(1,515)	<b>0</b>
Amortisation and impairment of intangible assets	111	0	<b>111</b>	(111)	<b>0</b>
Capital grants and contributions applied	(6,190)	0	<b>(6,190)</b>	6,190	<b>0</b>
Revenue expenditure funded from capital under statute	2,132	0	<b>2,132</b>	(2,132)	<b>0</b>
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,793	0	<b>1,793</b>	(1,793)	<b>0</b>
<b><i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i></b>					
Statutory provision for the financing of capital investment (MRP)	(5,486)	0	<b>(5,486)</b>	5,486	<b>0</b>
Capital expenditure charged against the Council Fund	(920)	0	<b>(920)</b>	920	<b>0</b>
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,808)	1,808	<b>(0)</b>	0	<b>0</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(7,765)	<b>(7,765)</b>	7,765	<b>0</b>
Set aside of capital receipts	0	(6,250)	<b>(6,250)</b>	6,250	<b>0</b>
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	2	<b>2</b>	(2)	<b>0</b>
<b><u>Adjustments involving the Financial Instruments Adjustment Account:</u></b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(80)	0	<b>(80)</b>	80	<b>0</b>

<b>Movements in 2015/16 (continued):</b>	<b>Council Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b><u>Adjustments involving the Pensions Reserve:</u></b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	16,633	0	<b>16,633</b>	(16,633)	<b>0</b>
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,471)	0	<b>(10,471)</b>	10,471	<b>0</b>
<b><u>Adjustment involving the Accumulated Absences Account:</u></b>					
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	(892)	0	<b>(892)</b>	892	<b>0</b>
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>4,855</b>	<b>(12,206)</b>	<b>(7,351)</b>	<b>7,351</b>	<b>0</b>

<b>Movements in 2014/15:</b>	<b>Council Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b><u>Adjustments primarily involving the Capital Adjustment Account:</u></b>					
<b><i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i></b>					
Charges for depreciation and impairment of Property, Plant and Equipment assets	12,548	0	<b>12,548</b>	(12,548)	<b>0</b>
Charges for impairment of Heritage Assets	82	0	<b>82</b>	(82)	<b>0</b>
Revaluation movements on Property Plant and Equipment (charged to SDPS)	6,031	0	<b>6,031</b>	(6,030)	<b>0</b>
Revaluation movements on Assets Held for Sale (charged to SDPS)	(2,290)	0	<b>(2,290)</b>	2,290	<b>0</b>
Movements in the market value of Investment Properties	(17,497)	0	<b>(17,497)</b>	17,497	<b>0</b>
Revaluation movements on Heritage Assets	20	0	<b>20</b>	(20)	<b>0</b>
Amortisation and impairment of intangible assets	61	0	<b>61</b>	(61)	<b>0</b>
Capital grants and contributions applied	(1,944)	0	<b>(1,944)</b>	1,944	<b>0</b>
Revenue expenditure funded from capital under statute	2,042	0	<b>2,042</b>	(2,042)	<b>0</b>
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	11,014	0	<b>11,014</b>	(11,014)	<b>0</b>
<b><i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</i></b>					
Statutory provision for the financing of capital investment (MRP)	(5,496)	0	<b>(5,496)</b>	5,496	<b>0</b>
Capital expenditure charged against the Council Fund	(370)	0	<b>(370)</b>	370	<b>0</b>

<b>Movements in 2014/15 (continued):</b>	<b>Council Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b><u>Adjustments involving the Capital Receipts Reserve:</u></b>					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(11,472)	11,472	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(1,871)	(1,871)	1,871	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	5	5	(5)	0
<b><u>Adjustments involving the Financial Instruments Adjustment Account:</u></b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(79)	0	(79)	79	0
<b><u>Adjustments involving the Pensions Reserve:</u></b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	14,905	0	14,905	(14,905)	0
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,505)	0	(10,505)	10,505	0
<b><u>Adjustment involving the Accumulated Absences Account:</u></b>					
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	188	0	188	(188)	0
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(2,763)</b>	<b>9,606</b>	<b>6,843</b>	<b>(6,843)</b>	<b>0</b>

### 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:

	<b>At 1 April 2014 £000</b>	<b>In Year Movement £000</b>	<b>At 31 March 2015 £000</b>	<b>In Year Movement £000</b>	<b>At 31 March 2016 £000</b>
Amount of Council Fund Balance held by Schools under Local Management Schemes	988	152	1,140	16	1,156
Amount of Council Fund Balance generally available for new expenditure	7,080	(88)	6,991	120	7,111
<b>Total Council Fund Balance</b>	<b>8,068</b>	<b>64</b>	<b>8,132</b>	<b>136</b>	<b>8,267</b>
Earmarked Revenue Reserves	13,249	(2,268)	10,980	(1,711)	9,269
<b>Total Usable Reserves available for Revenue Purposes</b>	<b>21,317</b>	<b>(2,205)</b>	<b>19,112</b>	<b>(1,575)</b>	<b>17,537</b>

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 £1,156,000 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.

## 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.

- **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.

Current accounting regulations are such that investing in disposal must be taken against the revenue account and these costs cannot be fully offset against the ultimate capital receipt. The reserve has been established to finance such expenditure.

- **I Learn Wales reserve**

Created for future (i) learning education projects in schools.

- **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 trading account activities, and maintained to support and develop these services.

- **Trading Reserves**

Trading reserves at the year-end now represent balances created as a result of external trade or where the Authority assumes lead authority status for administering funds on behalf of other partner organisations.

The transfers to and from Earmarked Reserves in 2015/16 can be summarised as follows:

Description	At 1 April 2014	Transfer to Reserves	Transfer from Reserves	31 March 2015	Transfer to Reserves	Transfer from Reserves	31 March 2016
	£000	£000	£000	£000	£000	£000	£000
Invest to Redesign	2,208	85	(809)	<b>1,483</b>	399	(585)	<b>1,298</b>
Priority Investment	2,469	0	(496)	<b>1,973</b>	63	(916)	<b>1,120</b>
Insurance and risk management	1,968	282	0	<b>2,250</b>	30	(1,044)	<b>1,236</b>
IT Transformation	947	0	(307)	<b>640</b>	359	(172)	<b>827</b>
Single Status and Equal Pay	1,052	0	(1,052)	<b>0</b>	0	0	<b>0</b>
Treasury equalisation	1,125	204	(338)	<b>990</b>	0	0	<b>990</b>
Capital Investment	1,636	0	(16)	<b>1,621</b>	16	(372)	<b>1,265</b>
Redundancy and Pensions	744	500	(644)	<b>600</b>	1,000	(325)	<b>1,275</b>
Capital Receipt Generation	244	357	(141)	<b>460</b>	0	(138)	<b>322</b>
I Learn Wales	0	49	0	<b>49</b>	0	(49)	<b>0</b>
<i>Other reserves</i>							
Elections	58	25	0	<b>83</b>	25	0	<b>108</b>
Museums acquisition	60	0	0	<b>60</b>	0	(3)	<b>57</b>
Chairman's	37	0	0	<b>37</b>	0	(37)	<b>0</b>
<i>Service Reserves:</i>							
Grass Routes to Schools	187	0	(26)	<b>161</b>	5	(26)	<b>140</b>
Schools sickness & maternity cover	0	0	0	<b>0</b>	104	0	<b>104</b>
Education Achievement Service	69	0	(69)	<b>0</b>	0	0	<b>0</b>
<i>Trading Accounts:</i>							
Youth Offending Team	382	0	0	<b>382</b>	0	(57)	<b>325</b>
Outdoor education centres	157	33	0	<b>190</b>	0	0	<b>190</b>
School library service	(91)	195	(104)	<b>0</b>	0	0	<b>0</b>
Building Control	(4)	5	0	<b>0</b>	12	0	<b>12</b>
	<b>13,249</b>	<b>1,734</b>	<b>(4,002)</b>	<b>10,980</b>	<b>2,012</b>	<b>(3,724)</b>	<b>9,269</b>

**10.5 School Balances**

The balance on the Council Fund includes £1,156,163 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:

School Name	At 1 April	In Year	At 31	In Year	At 31
	2014	Movement	March 2015	Movement	March 2016
	£	£	£	£	£
<b>Comprehensives</b>					
Caldicot	60,620	20,748	81,368	127,492	208,860
Chepstow	(214,589)	(174,098)	(388,688)	(25,379)	(414,066)
King Henry VIII	114,519	(71,553)	42,966	64,403	107,368
Monmouth	130,974	(21,124)	109,851	(64,079)	45,772
<b>Sub Total</b>	<b>91,523</b>	<b>(246,027)</b>	<b>(154,504)</b>	<b>102,437</b>	<b>(52,067)</b>
<b>Primaries</b>					
Archbishop R Williams	21,992	15,856	37,847	46,641	84,489
Cantref	68,138	(13,735)	54,403	(12,416)	41,987
Castle Park	(97,999)	58,270	(39,729)	18,282	(21,446)
Chepstow Alliance	0	28,092	28,092	(28,092)	0
Cross Ash	47,989	17,901	65,890	(14,621)	51,269
Deri View	(79,952)	101,715	21,762	64,292	86,054
Dewstow	106,113	20,482	126,594	(13,997)	112,598
Durand	44,725	9,036	53,761	6,759	60,520
Gilwern	41,057	(2,144)	38,913	2,385	41,298
Goytre Fawr	4,708	24,124	28,832	25,088	53,920
Kymin View	34,355	10,279	44,634	(25,860)	18,774
Llandogo	(5,780)	(6,567)	(12,346)	900	(11,446)
Llanfair Kilgeddin CV	22,612	(10,690)	11,922	54,902	66,824
Llanfoist	32,934	41,333	74,267	19,523	93,789
Llantilio Pertholey	65,340	(18,115)	47,225	(10,049)	37,176
Llanvihangel Crucorney	(40,656)	25,617	(15,040)	(8,565)	(23,605)
Magor Vol Aided	31,136	5,325	36,462	19,546	56,008
New Pembroke Primary	79,671	(46,122)	33,549	2,652	36,201
Osbaston Church in Wales	48,713	7,284	55,997	(18,653)	37,344
Our Lady's & St Michael's Catholic Primary	23,663	17,151	40,813	(10,159)	30,654
Overmonnow	33,729	(33,403)	326	(19,427)	(19,101)
Raglan	41,259	21,487	62,747	(44,378)	18,369
Rogiet	83,152	(13,274)	69,879	(10,265)	59,613
Shirenewton	81,568	(3,289)	78,279	3,281	81,560
St Mary's (Chepstow)	813	17,695	18,509	6,877	25,385
The Dell	50,107	33,103	83,210	(32,944)	50,266
Thornwell	16,135	32,862	48,997	(46,745)	2,253
Trellech	33,606	39,283	72,889	13,392	86,281
Undy	10,116	31,563	41,679	(25,038)	16,641
Usk CV	28,686	(4,871)	23,815	47,480	71,295
Ysgol Gymraeg Y Fenni	32,161	34,042	66,203	(7,462)	58,741
Ysgol Gymraeg Ffin	(17,915)	36,066	18,152	(4,984)	13,168
<b>Sub Total</b>	<b>842,176</b>	<b>476,355</b>	<b>1,318,530</b>	<b>(1,655)</b>	<b>1,316,875</b>
<b>Special</b>					
Mounton House	18,465	(44,418)	(25,954)	(128,901)	(154,855)
Pupil Referral Unit	35,992	(34,033)	1,959	44,250	46,209
<b>Sub Total</b>	<b>54,457</b>	<b>(78,452)</b>	<b>(23,995)</b>	<b>(84,651)</b>	<b>(108,645)</b>
<b>TOTAL</b>	<b>988,156</b>	<b>151,876</b>	<b>1,140,032</b>	<b>16,130</b>	<b>1,156,163</b>

## 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.

The in-year movements on the reserve are summarised below: -

	2015-16 £000	2014-15 £000
Balance as at 1st April	17,629	8,023
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,808	11,472
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	2	5
Less: use of the Capital Receipts Reserve to finance new capital expenditure	(7,765)	(1,871)
Set aside of capital receipts	(6,250)	0
Balance as at 31st March	<u>5,423</u>	<u>17,629</u>

## 10.7 Revaluation Reserve

The Revaluation Reserve contains the 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 with accumulated gains are:

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

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

	2015-16 £000	2015-16 £000	2014-15 £000	2014-15 £000
Balance at 1 April		33,753		45,441
Upward revaluation of assets	16,620		915	
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(365)		(1,512)	
<b>Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		<u>16,255</u>		<u>(597)</u>
Difference between fair value depreciation and historical cost depreciation	(1,516)		(1,780)	
Accumulated gains on assets sold or scrapped	(782)		(9,311)	
Write off Investment property balance	(39)		0	
<b>Amount written off to the Capital Adjustment Account</b>		<u>(2,337)</u>		<u>(11,091)</u>
<b>Balance at 31 March</b>		<u>47,671</u>		<u>33,753</u>



**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.

	2015-16 £000	2015-16 £000	2014-15 £000	2014-15 £000
Balance at 1 April		140,531		131,770
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
• Charges for depreciation and impairment of property, plant and equipment assets	(5,752)		(12,548)	
• Revaluation movements on heritage assets	0		(82)	
• Charges for impairment of heritage assets	(5)		(20)	
• Revaluation movements on Property, Plant and Equipment	(2,516)		(6,031)	
• Revaluation movements on Assets Held for Sale	(245)		2,290	
• Amortisation & impairment of intangible assets	(111)		(61)	
• Revenue expenditure funded from capital under statute	(2,132)		(2,042)	
• 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	(1,011)		(1,703)	
• Adjusting amounts written out of the Revaluation Reserve	1,555		1,780	
		<u>(10,218)</u>		<u>(18,417)</u>
Capital financing applied in the year:				
• Use of the Capital Receipts Reserve to finance new capital expenditure	7,765		1,871	
• Set aside of Capital receipts	6,250		0	
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	6,190		1,944	
• Statutory provision for the financing of capital investment charged against the Council Fund	5,486		5,496	
• Capital expenditure charged against the Council Fund	920		370	
		<u>26,611</u>		<u>9,681</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(1,515)		17,497
<b>Balance at 31 March</b>		<u><b>155,410</b></u>		<u><b>140,531</b></u>

### 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.

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Balance at 1 April	<b>(167,414)</b>	(121,878)
Remeasurement gains or (losses) on pension assets and liabilities	<b>(13,032)</b>	(41,136)
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	<b>(16,633)</b>	(14,905)
Effect of business combinations and disposals	<b>(1,617)</b>	0
Employer's pensions contributions and direct payments to pensioners payable in the year	<b>10,471</b>	10,505
<b>Balance at 31 March</b>	<b><u>(188,225)</u></b>	<u>(167,414)</u>

### 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 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account.

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Balance at 1 April	<b>(2,884)</b>	(2,695)
Settlement or cancellation of accrual made at the end of the preceding year	<b>2,884</b>	2,695
Amounts accrued at the end of the current year	<b>(1,992)</b>	(2,884)
<b>Balance at 31 March</b>	<b><u>(1,992)</u></b>	<u>(2,884)</u>

## 11 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

### 11.1 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Support service recharges are not reported as they do not have a net impact on the revenue account. However, such costs are reported in the Comprehensive Income and Expenditure Statement as required by CIPFA's *Service Reporting Code of Practice*.

The income and expenditure of the Authority's directorates, also referred to as Net Cost of Services, is recorded in the budget monitoring reports for the year is as follows:

#### a) Service Information

##### For the year ended 31 March 2016

	Social Care & Health £000	Children & Young People £000	Enterprise £000	Operations £000	Chief Executives Dept £000	Corporate Costs and Levies £000	Schools £000	Total £000
Fees, charges & other service income	(5,125)	(2,786)	(7,628)	(21,564)	(997)	(481)	(53,823)	<b>(92,404)</b>
Government grants and contributions	(5,481)	(9,662)	(1,928)	(3,709)	(24,106)	0	0	<b>(44,885)</b>
<b>Total Income</b>	<b>(10,606)</b>	<b>(12,447)</b>	<b>(9,556)</b>	<b>(25,273)</b>	<b>(25,103)</b>	<b>(481)</b>	<b>(53,823)</b>	<b>(137,289)</b>
Employee expenses	16,772	5,188	12,344	14,271	7,256	1,014	44,509	<b>101,354</b>
Other operating expenses	33,365	58,524	7,160	26,821	24,577	17,487	9,299	<b>177,234</b>
<b>Total operating expenses</b>	<b>50,137</b>	<b>63,712</b>	<b>19,504</b>	<b>41,092</b>	<b>31,834</b>	<b>18,501</b>	<b>53,807</b>	<b>278,588</b>
<b>Net Cost of Services reported to Internal Management</b>	<b>39,532</b>	<b>51,265</b>	<b>9,948</b>	<b>15,819</b>	<b>6,731</b>	<b>18,021</b>	<b>(16)</b>	<b>141,299</b>

##### For the year ended 31 March 2015

	Social Care & Health £000	Children & Young People £000	Enterprise £000	Operations £000	Chief Executives Dept £000	Corporate Costs and Levies £000	Schools £000	Total £000
Fees, charges & other service income	(6,329)	(3,060)	(5,101)	(25,338)	(253)	(544)	(54,193)	<b>(94,818)</b>
Government grants and contributions	(4,116)	(9,652)	(6,176)	(865)	(25,055)	0	0	<b>(45,863)</b>
<b>Total Income</b>	<b>(10,445)</b>	<b>(12,712)</b>	<b>(11,278)</b>	<b>(26,203)</b>	<b>(25,308)</b>	<b>(544)</b>	<b>(54,193)</b>	<b>(140,681)</b>
Employee expenses	16,456	5,807	11,792	15,102	8,073	927	44,998	<b>103,156</b>
Other operating expenses	32,081	59,068	9,776	28,951	24,189	16,984	9,043	<b>180,092</b>
<b>Total operating expenses</b>	<b>48,537</b>	<b>64,875</b>	<b>21,569</b>	<b>44,053</b>	<b>32,262</b>	<b>17,911</b>	<b>54,041</b>	<b>283,248</b>
<b>Net Cost of Services</b>	<b>38,092</b>	<b>52,163</b>	<b>10,291</b>	<b>17,851</b>	<b>6,954</b>	<b>17,367</b>	<b>(152)</b>	<b>142,566</b>

**b) Information Reported to Internal Management in addition to Net Cost of Services**

	2015-16	2014-15
	£000	£000
Net Cost of Services b/f	141,299	142,566
Attributable Costs – Fixed Asset Disposal	138	145
Interest & Investment Income	(165)	(98)
Interest Payable & Similar Charges	3,295	3,547
Charges Required Under Regulation	5,566	5,576
Capital Expenditure Financed from Revenue	272	138
Contributions to Earmarked Reserves	2,012	1,734
Contributions from Earmarked Reserves	(3,075)	(3,771)
General Government Grants	(67,641)	(69,540)
Non-Domestic Rates	(26,737)	(28,984)
Council Tax	(61,004)	(57,158)
Council Tax Benefit Support (included in n.c.s)	5,906	5,784
<b>Total (surplus)/deficit reported to Internal Management</b>	<b>(136)</b>	<b>(63)</b>

**c) Reconciliation of Directorate Income and Expenditure to Net Cost of Services in the Comprehensive Income and Expenditure Statement**

	2015-16	2014-15
	£000	£000
Cost of Services in Service Analysis	147,204	148,351
<i>Add:</i> Amounts not reported to management	10,425	18,251
<i>Less:</i> Amounts reported to management not included in Comprehensive Income and Expenditure Statement	(14,766)	(14,754)
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>142,864</b>	<b>151,847</b>

**d) Reconciliation to Subjective Analysis**

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

For the year ended 31 March 2016

	Service Analysis £000s	Not Reported to Management £000s	Not Included in I&E £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
<b>Reconciliation to Subjective Analysis</b>						
Fees, charges & other service income	(92,404)	0	0	(92,404)	0	(92,404)
Income and movement in relation to investment properties	0	0	0	0	0	0
Interest and Investment Income	0	0	0	0	(165)	(165)
Income from council tax	0	0	0	0	(61,004)	(61,004)
Income Non-Domestic Rates Redistribution	0	0	0	0	(26,737)	(26,737)
Internal Recharges	0	(18,390)	0	(18,390)	0	(18,390)
Government grants and contributions	(44,885)	0	0	(44,885)	(73,832)	(118,717)
<b>Total Income</b>	<b>(137,289)</b>	<b>(18,390)</b>	<b>0</b>	<b>(155,679)</b>	<b>(161,738)</b>	<b>(317,416)</b>
Employee expenses	101,354	0	0	101,354	0	101,354
Expenditure in relation to investment properties	0	0	214	214	1,049	1,263
Other service expenses	167,440	(84)	0	167,356	0	167,356
Internal recharges	0	20,521	0	20,521	0	20,521
Depreciation, amortisation and impairment	0	8,630	0	8,630	0	8,630
Interest Payments and Similar Charges	0	0	0	0	3,281	3,281
Precepts & Levies	15,700	0	(15,700)	0	15,700	15,700
(Surplus)/Deficit on Trading Undertakings not within NCS	0	0	720	720	(508)	212
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	262	262
Accumulated absences	0	(892)	0	(892)	0	(892)
Pension costs as required by Code	0	628	0	628	5,534	6,162
<b>Total operating expenses</b>	<b>284,494</b>	<b>28,804</b>	<b>(14,766)</b>	<b>298,531</b>	<b>25,317</b>	<b>323,848</b>
Adjustments relating to JANEs	0	11	0	11	61	72
<b>(Surplus)/deficit on the provision of services</b>	<b>147,204</b>	<b>10,425</b>	<b>(14,766)</b>	<b>142,863</b>	<b>(136,360)</b>	<b>6,503</b>

## For the year ended 31 March 2015

	Service Analysis £000s	Not Reported to Management £000s	Not Included in I&E £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
<b>Reconciliation to Subjective Analysis</b>						
Fees, charges & other service income	(94,818)	0	0	<b>(94,818)</b>	0	<b>(94,818)</b>
Income and movement in relation to investment properties	0	0	281	<b>281</b>	(18,142)	<b>(17,861)</b>
Interest and Investment Income	0	0	0	<b>0</b>	(98)	<b>(98)</b>
Income from council tax	0	0	0	<b>0</b>	(57,158)	<b>(57,158)</b>
Income Non-Domestic Rates Redistribution	0	0	0	<b>0</b>	(28,984)	<b>(28,984)</b>
Internal Recharges	0	(15,781)	0	<b>(15,781)</b>	0	<b>(15,781)</b>
Government grants and contributions	(45,863)	0	0	<b>(45,863)</b>	(71,484)	<b>(117,348)</b>
<b>Total Income</b>	<b>(140,682)</b>	<b>(15,781)</b>	<b>281</b>	<b>(156,181)</b>	<b>(175,868)</b>	<b>(332,049)</b>
Employee expenses	103,156	0	0	<b>103,156</b>	7	<b>103,163</b>
Other service expenses	170,841	94	0	<b>170,935</b>	0	<b>170,935</b>
Internal recharges	0	18,599	0	<b>18,599</b>	0	<b>18,599</b>
Depreciation, amortisation and impairment	0	15,980	0	<b>15,980</b>	0	<b>15,980</b>
Interest Payments and Similar Charges	0	0	0	<b>0</b>	3,541	<b>3,541</b>
Precepts & Levies	15,168	0	(15,168)	<b>0</b>	15,168	<b>15,168</b>
(Surplus)/Deficit on Trading Undertakings not within NCS	(132)	0	132	<b>0</b>	(309)	<b>(309)</b>
Gain or Loss on Disposal of Fixed Assets	0	0	0	<b>0</b>	0	<b>0</b>
Accumulated absences	0	188	0	<b>188</b>	0	<b>188</b>
Pension costs as required by Code	0	(1,012)	0	<b>(1,012)</b>	5,239	<b>4,227</b>
<b>Total operating expenses</b>	<b>289,032</b>	<b>33,850</b>	<b>(15,036)</b>	<b>307,846</b>	<b>23,645</b>	<b>331,492</b>
Adjustments relating to JANEs	0	182	0	<b>182</b>	1	<b>183</b>
<b>(Surplus)/deficit on the provision of services</b>	<b>148,351</b>	<b>18,251</b>	<b>(14,754)</b>	<b>151,847</b>	<b>(152,221)</b>	<b>(375)</b>

**11.2 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.

Note	31 March 2016			31 March 2015			
	Gross Expend £000	Gross Income £000	Net Expend £000	Gross Expend £000	Gross Income £000	Net Expend £000	
Interest payable and similar charges	13.2/16.7	3,429	(9)	3,420	3,553	(13)	3,541
Pensions interest cost and expected return on pensions assets	14.2/16.7	5,455	0	5,455	5,239	0	5,239
Interest receivable and similar income	13.2	0	(151)	(151)	0	(89)	(89)
Income and expenditure in relation to investment properties and changes in their fair value	12.8	4,948	(3,899)	1,049	1,741	(19,884)	(18,142)
(Surpluses)/deficits on trading undertakings not included in the Net Cost of Services	11.3	11,102	(11,610)	(508)	11,192	(11,501)	(309)
Other investment income	13.2	0	(14)	(14)	0	(9)	(9)
<b>Total Financing and Investment Income and Expenditure</b>		<b>24,934</b>	<b>(15,683)</b>	<b>9,251</b>	<b>21,725</b>	<b>(31,495)</b>	<b>(9,770)</b>

### 11.3 Significant Trading Operations

The Authority has established 7 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations.

Details of those units are as follows:

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
Turnover	(2,577)	(1,168)	(3,745)	(2,488)	(1,184)	(3,672)
Expenditure	2,573	1,113	3,686	2,488	1,128	3,616
<b>(Surplus)/Deficit</b>	<b>(4)</b>	<b>(55)</b>	<b>(59)</b>	<b>0</b>	<b>(56)</b>	<b>(56)</b>

The Authority's Grounds Maintenance function was awarded to an in-house unit after a competitive tender process. The trading objective is to make a profit whilst ensuring value for money to all customers. The unit competes successfully in the private sector carrying out work that includes play areas, horticulture and fencing.

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
Turnover	(775)	0	(775)	(624)	(25)	(649)
Expenditure	774	0	774	664	24	688
<b>(Surplus)/Deficit</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>	<b>40</b>	<b>(1)</b>	<b>39</b>

The Building Cleaning function was awarded in-house work after a competitive tender process. The unit provides cleaning services to council offices, schools and public toilets. The trading objective is to recover costs whilst ensuring value for money.

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
<b>Turnover</b>	<b>0</b>	<b>(342)</b>	<b>(342)</b>	<b>0</b>	<b>(336)</b>	<b>(336)</b>
- Chargeable	0	(342)	(342)	0	(335)	(335)
- Non-Chargeable	0	0	0	0	(1)	(1)
<b>Expenditure</b>	<b>0</b>	<b>489</b>	<b>489</b>	<b>0</b>	<b>500</b>	<b>500</b>
- Chargeable	0	330	330	0	330	330
- Non-Chargeable	0	159	159	0	170	170
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>147</b>	<b>147</b>	<b>0</b>	<b>164</b>	<b>164</b>
- Chargeable	0	(12)	(12)	0	(5)	(5)
- Non-Chargeable	0	159	159	0	169	169

Building Control enforces the Building (Local Authority Charges) Regulations 2010 to ensure building construction is carried out in a safe manner alongside the control of dangerous structures and demolitions. The Regulations state that a "break even" position should be maintained on the chargeable trading element and an earmarked reserve for surpluses and losses be set up and reviewed over a suggested three year rolling basis.

The service has returned a chargeable surplus of £12,000 (£5,000 surplus in 2014/15). The main reason for this was an in year staff vacancy that produced savings. The building control trading account reserve has a £16,000 surplus as at 31st March 2016. In line with the regulations the section will review future pricing policy in order to ensure that reserves remain at an acceptable level.

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
Turnover	0	(327)	(327)	0	(366)	(366)
Expenditure	0	396	396	0	558	558
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>69</b>	<b>69</b>	<b>0</b>	<b>192</b>	<b>192</b>

The authority operates 3 retail markets in Monmouth, Caldicot and Abergavenny. The Markets run twice per week at each site and has the aim of providing traders with the environment to allow them to operate to their full potential benefiting not only themselves but their customers. The Authority views it's markets as an integral part of the life and economic regeneration of Monmouthshire towns. The financial outturn includes one off redundancy costs of £25k as a result of a departmental restructure.

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
Turnover	0	(63)	(63)	0	(55)	(55)
Expenditure	0	69	69	0	5	5
Movement in asset value	0	0	0	0	68	68
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>18</b>	<b>18</b>

The Council manages 44 industrial units, situated predominantly in the south of the County. The units are let at market rents on flexible terms, any net surpluses are used to support service delivery.

**Highways External Clients**

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
Turnover	0	(5,894)	(5,894)	0	(6,074)	(6,074)
Expenditure	0	5,370	5,370	0	5,517	5,517
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(524)</b>	<b>(524)</b>	<b>0</b>	<b>(557)</b>	<b>(557)</b>

The authority provides a range of Highways Maintenance services to external clients including adjacent LA's, Gwent Police and agents of WG. The works were awarded via a combination of competitive tender, negotiated rates and agreed resource schedule rates. The unit provides services ranging from safety fence repairs to winter Maintenance on all trunk roads and motorways in the Cardiff and Greater Gwent region. The trading objective is to recover costs, reduce MCC overheads and ensure value for money. The level of surplus is dependent upon spend patterns in WG and LA's within the South East Wales region. Higher than budgeted spend patterns in the Greater Gwent region, skews surpluses significantly as overheads are fully recovered at budgeted levels.

**Trade Refuse**

	2015-16			2014-15		
	£000	£000	£000	£000	£000	£000
	Internal	External	Total	Internal	External	Total
Turnover		(469)	(469)	0	(427)	(427)
Expenditure		318	318	0	359	359
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>(151)</b>	<b>(151)</b>	<b>0</b>	<b>(68)</b>	<b>(68)</b>

The Authority offers a residual waste collection to local businesses. Financial performance has improved in the last year mainly due to cheaper disposal costs resulting in an increase in surplus.

**Summary**

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Authority's services to the public whilst others are support services to the Authority's services to the public. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure.

	2015-16 £000	2014-15 £000
Net (Surplus)/Deficit On Trading Operations	(513)	(269)
Support Services recharged to Expenditure of Continuing Operations	5	(40)
<b>Net (Surplus)/Deficit taken to financing and investment income and expenditure</b>	<b>(508)</b>	<b>(309)</b>

**11.4 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, Gwent Police Authority 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 44,561 for 2015/16 (44,199 for 2014/15).

This average basic amount for a Band D property, £1,348.56 (£1,284.61 in 2014/15), 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	521	3224	6845	8561	7010	7343	5152	1727	665
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:

	2015-16 £000	2014-15 £000
Council tax collectable	(61,004)	(57,579)
Provision for non-payment of council tax	(232)	421
	<b>(61,235)</b>	<b>(57,158)</b>

**11.5 National Non-Domestic Rates (NNDR)**

NNDR is organised on a national basis. The Welsh Government specifies an amount for the rate, 0.482p per £ in 2015/16 (0.473p per £ in 2014/15) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Authority is responsible for collecting rates due from ratepayers in its area but 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 NNDR income after relief and provisions of £21,060,000 (£20,759,000 for 2014/15) was based on an average rateable value of £56,515,324 (£56,437,306 for 2014/15).

The analysis of the net proceeds from non-domestic rates is as follows:

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Non-domestic rates collectable	<b>21,204</b>	20,891
Cost of collection allowance	<b>(174)</b>	(172)
(Increase)/Decrease in provision for bad debts	<b>30</b>	41
	<b>21,060</b>	20,759
Payments into national pool	<b>21,060</b>	20,759
Redistribution from national pool	<b>(26,737)</b>	(28,984)

**11.6 General Government Grants**

The Authority received grants of £73,832,000 of General Government grants in 2015/16 that were identified as not being attributable to specific services within Net Cost of Services (£71,484,000 in 2014/15). The following analysis is provided:

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Revenue support grant	<b>(66,819)</b>	(68,524)
Outcome Agreement grant	<b>(822)</b>	(812)
21c Schools Annuity Funding	<b>0</b>	(204)
Capital grants and contributions	<b>(6,190)</b>	(1,944)
<b>Total</b>	<b>(73,832)</b>	(71,484)

**11.7 Grant Income**

**a) Capital Grants and Contributions**

The Authority has also credited £7,208,000 to the Comprehensive Income and Expenditure Statement in 2015/16 (£3,503,000 in 2014/15). This is comprised of:

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
WAG General Capital Grant	<b>1,462</b>	1,473
Section 106 Developer Contributions	<b>379</b>	452
WAG Grants	<b>5,195</b>	1,322
Other Contributions	<b>171</b>	257
Insurance Settlement Income	<b>0</b>	0
	<b>7,208</b>	3,503

The capital grants and contributions have been credited to the Comprehensive Income and Expenditure Statement as follows:

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Grants and contributions applied towards Revenue Expenditure Funded from Capital under Statute	<b>(1,018)</b>	(1,560)
Capital grants and contributions applied and credited to Taxation and Non-specific Grant Income	<b>(6,190)</b>	(1,944)
	<b>(7,208)</b>	(3,503)



**b) 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:

	2015-16 £000	2014-15 £000
<b>Capital Grants Receipts in Advance:</b>		
Gloucestershire County Council	0	358
	<u>0</u>	<u>358</u>
<b>Developer Contributions held in Advance:</b>		
S106 Developer contributions	1,830	2,082
	<u>1,830</u>	<u>2,082</u>
	<u>1,830</u>	<u>2,440</u>

**c) Revenue Grants and Contributions**

The Authority credited the £23,273,000 of revenue grants and contributions to Net Cost of Services within the Comprehensive Income and Expenditure Statement for 2015/16 (£23,851,000 in 2014/15), along with Housing benefits subsidy of £22,435,000 (£21,987,000 in 2014/15). These are comprised of:

	2015-16 £000	2014-15 (Restated) £000	£000
<b>Central Government</b>			
Housing benefit subsidy	22,435	21,987	
	<u>22,435</u>	<u>21,987</u>	21,987
<b>Welsh Assembly Government</b>			
Sixth Form Funding (DCELLS)	3,266	3,501	
SEG / WEG (PDG)	2,820	1,822	
Supporting People	2,244	2,197	
Early Years / Foundation Phase	2,080	2,648	
Sustainable Waste Management	1,751	1,890	
Rural Development Plan	218	1,355	
Flying Start Grant	1,172	1,116	
Concessionary Fares (PTSG)	717	697	
Families First	727	738	
Other WAG grants	3,184	4,497	
	<u>18,181</u>	<u>4,497</u>	20,460
<b>Home Office</b>			
Afghan Relocation Programme (Main Project)	210	0	
Police and Crime Commissioner	119	117	
	<u>328</u>	<u>117</u>	117
<b>Other Grants &amp; Contributions</b>	4,763		3,300
<b>Revenue Grants and Contributions Receivable</b>	<u>45,708</u>	<u>45,863</u>	

## 12 NON-CURRENT ASSET & CAPITAL FINANCING NOTES

### 12.1 Property, Plant and Equipment

#### a) Revaluations

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 under the supervision of the Deputy Estates Manager, Mrs C. Halford a RICS registered valuer and Chartered surveyor MRICS. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

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

- The 2015/16 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 9 of the notes to the accounts.
- All assets requiring valuations have been revalued in the 5 year period ending 31st March 2016. The valuations carried out during 2015/16 primarily included the comprehensive schools, car parks, associations and clubs and some other land & buildings.

	Other Land and Buildings and Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	
	£000	£000	£000	£000	£000	£000	
Carried at historical cost	67	3,608	60,648	3,944	0	10,079	78,346
Valued at fair value as at:							
31 March 2016	64,519	0	0	0	0	0	64,519
31 March 2015	15,734	0	0	0	0	0	15,734
31 March 2014	9,020	0	0	0	0	0	9,020
31 March 2013	81,196	0	0	0	0	0	81,196
31 March 2012	1,010	0	0	0	0	0	1,010
<b>Total Cost or Valuation</b>	<b>171,546</b>	<b>3,608</b>	<b>60,648</b>	<b>3,944</b>	<b>0</b>	<b>10,079</b>	<b>249,825</b>

**b) In-Year Movements in 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 2016 and 31st March 2015.

**Movements in 2015/16:**

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment*
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>								
At 1 April 2015	172,844	11,097	83,090	3,887	4	1,141	<b>272,063</b>	1,245
Additions	2,673	867	3,126	95	0	8,242	<b>15,003</b>	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	9,989	0	0	0	0	0	<b>9,989</b>	65
Revaluation increases/ (decreases) recognised in the SDPS	(3,287)	0	0	(0)	0	0	<b>(3,287)</b>	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	<b>0</b>	0
Impairment losses/(reversals) recognised in the SDPS	3,713	(0)	(2,599)	(41)	0	0	<b>1,073</b>	0
Reclassified (to)/from Held for Sale	(194)	0	0	(1)	0	0	<b>(195)</b>	0
Other movements in cost or valuation	(692)	0	0	4	(4)	696	<b>4</b>	0
<b>At 31 March 2016</b>	<b>185,046</b>	<b>11,964</b>	<b>83,617</b>	<b>3,944</b>	<b>(0)</b>	<b>10,079</b>	<b>294,650</b>	<b>1,311</b>
<b>Accumulated Depreciation:</b>								
At 1 April 2015	(16,553)	(7,017)	(21,477)	0	0	0	<b>(45,047)</b>	(49)
Depreciation charge	(6,079)	(1,339)	(1,492)	0	0	0	<b>(8,910)</b>	(45)
Depreciation written out to the Revaluation Reserve due to revaluation increases/decreases	6,266	0	0	0	0	0	<b>6,266</b>	0
Depreciation written out to SDPS due to revaluation increases / decreases	771	0	0	0	0	0	<b>771</b>	0
Depreciation written out to the Revaluation Reserve due to impairments	0	0	0	0	0	0	<b>0</b>	0
Depreciation written out to SDPS due to impairments	2,085	0	0	0	0	0	<b>2,085</b>	0
Reclassified (to)/from Held for Sale	11	0	0	0	0	0	<b>11</b>	0
Other movements in depreciation	0	0	0	0	0	0	<b>0</b>	0
<b>At 31 March 2016</b>	<b>(13,500)</b>	<b>(8,356)</b>	<b>(22,969)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(44,824)</b>	<b>(94)</b>
<b>Net Book Value:</b>								
At 31 March 2016	171,546	3,608	60,649	3,944	0	10,079	<b>249,826</b>	1,217
At 1 April 2015	156,291	4,080	61,613	3,887	4	1,141	<b>227,016</b>	1,196

**Movements in 2014/15**

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment*
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>								
At 1 April 2014	175,110	10,658	82,741	3,908	215	3,559	<b>276,191</b>	1,189
Additions	4,375	677	3,952	7	25	747	<b>9,782</b>	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(1,216)	1	0	0	0	0	<b>(1,216)</b>	57
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,770)	(214)	0	(0)	0	0	<b>(7,984)</b>	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	(7)	0	0	0	0	0	<b>(7)</b>	0
Impairment losses/(reversals) recognised in the SDPS	258	(18)	(3,623)	0	(25)	(259)	<b>(3,667)</b>	0
Derecognition – disposals	0	0	0	0	0	0	<b>0</b>	0
Assets reclassified (to)/from Held for Sale	(0)	(6)	0	0	(212)	0	<b>(217)</b>	0
Other movements in cost or valuation	2,094	0	20	(29)	0	(2,906)	<b>(821)</b>	0
<b>At 31 March 2015</b>	<b>172,844</b>	<b>11,097</b>	<b>83,090</b>	<b>3,887</b>	<b>4</b>	<b>1,141</b>	<b>272,062</b>	<b>1,245</b>
<b>Accumulated Depreciation:</b>								
At 1 April 2014	(12,859)	(5,583)	(19,992)	0	0	0	<b>(38,434)</b>	(7)
Depreciation charge	(5,853)	(1,653)	(1,485)	0	0	0	<b>(8,991)</b>	(42)
Depreciation written out to the Revaluation Reserve due to revaluation increases/decreases	309	0	0	0	0	0	<b>309</b>	0
Depreciation written out to SDPS due to revaluation increases/decreases	1,739	214	0	0	0	0	<b>1,954</b>	0
Depreciation written out to the Revaluation Reserve due to impairments	0	0	0	0	0	0	<b>0</b>	0
Depreciation written out to SDPS due to impairments	110	0	0	0	0	0	<b>110</b>	0
Reclassified (to)/from Held for Sale	0	0	0	0	0	0	<b>0</b>	0
Other movements in depreciation	0	6	0	0	0	0	<b>6</b>	0
<b>At 31 March 2015</b>	<b>(16,553)</b>	<b>(7,017)</b>	<b>(21,477)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(45,046)</b>	<b>(49)</b>
<b>Net Book Value:</b>								
At 31 March 2015	156,291	4,080	61,613	3,887	4	1,141	<b>227,015</b>	1,196
At 1 April 2014	162,251	5,075	62,749	3,908	216	3,559	<b>237,757</b>	1,181

**c) Information on Assets Held**

Plant, property and equipment assets owned by the Council as at 31st March 2016 include the following:

	<b>31 March 2016 Number</b>	31 March 2015 Number (Restated)
Schools:		
Primary	<b>22</b>	22
Comprehensive	<b>4</b>	4
Special	<b>1</b>	1
Land Parcels	<b>3</b>	3
Nurseries	<b>4</b>	4
Playgroups	<b>1</b>	1
Associations and Clubs	<b>44</b>	45
Parks Open, Spaces, & Recreational Grounds	<b>353</b>	353
Libraries	<b>5</b>	5
Historic Sites	<b>1</b>	1
Museums and Theatres	<b>5</b>	5
Leisure Centres	<b>4</b>	4
Youth Centres	<b>2</b>	2
Outdoor Education Centres	<b>2</b>	2
Learning and Resource Centres	<b>1</b>	1
Residential Homes	<b>4</b>	4
Sheltered Housing Units	<b>3</b>	4
Community Centres	<b>8</b>	8
Day Centres	<b>2</b>	2
Industrial Units	<b>6</b>	6
Land Parcels	<b>78</b>	78
Allotments	<b>5</b>	5
Car Parks	<b>39</b>	39
Offices & Depots	<b>31</b>	33
Public Conveniences	<b>18</b>	20
District Shops & Restaurants	<b>2</b>	2
Cemeteries & Crematoria	<b>15</b>	15
Waste Disposal Sites	<b>5</b>	5
Sewerage Treatment Plants	<b>11</b>	10
Markets	<b>2</b>	2
Bus Stations	<b>1</b>	1
Vehicles	<b>156</b>	120
Plant and Machinery	<b>63</b>	45
Infrastructure	<b>19</b>	19
Arts and Antiquities	<b>1</b>	1
IT Equipment	<b>26</b>	26
Surplus Assets not Held for Sale	<b>0</b>	1

## 12.2 Summary of Capital Expenditure treatment

In order to assist the user of the accounts, the summary below provides a concise analysis of capital expenditure incurred by the Authority during the financial year and its resultant treatment in the statement of account.

Total capital expenditure in the year amounted to £18,845,000 in 2015/16 (£14,256,000 in 2014/15). The expenditure was accounted for as follows:

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Enhancing value:		
Property, plant and equipment additions	<b>11,633</b>	6,095
Investment properties	<b>127</b>	0
Intangible assets	<b>196</b>	369
Assets held for sale	<b>0</b>	56
Heritage assets	<b>148</b>	17
Not enhancing value:		
Property, plant and equipment additions	<b>3,371</b>	3,688
Investment properties	<b>208</b>	293
Intangible assets	<b>0</b>	17
Assets held for sale	<b>9</b>	38
Heritage assets	<b>5</b>	82
Revenue Expenditure Funded from Capital under Statute	<b>3,149</b>	3,601
	<b>18,845</b>	14,256

Capital expenditure incurred by the Authority that does not result in an equivalent increase in the value of the underlying fixed asset is initially charged in full as a fixed asset addition, and then subsequently impaired in order to ensure that the carrying value of the fixed asset concerned is not overstated.

## 12.3 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year which has enhanced assets which are not owned by the Authority, may be capitalised under statutory provisions but does not result in the creation of fixed assets. It has therefore been charged as expenditure to the Comprehensive Income and Expenditure Statement in the year.

As the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged to the Comprehensive Income and Expenditure Statement so there is no impact on the level of council tax.

Revenue expenditure funded from capital under statute for the year amounted to £3,149,000 (£3,601,000 in 2014/15) and comprised grants for the Disabled Facility Grants (DFGs) provided to homeowners within the community and other Capital Grants and payments. Grants & external contributions funding applied by the Authority to finance such expenditure amounted to £1,018,000 (£1,560,000 in 2014/15).

	<b>CED's</b>	<b>Disabled</b>	<b>Other</b>	<b>Total</b>
	<b>Grants</b>	<b>Facility</b>		
	<b>£000</b>	<b>Grants</b>	<b>£000</b>	<b>£000</b>
		<b>£000</b>		
Capital expenditure incurred during the year	0	647	2,502	<b>3,149</b>
Associated grant financing	0	0	(1,018)	<b>(1,018)</b>
	<b>0</b>	<b>647</b>	<b>1,484</b>	<b>2,132</b>

## 12.4 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.

The Capital Financing Requirement effectively represents the Authority's underlying need to borrow. The capital financing requirement as at 31st March 2016 was £114,076,000 (£122,860,000 as at 31st March 2015), a decrease of £8,784,000 (increase of £3,015,000 in 2014/15).

	<b>31 March 2015 £000</b>	<b>31 March 2015 £000</b>	31 March 2014 £000	31 March 2014 £000
Opening Capital Financing Requirement		<b>122,860</b>		119,845
<b>Capital investment:</b>				
Property, Plant and Equipment	<b>15,003</b>		9,782	
Investment Properties	<b>335</b>		293	
Assets held for sale	<b>9</b>		94	
Heritage Assets	<b>153</b>		99	
Intangible Assets	<b>196</b>		387	
Revenue Expenditure Funded from Capital under Statute	<b>3,149</b>		3,601	
		<b>18,845</b>		14,256
<b>Sources of finance:</b>				
Capital receipts	<b>(7,765)</b>		(1,871)	
Government grants and other contributions	<b>(7,208)</b>		(3,504)	
Direct revenue contributions	<b>(920)</b>		(370)	
		<b>(15,893)</b>		(5,745)
<b>Other:</b>				
Minimum revenue provision	<b>(5,486)</b>		(5,496)	
Capital receipt set aside	<b>(6,250)</b>		0	
		<b>(11,736)</b>		(5,496)
Closing Capital Financing Requirement		<b>114,076</b>		122,860
<b>Explanation of movements in year</b>				
Increase in underlying need to borrowing - supported by Government financial assistance		<b>2,420</b>		2,420
Increase in underlying need to borrowing - unsupported by Government financial assistance		<b>532</b>		6,091
Less: Minimum revenue provision		<b>(5,486)</b>		(5,496)
Less: Capital receipt set aside		<b>(6,250)</b>		0
Increase / (decrease) in Capital Financing Requirement		<b>(8,784)</b>		3,015

## 12.5 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".

Council approved an MRP policy in February 2015 applying to the 2015/16 financial year. The policy allowed capital expenditure financed via unsupported borrowing to be subject to MRP using either the equal annual instalment method or the annuity method, based on the useful life applicable to the nature of the expenditure.

A revision to the MRP policy was approved by Cabinet in December 2015 to allow a recalculation of the MRP charge for unsupported borrowing undertaken since 2008/09 under the annuity method. This will not impact the MRP charge for 2015/16 but will result in a significant reduction in the charge for 2016/17.

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

The amount of revenue provision made by the Authority in 2015/16 was £5,486,000 (£5,496,000 in 2014/15). The charge for 2015/16 was reduced by £263,000 as a result of a set aside of capital receipts of £6,250,000.

## 12.6 Capital Commitments

At 31 March 2016, the Authority has entered into major contracts for the construction of Property, Plant and Equipment in 2016/17 and later years budgeted to cost £2,392,000 (£2,369,000 at 31st March 2015).

## 12.7 Financing Capital Expenditure

Total capital expenditure in the year amounted to £18,845,000 (£14,256,000 in 2014/15). The expenditure was financed as follows:

Financing	£000	Capital Expenditure - Schemes	£000
Supported Borrowing	2,420	Infrastructure and Transport Schemes	3,135
Unsupported Borrowing	532	Asset Management Schemes	2,710
General Capital Grant	1,462	School Development Schemes	10,192
Capital grants and contributions	5,366	Regeneration Schemes	517
Council Fund Capital Receipts	7,688	Inclusion Schemes	1,235
Low Cost Home ownership receipts	77	Sustainability Schemes	4
Revenue Contribution:		ICT Schemes	181
Earmarked Reserves	648	Other Schemes	142
Council Fund	272	County Farms Schemes	208
S106 contributions	379	Vehicles	522
<b>Total</b>	<b>18,845</b>		<b>18,845</b>

## 12.8 Investment Properties

Investment Properties are those that are used solely to earn rentals 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 primarily consists of County Farms and District Shops.

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

	2015-16 £000	2014-15 £000
Rental income from investment property	(495)	(447)
Direct operating expenses arising from investment property	174	151
Net (gain)/loss	<b>(321)</b>	<b>(296)</b>



There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment properties over the year:

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000</b>	<b>£000</b>
Balance at start of the year	<b>42,716</b>	25,138
Additions:		
Subsequent expenditure	<b>335</b>	293
Disposals	<b>(434)</b>	(1,033)
Net gains/(losses) from fair value adjustments recognised in Financing and Investment Income and Expenditure	<b>(1,515)</b>	17,497
Transfers:		
(To)/from Property, Plant and Equipment	<b>(4)</b>	821
Balance at end of the year	<b>41,098</b>	42,716

Capital receipts totalling £533,500 were credited to the Capital receipts reserve during 2015/16 in relation to investment properties (£1,764,000 in 2014/15)

## 12.9 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 2016 are shown below:

	<b>2015-16</b>	2014-15
	<b>£000</b>	<b>£000</b>
Balance outstanding at start of year	<b>22,095</b>	29,165
Additions	<b>9</b>	94
Assets newly classified as held for sale:		
Property, Plant and Equipment	<b>184</b>	212
Revaluation losses	<b>(236)</b>	(107)
Revaluation gains	<b>0</b>	2,750
Impairment losses	<b>(9)</b>	(38)
Assets declassified as held for sale:		
Assets sold	<b>(1,359)</b>	(9,981)
Balance outstanding at year-end	<b>20,683</b>	22,095

**12.10 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 29% 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.

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(b).

**12.11 Leases - Authority as Lessee**

**Operating Leases**

The Authority has acquired property, vehicles, plant and equipment by entering into operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
		(Restated)
Not later than one year	<b>398</b>	520
Later than one year and not later than five years	<b>516</b>	696
Later than five years	<b>634</b>	550
	<b>1,548</b>	1,766

The expenditure charged to the services within the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £410,000 (£736,000 in 2014/15).

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

	<b>2015-16</b>	2014-15
	<b>£000</b>	£000
Not later than one year	<b>584</b>	666
Later than one year and not later than five years	<b>1,531</b>	1,671
Later than five years	<b>6,481</b>	6,406
	<b>8,596</b>	8,743

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 £592,000 of minimum lease payments were receivable by the Authority (£697,000 in 2014/15).

### 12.13 Heritage Assets

The Code requires that heritage assets are measured at valuation in the 2015/16 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 over the year:

#### Movements in 2015/16:

	Property Heritage Assets £000	Museum Exhibits £000	Civic Regalia, Artwork & Collect'n £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April	3	4,464	180	<b>4,647</b>
Additions	153	0	0	<b>153</b>
Impairment losses/(reversals) recognised in the SDPS	(5)	0	0	<b>(5)</b>
<b>At 31 March</b>	<b>151</b>	<b>4,464</b>	<b>180</b>	<b>4,795</b>

#### Movements in 2014/15:

	Property Heritage Assets £000	Museum Exhibits £000	Civic Regalia, Artwork & Collect'n £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April	20	4,450	180	<b>4,650</b>
Additions	85	14	0	<b>99</b>
Revaluation increases/ (decreases) recognised in the SDPS	(20)	0	0	<b>(20)</b>
Impairment losses/(reversals) recognised in the SDPS	(82)	0	0	<b>(82)</b>
<b>At 31 March</b>	<b>3</b>	<b>4,464</b>	<b>180</b>	<b>4,647</b>

Additions relating to property heritage assets of £148,000 relates to works at Caldicot Castle comprising of (£99,000) refurbishment to comply with Environmental Health, (£33,000) for new Fire & Security Alarms, (£10,000) to Upgrade Emergency Lighting & (£6,000) for a Kitchen Upgrade.

The Authority is required to provide a five-year summary of transactions for heritage assets, illustrating the acquisitions, donations, disposals (including sales proceeds) and impairments. This summary is intended to separately report transactions that are reported in the Balance Sheet and those that are not. Information has not been provided for the period before 1 April 2010 as it is not practicable to do so.

#### 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 during 2011/12 on a fair value - existing use value (EUV) basis and were carried out internally by the Authority's Estates Section under the supervision of the Estates & Sustainability Manager, Mrs D. Hill-Howells 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.

### **12.14 Schools Non-Current Assets**

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

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.

The net book value of school non-current assets as at 31st March 2016, shown in the Authority's balance sheet, is £117,121,000 (£94,715,000 as at 31st March 2015).

**13 FINANCIAL INSTRUMENTS, CURRENT ASSETS & LIABILITIES NOTES****13.1 Categories of Financial Instruments**

The following categories of financial instrument are carried in the Balance Sheet as at 31st March 2016:

	Note	Long-Term		Short-Term	
		31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
<b>Investments</b>					
Loans & receivables	13.4	0	0	3,999	4,016
Unquoted equity investments	13.4	40	40	0	0
Cash & cash equivalents	15.3	-	-	7,972	20,406
<b>Total Investments</b>		<b>40</b>	<b>40</b>	<b>11,971</b>	<b>24,422</b>
<b>Debtors</b>					
Receivables	13.5	312	383	19,588	16,392
<b>Total Debtors</b>		<b>312</b>	<b>383</b>	<b>19,588</b>	<b>16,392</b>
<b>Borrowings</b>					
Financial liabilities at amortised cost	13.4	(65,708)	(67,761)	(29,852)	(33,552)
Cash & cash equivalents	15.3	-	-	(1,025)	0
<b>Total Borrowings</b>		<b>(65,708)</b>	<b>(67,761)</b>	<b>(30,877)</b>	<b>(33,552)</b>
<b>Other Long Term Liabilities</b>					
PFI and finance lease liabilities		(833)	(863)	0	0
Other Long Term Liabilities		(404)	(431)	0	0
<b>Total Other Long Term Liabilities</b>		<b>(1,236)</b>	<b>(1,294)</b>	<b>0</b>	<b>0</b>
<b>Creditors</b>					
Payables	13.6	0	0	(22,286)	(20,995)
<b>Total Creditors</b>		<b>0</b>	<b>0</b>	<b>(22,286)</b>	<b>(20,995)</b>

The Authority holds no financial assets or financial liabilities at fair value through profit or loss, where assets or liabilities would be classified as held for trading.

The unquoted equity investment of £40,000 represents an equal share with Torfaen County Borough Council in SRS Business Solutions Limited. This investments comprised seed funding for the company and is expected to be recovered in full. Further information is provided in note 16.6(iii).

Short term debtors and creditors are carried at cost as this is a fair approximation of their value. Debtors are impaired where there is objective evidence that the carrying amount exceeds the recoverable amount and amounts shown are the amount net of any such impairment.

### 13.2 Income, Expense, Gains and Losses

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

	2015-16 £000	2015-16 £000	2014-15 £000	2014-15 £000
<b>Financial Liabilities measured at amortised cost:</b>				
Interest payable on external debt	3,264		3,511	
Debt reimbursement from third parties	(9)		(13)	
	<u>          </u>	<u>3,255</u>	<u>          </u>	<u>3,499</u>
Interest payable to trust funds	3		9	
Interest payable on finance leases	23		33	
	<u>          </u>	<u>26</u>	<u>          </u>	<u>42</u>
<b>Interest payable and similar charges</b>		<u><b>3,281</b></u>		<u><b>3,541</b></u>
<b>Financial assets - loans and receivables:</b>				
Interest income	(103)		(89)	
Interest income accrued on impaired financial assets	0		0	
Investment Losses / (Gains)	(48)		0	
<b>Interest and investment income</b>		<u><b>(151)</b></u>		<u><b>(89)</b></u>
Other interest and investment income	(14)		(9)	
<b>Other investment income</b>		<u><b>(14)</b></u>		<u><b>(9)</b></u>
<b>Total interest and investment income</b>		<u><b>(165)</b></u>		<u><b>(98)</b></u>
<b>Net (gain)/loss for the year</b>		<u><b>3,116</b></u>		<u><b>3,442</b></u>

### 13.3 Fair Values of Financial Instruments

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

- Interest is calculated using the most common market convention, ACT/365
- Where interest is paid every 6 months on a day basis, the value of interest is rounded to 2 equal instalments
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is greater than 1 year
- The interest value and date have not been adjusted where a relevant date occurs on a non-working day
- The fair values of long term 'Lender's Option Borrower's Option' (LOBO) loans have been calculated by discounting the contractual cash flows over the whole life of the instrument at the appropriate interest rate swap rate and adding the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to Bloomberg's 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 assumptions that lenders will only exercise their options when market rates have risen above the contractual loan rate.

The fair values calculated are as follows:

	<b>Carrying Amount</b>		<b>Fair Value</b>	
	<b>31 March 2015 £000</b>	<b>31 March 2014 £000</b>	<b>31 March 2015 £000</b>	<b>31 March 2014 £000</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	<b>(95,560)</b>	(101,313)	(131,483)	(125,441)

The fair value 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 discount rate (underlying market rates) 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.

### **Loans and Receivables**

The carrying amount of loans and receivables held at the balance sheet date is deemed to be a reasonable approximation of the fair value.

#### **13.4 Nature and Extent of Risks arising from Financial Instruments**

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

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

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, under policies approved by the Council in the Treasury Management Strategy and Annual Investment Strategy. The strategy provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

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.

The investment strategy seeks to minimise risk in the current climate by restricting investment to institutions which are given a high credit rating by external rating agencies and which continue to show other measures of credit worthiness and as advised by leading financial consultants and by ensuring liquidity is maintained with short term deposits.

The Authority has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

#### **a) Credit Risk**

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions if either they or their resident Country fall below the minimum "high" credit criteria set by the Authority. Different counterparty limits are in place for different investment instruments, based on type or Country of origin.

All of the investments currently held by the Authority are considered to be of low credit risk. The Authority, assisted by its treasury advisors, has this position constantly under review. All investments as at 31st March 2016 were in institutions based in the United Kingdom.

The authority does not expect any losses from non-performance by any of its counterparties in relation to investments held as at 31st March 2016.

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.

**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 happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The maturity and counterparty analysis of financial liabilities is as follows:

	<b>31 March</b>	31 March
	<b>2016</b>	2015
	<b>£000</b>	£000
Public Works Loan Board	<b>53,203</b>	54,981
Market Loans	<b>13,813</b>	13,813
Welsh Government	<b>2,458</b>	1,460
Other local authorities	<b>26,086</b>	31,058
	<b>95,560</b>	101,313

**The Loans Mature as follows:-**

Less than one year	<b>29,852</b>	33,552
Between one and two years	<b>3,108</b>	6,000
Between two and five years	<b>16,876</b>	2,895
Between five and ten years	<b>8,150</b>	21,093
More than ten years	<b>37,573</b>	37,773
	<b>95,560</b>	101,313

Financial liabilities with Welsh Government consist of interest free Salix loans that have been provided to fund capital schemes targeted towards energy efficiencies initiatives; a loan of £1.25m for Vibrant & viable places; a loan of £621,000 under the Home Improvement scheme and a loan of £443,000 for Street Lighting upgrades. Accounting requirements require financial liabilities in the form of loans to be carried at amortised cost. However, 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 liabilities borrowings 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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance. The Authority held no investments carried at fair value at the 31st March 2016 (£nil at 31 March 2015).



The Authority has a number of strategies for managing interest rate risk. The policy is to aim to keep the level of variable rate loans below the level of investment of surplus cash balances thus reducing interest rate exposure on investments. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of central government grant payable on financing costs (supported borrowing) will normally move with prevailing interest rates or the authority's cost of borrowing and provide compensation for a proportion of any higher costs.

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.

At 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the most significant financial effect would be:

- Financial Liabilities - a reduction in fair value of £25,177,000 (£9,064,000 reduction in 2014/15).
- Financial Assets - the difference between the carrying and fair value will be immaterial due to the short term nature of investments.

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

## ii) Price risk

The Authority does not hold any tradable equity shares or shareholdings. It is carrying a £40,000 investment in shares of SRS Limited, a company set up with and jointly owned by Torfaen Borough Council & Gwent Police Authority.

## 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 2016, repayable within 12 months of the balance sheet date, is summarised below:-

	31 March 2016			31 March 2015		
	Gross £000	Impairment £000	Net £000	Gross £000	Impairment £000	Net £000
<i>Central Government Bodies:</i>						
HM Customs & Excise	407	0	407	0	0	0
NNDR Debtor	1,812	0	1,812	1,636	0	1,636
Council Tax and Housing Benefit Sub	365	0	365	0	0	0
Welsh Government	6,110	0	6,110	1,738	0	1,738
Other	14	0	14	766	0	766
Other Local Authorities	4,189	0	4,189	3,330	(19)	3,311
NHS Bodies	344	0	344	97	(33)	64
<i>Other entities and individuals:</i>						
Revenue debtors	528	(67)	461	3,986	(76)	3,910
Capital debtors	616	0	616	631		631
Council tax arrears	2,706	(1,970)	736	3,191	(2,202)	989
Social Services debtors	505	(87)	418	595	(100)	494
Corporate sundry debtors	3,566	(322)	3,244	2,181	(270)	1,911
Rent arrears	185	(135)	50	143	(118)	25
Housing benefit overpayments	1,429	(608)	821	1,471	(557)	915
	<b>22,776</b>	<b>(3,189)</b>	<b>19,588</b>	<b>19,766</b>	<b>(3,374)</b>	<b>16,392</b>

The aged analysis of the debtors outstanding as at 31st March 2016 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
<i>Central Government Bodies:</i>						
HM Customs & Excise	407	0	0	0	0	407
NNDR Debtor	1,332	0	0	390	90	1,812
Council Tax and Housing Benefit Subsidy	365	0	0	0	0	365
Welsh Government	6,110	0	0	0	0	6,110
Other	14	0	0	0	0	14
<b>Other</b>						
Other Local Authorities	3,813	128	207	39	1	4,189
NHS Bodies	110	220	1	3	10	344
<i>Other entities and individuals:</i>						
Revenue debtors	460	0	0	37	31	529
Capital debtors	616	0	0	0	0	617
Council tax arrears	0	0	0	1,251	1,455	2,706
Social Services sundry debtors	106	90	154	98	57	505
Corporate sundry debtors	2,602	273	342	126	223	3,566
Rent arrears	40	4	14	14	113	185
Housing benefit overpayments	65	130	340	400	494	1,429
	<b>16,040</b>	<b>845</b>	<b>1,058</b>	<b>2,359</b>	<b>2,474</b>	<b>22,776</b>

The associated impairment for potential default and uncollectability for debtors outstanding as at 31st March 2016 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
Revenue debtors	0	0	0	(37)	(31)	(68)
Council Tax Arrears	0	0	0	(751)	(1,219)	(1,970)
Social Services sundry debtors	6	(3)	(17)	(29)	(44)	(87)
Corporate sundry debtors	0	(33)	(98)	(67)	(123)	(321)
Rent arrears	0	(1)	(7)	(14)	(113)	(135)
Housing benefit overpayments	0	0	(108)	(133)	(367)	(608)
	<b>6</b>	<b>(37)</b>	<b>(230)</b>	<b>(1,031)</b>	<b>(1,897)</b>	<b>(3,189)</b>

### 13.6 Creditors

The nature and value of payments due to be made by the Council in the year but not actually made as at 31st March 2016 is summarised below: -

	Central Government Bodies	Other Local Authorities	NHS Bodies	Other entities & individuals	Total £000
Revenue Creditors	56	2,609	140	10,471	13,276
Capital Creditors	0	26	0	4,611	4,637
Sundry Creditors	0	0	0	(56)	(56)
Payroll Creditors	1,475	0	0	2,116	3,591
Monies invested on behalf of Trust Funds	0	0	0	350	350
Unapplied Commuted Maintenance Sums	0	0	0	131	131
Prepaid Council Tax	0	0	0	357	357
<b>Balance as at 31st March 2016</b>	<b>1,531</b>	<b>2,635</b>	<b>140</b>	<b>17,980</b>	<b>22,286</b>

	Central Governme nt Bodies	Other Local Authorities	NHS Bodies	Other entities & individuals	Total £000
H.M.R.C	280	0	0	0	280
Revenue Creditors	704	3,040	177	9,810	13,731
Capital Creditors	0	0	0	2,186	2,186
Sundry Creditors	0	0	0	(99)	(99)
Payroll Creditors	1,518	0	0	2,069	3,587
Monies invested on behalf of Trust Funds	0	0	0	350	350
Unapplied Commuted Maintenance Sums	0	0	0	112	112
Prepaid Council Tax	0	0	0	847	847
<b>Balance as at 31st March 2015</b>	<b>2,502</b>	<b>3,040</b>	<b>177</b>	<b>15,275</b>	<b>20,995</b>

It is the Authority's policy to pay creditors promptly, without undue delay and within mutually agreed terms. 95% of payments were paid within a 30 day target settlement date (83% in 2014/15).

### 13.7 Provisions and Contingent Liabilities

The value of provisions as at 31st March 2016, together with their movement for the year, is summarised below:

Note	As at 1 April 2015 £000	Additional Provisions Made £000	Amounts Used £000	Unused Amounts Reversed £000	As at 31 March 2016 £000	
Insurance Claims	13.8a	324	258	(324)	0	258
Insurance Claims - MMI	13.8b	33	7	(33)	0	7
Accumulating Compensated Absences	13.8c	2,884	1,992	(2,884)	0	1,992
Redundancy Payments		91	0	(91)	0	0
CMC2	13.8d	122	0	(122)	0	0
		3,454	2,256	(3,454)	0	2,256

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:

	Long			Long		
	Current £000	Term £000	Total £000	Current £000	Term £000	Total £000
	31 March 2016	31 March 2016	31 March 2016	31 March 2015	31 March 2015	31 March 2015
Insurance Claims	129	129	258	162	162	324
Insurance Claims - MMI	4	3	7	16	17	33
Accumulating Compensated Absences	1,992	0	1,992	2,884	0	2,884
Redundancy Payments	0	0	0	91	0	91
CMC2	0	0	0	122	0	122
	2,124	132	2,256	3,275	179	3,454

**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 2016. Provision has only been made where the likelihood of success has been deemed as exceeding 50%. 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 Head of Finance. 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 2016 was £258,000 (£324,000 at 31st March 2015) and the balance on the insurance and risk management reserve as at 31st March 2016 was £1,206,000 (£2,250,000 as at 31st March 2015). 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:

	2015-16 £000	2014-15 £000
<b>Policy Type</b>		
Public Liability	199	199
Employer's Liability	27	125
Property	32	0
Total	<b>258</b>	324

The total number of open claims made against the Authority as at 31st March 2016 was 205 (123 open claims as at 31st March 2015).

**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.

The amount recovered by the liquidators was based on a percentage of the member's aggregate total value of claims paid and outstanding unpaid claims (less £50,000 from each scheme member). The levy was then applied on the total value of claim payments, less £50,000 from each scheme member. The total value of the levy paid during 2015/16 was £168,000, split between obligations relating to Monmouth Borough Council (£32,000) and the Authority's share of the former Gwent County Council (£136,000). This was fully covered by the provision made at the end of 2012/13.

It should be noted that MMI's actuaries indicated that a levy range of between 9.5% and 28% may be necessary to achieve a solvent run off. In the eventuality of the maximum levy of 28% being applied the Authority would incur further costs of £51,000 over and above the amount paid to date, based on current claims data. The Authority's Insurance reserve includes cover for this eventuality.

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 2016, a provision of £7,000 has been made for outstanding claims of this nature.

**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 of March 2016 was £1,992,000 (£2,884,000 at 31st March 2015).

**d) CMC2**

Contingent liabilities represent items that, at 31st March 2016, are not recognised in the Statement of Financial Position because there is significant uncertainty at that date as to the necessity for the entity to receive or make payments in respect of them. A possible contingent liability exists in respect of Council's community interest company (CMC2), which at the balance sheet date is owed £101k for works it has carried out. In the event that this income remains unpaid the Council could be liable on the understanding that it provides guarantor to the entity's overdraft facility.

**e) Asbestos Indemnity**

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 provision is one where the authority has negotiated a limited contingent liability of £6.003million, as updated annually by RPI, for a period of 15 years from the date of transfer of 20th January 2008. 7 years remain 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 there is a potential future liability of up to £6.003million as updated by RPI (£5.932 million as at 31st March 2015), 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 2016) is £60,503 (previously £42,000 for the period 21st January 2008 to 31st March 2015).

## 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.

This means that the council's financial statements need to reflect fair value of future pension liabilities that have been incurred, and the extent to which assets have been set aside to fund them, rather than the actual payments and contributions made in the year.

#### **Teachers**

Teachers employed by the Authority are members of the Teachers' Pension Scheme (TPS), administered by Capita Business Services Ltd on behalf of the Department for Education.

The scheme is a statutory, unfunded, defined benefit occupational pension scheme with benefits based on final average salary and length of service. The Department for Education use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The latest available figure for total net scheme liability is £275,445,000,000 as at the 31 March 2015 (£250,130,000,000 at 31 March 2014). The latest actuarial valuation of the scheme (undertaken every 4 years), as at 31 March 2012 was published on the 9th June 2014. Key results from the actuarial valuation include an increase in employer contribution from 14.1% to 16.4% of pensionable pay commencing 1 September 2015 and an employer cost cap of 10.9% of pensionable pay. The reported deficiency in the balance of assets less liabilities of the scheme was reported as £15,000,000,000 at 31 March 2012 (£3,260,000,000 at 31 March 2004, the previous actuarial valuation).

In 2015/16 the Authority paid £3,725,000 (£3,475,000 in 2014/15) to the scheme in respect of teachers' retirement benefits, representing 15.5% of teachers' pensionable pay (14.1% for 2014/15).

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and are detailed below.

There were £332,000 of contributions remaining payable to the scheme at the year end (£290,000 at 31st March 2015).

#### **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 final salary 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.
- 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 Entries in the comprehensive income and expenditure statement
- 14.3 A summary of the movement in assets and liabilities
- 14.4 The movement in the authority's share of the assets and liabilities within the Fund
- 14.5 The assumptions used by the actuary in valuing pension assets and liabilities
- 14.6 Sensitivity analysis
- 14.7 The risks associated with the pension scheme
- 14.8 Expected future pension contributions
- 14.9 Assets held by the pension fund

**14.2 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:

	Local Government Pension Scheme		Teachers' Unfunded Discretionary Benefits	
	2015-16 £000's	2014-15 £000's (Restated)	2015-16 £000's	2014-15 £000's
<b>Comprehensive Income and Expenditure Account</b>				
<i>Net Cost of Services:</i>				
• current service cost	10,813	8,669	0	0
• past service cost / (gain) including curtailments	286	824	0	0
• settlement gain	0	0	0	0
• administration expenses of plan assets *	0	173	0	0
	<b>11,099</b>	9,666	<b>0</b>	0
<i>Financing and Investment Income and Expenditure:</i>				
• interest cost on pension liabilities	13,986	15,495	147	207
• interest income on plan assets	(8,599)	(10,463)	0	0
• Impact of asset ceiling on net interest	0	0	0	0
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<b>16,486</b>	14,698	<b>147</b>	207
<i>Other Comprehensive Income and Expenditure:</i>				
• (Gains) and losses on remeasurement	11,754	40,887	1,278	249
• Effect of business combinations and disposals	1,617	0	0	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<b>29,857</b>	55,585	<b>1,425</b>	456
<b>Movement in Reserves Statement</b>				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	<b>(16,486)</b>	(14,698)	<b>(147)</b>	(207)
<i>Actual amount charged against the Council Fund for pensions in the year:</i>				
• employers' contributions payable to scheme	<b>9,954</b>	9,970	<b>517</b>	534

\* For 2015/16, the administration expenses are included in the current service cost

**14.3 Summary of the movement in assets and liabilities**

Over the five years ending the 31 March 2016, the fund's actuaries have estimated that the Authority had the following assets and liabilities:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
<b>Local Government Pension Scheme</b>					
Present value of scheme liabilities	(305,888)	(358,822)	(349,554)	(422,166)	(436,585)
Fair value of scheme assets	189,094	219,030	232,758	259,755	254,271
Surplus / (deficit) in the scheme	<u>(116,794)</u>	<u>(139,792)</u>	<u>(116,796)</u>	<u>(162,411)</u>	<u>(182,314)</u>
<b>Teachers Unfunded Discretionary Benefits</b>					
Present value of scheme liabilities	(4,904)	(5,194)	(5,082)	(5,003)	(5,911)
Fair value of scheme assets	-	-	-	-	-
Surplus / (deficit) in the scheme	<u>(4,904)</u>	<u>(5,194)</u>	<u>(5,082)</u>	<u>(5,003)</u>	<u>(5,911)</u>
<b>Total</b>					
Present value of scheme liabilities	(310,792)	(364,016)	(354,636)	(427,169)	(442,496)
Fair value of scheme assets	189,094	219,030	232,758	259,755	254,271
Surplus / (deficit) in the scheme	<u>(121,698)</u>	<u>(144,986)</u>	<u>(121,878)</u>	<u>(167,414)</u>	<u>(188,225)</u>
<b>Year on year increase in net liability (or deficit)</b>					<u><b>(20,811)</b></u>

The increase in combined net liability of £20.8 million from 1 April 2015 to 31 March 2016 is mainly due to a negative estimated return on assets of £7.1m and interest cost on liabilities of £11.5m. The movements in actuarial assumptions during the year have largely offset each other in their impact on the remeasurement of the pension liability.



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

**The Movement in Fund Liability**

	Local Government Pension Scheme		Teachers Unfunded Discretionary	
	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000
<b>As at 1st April</b>	<b>(422,166)</b>	(349,554)	<b>(5,003)</b>	(5,082)
Current service cost	<b>(10,813)</b>	(8,669)	<b>0</b>	0
Past service (cost) / gain (including curtailments)	<b>(286)</b>	(824)	<b>0</b>	0
Settlement gains	<b>0</b>	0	<b>0</b>	0
Curtailment costs	<b>0</b>	0	<b>0</b>	0
Interest on pension liabilities	<b>(13,986)</b>	(15,495)	<b>(147)</b>	(207)
Contributions by scheme participants	<b>(2,760)</b>	(2,752)	<b>0</b>	0
Gains / (losses) on remeasurement of liabs	<b>3956</b>	(58,091)	<b>(1,278)</b>	(249)
Benefits paid	<b>11,087</b>	13,219	<b>517</b>	535
Effect of business combinations & disposals	<b>(1,617)</b>	-	<b>-</b>	-
<b>As at 31st March</b>	<b>(436,585)</b>	(422,166)	<b>(5,911)</b>	(5,003)

There were £1,051,000 of contributions remaining payable at the year end for the Local Government Pension Scheme (at 31 March 2015 £1,067,000 was payable) and £15,000 was owed to the Authority for the Teachers unfunded discretionary benefits scheme (£2,000 at 31 March 2015).

Of the £437,000,000 of pension liabilities for the Local Government Pension Scheme at 31 March 2016, there are £5,215,000 of unfunded liabilities (£4,843,000 as at 31st March 2015). £364,000 of employer contributions were made in respect of these liabilities during the year.

**The Movement in Fund Assets**

	Local Government Pension Scheme		Teachers Unfunded Discretionary Benefits	
	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000
<b>As at 1st April</b>	<b>259,755</b>	232,758	<b>0</b>	0
Settlement costs	<b>0</b>	0	<b>0</b>	0
Interest on plan assets	<b>8,599</b>	10,463	<b>0</b>	0
Employers contributions	<b>9,954</b>	9,970	<b>517</b>	535
Contributions by scheme participants	<b>2,760</b>	2,752	<b>0</b>	0
Gains / (losses) on remeasurement of assets	<b>(15,710)</b>	17,204	<b>0</b>	0
Administration expenses of plan assets	<b>0</b>	(173)	<b>0</b>	0
Benefits paid	<b>(11,087)</b>	(13,219)	<b>(517)</b>	(535)
<b>As at 31st March</b>	<b>254,271</b>	259,755	<b>0</b>	0

**14.5 The assumptions used by the actuary in valuing pension assets and liabilities**

The latest full actuarial valuation of the Greater Gwent (Torfaen) Pension Scheme was carried out on the 31st March 2013. In between formal valuations which occur every three years the actuary assesses the extent of the employers pension assets and liabilities.

Both the Teachers unfunded discretionary benefits and the County Council fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The actuary has used the projected unit credit method to arrive at their valuation. This is dependent on the underlying assumptions which have been made about mortality rates, salary levels, discount rates etc. Any differences which arise between these assumptions and actual trends will cause an associated change in the net pension liability arising.

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

Financial Assumptions	Local Government Pension Scheme			Teachers Unfunded Discretionary Benefits		
	31 March 2016	31 March 2015	31 March 2014	31 March 2016	31 March 2015	31 March 2014
Rate of increase in salaries	3.7%	3.5%	3.9%	-	-	-
Rate of increase in pensions (in line with CPI)	2.2%	2.0%	2.4%	2.2%	2.0%	2.4%
Rate for discounting scheme liabilities	3.5%	3.3%	4.5%	3.5%	3.1%	4.3%

**Life Expectancy:**

Current male pensioner aged 65 (years)	23.0	23.0	23.0	23.0	23.0	23.0
Current female pensioner aged 65 (years)	25.4	25.5	25.4	25.4	25.5	25.4
Future male pensioner aged 65 in 20 years' time (years)	25.2	25.3	25.2	-	-	-
Future female pensioner aged 65 in 20 years' time (years)	27.8	27.9	27.8	-	-	-

The discount rate used to value fund liabilities is based on market yields on high quality corporate bonds, estimated using the iBoxx AA corporate bond index.

Estimated Macaulay duration (weighted average) of liabilities (at later of 31 March 2013 & admission date):	<b>18 years</b>
Duration profile of Monmouthshire County Council members used to determine assumptions:	<b>Medium</b>

**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 31 March 2016	Approximate % increase to Employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	50,313
1 year increase in member life expectancy	3%	13,275
0.5% increase in the Salary Increase Rate	4%	17,744
0.5% increase in the Pension Increase Rate	7%	31,672

**14.7 The risks associated with the pension schemes**

- Statutory arrangements are in place to ensure that the financial position of the fund remains healthy. In the 31 March 2013 Actuarial Valuation, a shortfall of 29% 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.
- The total defined benefit obligation for the Authority's share of the Greater Gwent Pension fund as at the 31st March 2016 is split as follows:

	<b>2015/16</b>
	<b>£000's</b>
Active	196,509
Deferred	60,739
Pensioners	174,097
	<b><u>431,345</u></b>

- A breakdown of the investments held by the Greater Gwent pension fund, quoted and unquoted is given in 14.9 giving an indication of the level of diversification and therefore risk within the fund.
- Finance is only required to be raised to cover teachers unfunded discretionary benefits when the pensions are actually paid.

**14.8 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 2017 is £10,823,000. Expected contributions for Teachers Unfunded Discretionary Benefits scheme in the year to 31 March 2017 are £517,000.

**14.9 Assets 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:

**Split of Assets between Investment Categories**

	Quoted in Active markets (A) /Not in Active markets (N)	31 March 2016		31 March 2015	
		£000	%	£000	%
Equities :	A	<b>49,063</b>	<b>19.3%</b>	50,392	19.4%
Investment funds & Unit Trusts					
: Equities	N	<b>148,020</b>	<b>58.2%</b>	151,957	58.4%
: Bonds	N	<b>39,278</b>	<b>15.4%</b>	40,262	15.5%
: Other	N	<b>8,555</b>	<b>3.4%</b>	0	0.0%
Property	N	<b>7,493</b>	<b>2.9%</b>	7,013	2.7%
Cash accounts	N	<b>1,863</b>	<b>0.7%</b>	1,429	0.6%
Alternatives	N	<b>0</b>	<b>0.1%</b>	8,702	3.4%
		<b><u>254,271</u></b>	<b><u>100.0%</u></b>	<u>259,755</u>	<u>100.0%</u>

## 15 NOTES TO THE CASH FLOW STATEMENT

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

	2015-16 £000	2015-16 £000	2014-15 £000	2014-15 £000
Net (surplus) or deficit on the provision of services		6,503		(375)
<b>Non-cash transactions:</b>				
Depreciation of non-current assets	(8,911)		(8,991)	
Impairment and downward valuations	391		(7,417)	
Amortisation of intangible non-current assets	0		(44)	
Increase/decrease in impairment for provision for bad debts	(111)		(472)	
Increase/(decrease) in inventories	215		(52)	
Increase/(decrease) in debtors	(11)		(4,715)	
(Increase)/decrease in creditors	6,109		(5,209)	
(Increase)/decrease in provisions	(2,785)		(350)	
Pension liability	1,075		(4,400)	
Carrying amount of non-current assets, assets held for sale and investment properties which are sold or derecognised	(6,162)		(11,014)	
	(1,793)			
Movement in the value of investment properties	(1,515)		17,497	
		<b>(13,497)</b>		<b>(25,167)</b>
<b>Items classified in another classification in the cash flow statement</b>				
Other payments for investing activities	(2,132)		(2,042)	
Other receipts from investing activities	399		5,560	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,808		11,472	
		<b>75</b>		<b>14,991</b>
Adjustments relating to JANEs		(156)		143
<b>Net cash flows from Operating Activities</b>		<b>(7,075)</b>		<b>(10,408)</b>

### 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:

	2015-16 £000	2014-15 £000
<i>Returns on Investments received:</i>		
Interest received	(91)	(100)
Other interest and investment income	(14)	(9)
	<b>(105)</b>	<b>(109)</b>
<i>Servicing of Finance paid:</i>		
Interest paid	3,237	3,542
Interest element of finance lease rental payments	23	33
	<b>3,260</b>	<b>3,575</b>
	<b>3,155</b>	<b>3,466</b>

**15.3 (Increase)/decrease in Cash and Cash Equivalents**

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

	At 31 March 2015	In Year Movement	At 31 March 2016
	£000	£000	£000
<b>Current Assets</b>			
Cash held by the Authority	149	63	212
Bank current accounts	12,077	(11,725)	352
Short-term call account deposits	8,180	(772)	7,408
	<u>20,406</u>	<u>(12,434)</u>	<u>7,972</u>
<b>Current Liabilities</b>			
Bank current account overdrafts	0	(1,025)	(1,025)
	<u>0</u>	<u>(1,025)</u>	<u>(1,025)</u>
	<u>20,406</u>	<u>(13,459)</u>	<u>6,947</u>

## 16 OTHER NOTES TO THE ACCOUNTS

### 16.1 Members Allowances

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

	2015-16 £000	2014-15 £000
Basic allowance	575	572
Special responsibility allowance	197	205
Travel allowance	31	36
Subsistence allowance	3	4
Total	806	817

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

### 16.2 Audit Costs

The Authority has incurred the following costs during 2015/16 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:

	2015-16 £000	2014-15 £000 (Restated)
Fees payable to the appointed auditor with regard to external audit services - financial audit	176	176
Fees payable to the appointed auditor with regard to external audit services - Local Government Measure (LGM)	103	103
Refund in relation previous year's audit fees	0	(59)
Fees payable to the appointed auditor for certification of grant claims & returns	48	43
Fees payable in respect of other services provided by the appointed auditor	0	4
	327	267

Notification was received in May 2014 that a refund relating to previous year's audit fees would be received during 2014/15. This refund totalled £59,000, representing 21% of the 2014/15 audit fee for financial audit and local government measure.

### 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 has entered into a pooled budget arrangement with the Aneurin Bevan University Health Board for the provision of a Rehabilitation Scheme at Mardy Park. Under the arrangement funds are pooled under Section 33 of the NHS (Wales) Act 2006. This agreement came into effect from the 1st April 2004 and the Authority is the host for the partnership.

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

If at the end of any financial year or upon termination of the Agreement there is an overspend the Partners shall identify the reasons for the overspend. The Partners may agree that resources in the next financial year shall be applied in meeting the overspend. If this is not agreed the over spend shall be apportioned between the Partners in a just and equitable manner taking into account of the circumstances of and reasons for the overspend and the Partners shall make such payments to the Pooled Fund as shall be required to reflect this allocation.

The income and expenditure for the pooled fund arrangements for the financial year ended 31st March 2016 was:

	2015-16 £000	2014-15 £000
<b>Funding</b>		
Monmouthshire County Council	(216)	(211)
Monmouthshire Local Health Board	(163)	(159)
<b>TOTAL FUNDING</b>	<b>(379)</b>	<b>(370)</b>
<b>Expenditure</b>		
Employee related	310	295
Premises related	27	31
Supplies & Services	10	9
Agency & Contracted	10	10
Central and Support services recharges	15	11
Capital Financing	20	18
<b>TOTAL EXPENDITURE</b>	<b>392</b>	<b>374</b>
<b>Net (Under)/over spend</b>	<b>13</b>	<b>4</b>

**b) Gwent Integrated Community Equipment Store (GWICES)**

The Authority has entered into a pooled budget arrangement with the Aneurin Bevan University 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 £2,681,000 (£3,589,000 for 2014/15) and gross income of £2,681,000 (£3,589,000 for 2014/15) for the financial year ended 31st March 2016. Monmouthshire County Council's contribution for the year was £350,000 (£355,000 for 2014/15).

**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 12.10 to the accounts.

Aneurin Bevan Health Board is the host for the Partnership, who recorded gross expenditure of £3,119,000 (£3,075,000 for 2014/15) and gross income of £3,119,000 (£3,042,000 for 2014/15) for the financial year ended 31st March 2016. Monmouthshire County Council's total contribution for the year was £997,000 (£994,000 for 2014/15).

**d) Gwent Frailty Programme**

A Section 33 Partnership Agreement exists between five Local Authorities in the former Gwent area and Aneurin Bevan University 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 £14,479,000 (£13,300,000 for 2014/15) and gross income of £14,269,000 (£12,603,000 for 2014/15) for the financial year ended 31st March 2016. Monmouthshire County Council's total contribution for the year was £949,000 (£968,000 for 2014/15).

#### **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 notes 11.6 and 11.7 to the Accounts.

##### **Members**

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in note 16.1 to the accounts. Where work or services have been commissioned, or where grants were made during the financial year in which members had an interest, members have a duty to declare such an interest. The Authority must ensure that contracts entered into were in full compliance with the Authority's standing orders and that grants were made with proper consideration of declarations of such interests.

During the financial year, members who declared an interest did not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in minutes or relevant meetings and recorded in the Register of Members' Interest, open to public inspection at its offices at @Innovation House, Wales 1, Magor, NP26 3DG.

##### **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 Head of Finance (S151 officer), Monitoring Officer for the Authority, Chief Officer for Children & Young People, Chief Officer for Social Care & Health, Head of Democracy & Regulatory Services, and Head of Policy & Engagement have no pecuniary interests.

The Chief Executive was the Acting Returning Officer and Electoral Registration Officer for Monmouthshire during 2015/16 and held the following position during the year:

- Director of Innovationpoint (a wholly owned Welsh Government Subsidiary)

The Chief Officer for Enterprise and Deputy Chief Executive held the following position during the year:

- Co-Chair of the Innovation Advisory Council for Wales
- Director to SRS Business Solutions Ltd.

The Head of Commercial & People Development held the following position during the year:

- Director to SRS Business Solutions Ltd.
- Director to SRS Public

The Head of Operations held the following position during the year:

- Board Member to Capita Gwent Consultancy
- Non-Executive Director to Dragon Waste Limited (dormant company)



The following balances were held with these related parties at the year-end:-

	2015-16 Debtors £000	2015-16 Creditors £000	2014-15 Debtors £000	2014-15 Creditors £000
Dragon Waste Limited	0	187	30	262
SRS Business Solutions Limited	0	0	1	0

During the year the following payments & receipts with these related parties arose as follows: -

	2015-16 Payments £000	2015-16 Receipts £000	2014-15 Payments £000	2014-15 Receipts £000
Dragon Waste Limited	2,405	35	2,569	31
SRS Business Solutions Limited	1	0	1	0

### 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 and are based upon unaudited figures for the year ended 31st March 2016. Funds for which Monmouthshire County Council acts as sole trustee:

	Income £000	Expend £000	Assets £000	Liabilities £000
<b>Welsh Church Act Fund</b>	(226)	265	5,329	(112)

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.

<b>Llanelly Hill Social Welfare Centre</b>	(8)	8	91	(24)
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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.

<b>Chairman's Charity</b>	(13)	9	4	0
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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:

	Income £000	Expend £000	Assets £000	Liabilities £000
<b>Monmouthshire Farm School Endowment</b>	(56)	53	707	(2)
<b>Appointeeship - Personal Monies</b>	(792)	676	116	0
<b>Appointeeship - ILF* Monies</b>	(157)	144	12	0

\* ILF - Independent Living Fund

**16.6 Related Businesses and Companies**

Councils must consider whether they need to produce group accounts for interests held in other bodies/organisations where they meet the definition of subsidiaries, associates and joint ventures. The Council has reviewed of all their relationships in this regard, and although the Council has interests in the following six companies, they do not meet the requirements for the preparation of Group Accounts.

**(i) Dragon Waste Limited**

The Company was formed to carry out the Council's waste disposal function. The Council holds a 19% share holding in the company. The Company's latest available trading results are the accounts for the year ending 31st March 2015.

	<b>31 March 2016 £000 Draft</b>	31 March 2015 £000 Final
Net Assets/(Liabilities)	<b>TBC</b>	238
Profit/(Loss) before Taxation	<b>TBC</b>	5
Profit/(Loss) after Taxation	<b>TBC</b>	4
Dividends	<b>TBC</b>	0

No assets or liabilities of the Company are reflected in the Consolidated Balance Sheet. The remaining 81% of the Company is owned by Viridor Waste Exeter Limited, which is a wholly owned subsidiary of Viridor Waste Limited. The ultimate parent company of Viridor Waste Ltd is Pennon Group Plc.

The Authority owed £186,666 to Dragon Waste Limited at the 31st March 2016 (£231,811 owed to Dragon Waste as at 31st March 2015) in respect of Waste Management contract income.

Further information can be found in Dragon Waste Limited Financial Statements for the year ended 31 March 2015 which are available from the Company Secretary, Pennon Group Plc, Peninsula House, Rydon Lane, Exeter, Devon, England, EX2 7HR.

**(ii) 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. 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. In 2015/16, Monmouthshire's contribution was £2.076m (£2.152m in 2014/15).

**(iii) SRS Business Solutions Limited**

Adjacent to the collaborative arrangement outlined in 16.6 (ii), 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.

SRS (BS) fits the accounting definition of a Joint Venture. The accounting position of the company is not material to the fair presentation of the financial position and transactions of the Council, or to the understanding of the Statement of Accounts. The accounting treatment therefore falls outside the requirement to prepare Group Accounts; this treatment being consistent with that adopted by TCBC.

The Company's latest available trading results are the draft estimates for the year ending 31st March 2016.

	<b>31 March 2016 £000 Draft</b>	31 March 2015 £000 Final
Net Assets/(Liabilities)	<b>88</b>	60
Profit/(Loss) before Taxation	<b>31</b>	12
Profit/(Loss) after Taxation	<b>29</b>	12
Dividends	<b>0</b>	0

SRS Business Solutions owed Monmouthshire C.C £1,380 as at 31st March 2016.

Further information can be found in SRS Business Solutions Limited financial statements for the year ended 31 March 2014 which are available from the Head of Finance, Monmouthshire County Council, @Innovation House, Wales 1, Magor, NP26 3DG.

**(iv) Community MC<sup>2</sup> Community Interest Company (CMC<sup>2</sup>)**

In July 2011 the Authority established CMC<sup>2</sup>, a community interest company wholly owned by the Authority. The company aims to drive growth in emerging green and digital technologies and generate new income streams with which to reinvest in community projects and priorities.

CMC<sup>2</sup> is a company limited by guarantee and liability is therefore limited to £1 for its members.

In March 2012 the Authority approved the proposed medium-term business plan for the company for the period to 30th September 2013. The business plan will assist the Authority in delivering savings and involves authority staff being used on CMC<sup>2</sup> projects.

The Company's latest available trading results are the draft accounts for the financial year that ended on the 31st March 2016.

	<b>31st March</b>	31st March
	<b>2016</b>	2015
	<b>£000</b>	£000
	<b>Draft</b>	Final
Net Assets (Liabilities)	<b>0</b>	(122)
Profit/(Loss) before Taxation	<b>0</b>	(78)
Profit/(Loss) after Taxation	<b>0</b>	(78)
Dividends	<b>0</b>	0

The Profit/(Loss) as at 31st March 2016 includes a contribution made by Monmouthshire County Council of £140,000 which was approved by Cabinet in July 2015 to cover accumulated trading losses.

The Authority does not receive any profit distribution. No assets or liabilities of the Company are reflected in the Consolidated Balance Sheet. The Authority acts as a guarantor for the company's overdraft arrangements such as to allow the company to manage day-to-day cash flow requirements.

The Authority is owed £142 by the company as at the 31st March 2016 (£184,139 as at the 31st March 2015).

**(v) 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 2016.

	<b>31 March</b>	31 March
	<b>2016</b>	2015
	<b>£000</b>	£000
	<b>Draft</b>	Final
Total Assets/(Liabilities)	<b>8,178</b>	7,930
Profit/(Loss) before Taxation	<b>102</b>	135
Profit/(Loss) after Taxation	<b>102</b>	96
Dividends	<b>0</b>	0

**16.7 Interests in Joint Committees**

The Code requires authorities to enhance their statement of accounts with information about any material interest in subsidiaries, associates and joint ventures in a set of group accounts.

These accounting requirements result in the consolidation of the transactions and balances of subsidiaries and of interests in associates and joint ventures, thus ensuring group accounts provide a complete picture of the authority's control over other entities.

The Authority accounts for its respective contributions to joint committees within services in the Comprehensive Income and Expenditure Statement on an accruals basis. For 2015/16 the Authority has consolidated its respective shares of the income, expenditure, assets and liabilities into its financial statements.

The Authority had interests in the following Joint Committees as at 31st March 2016:

- Prosiect Gwyrdd ("Project Green") Joint Committee - Each authority holds a 1/5th equal share.
- Welsh Purchasing Consortium - each authority holds an equal 1/19th share.
- Gwent Joint Records Joint Committee - the authority holds an 19.40% interest.
- Greater Gwent Cremation Joint Committee - the authority holds an 18.45% interest.

<b>Comprehensive Income &amp; Expenditure Account 31 March 2016</b>	<b>MCC CIES 2015-16</b>	<b>Project Gwyrdd</b>	<b>WPC</b>	<b>SEWTA</b>	<b>Archives</b>	<b>Crematorium</b>	<b>Total CIES 2015-16</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Highways and transport services	11,843	0	22	0	0	0	11,865
Environmental & Regulatory Svs	7,679	(23)	0	0	0	0	7,657
Corporate and democratic core	3,132	0	0	0	182	(171)	3,143
Total non-affected lines	120,320	0	0	0	0	0	120,320
<b>Surplus/Deficit on Continuing Operations</b>	<b>142,974</b>	<b>(23)</b>	<b>22</b>	<b>0</b>	<b>182</b>	<b>(171)</b>	<b>142,986</b>
Interest payable and similar charges	3,281	0	0	0	0	140	3,420
Pensions interest cost and expected return on pensions assets	5,534	0	0	0	(79)	0	5,455
Total non-affected lines	(145,235)	0	0	0	0	0	(145,235)
<b>Surplus/Deficit on Provision of Services</b>	<b>6,554</b>	<b>(23)</b>	<b>22</b>	<b>0</b>	<b>103</b>	<b>(31)</b>	<b>6,626</b>
Actuarial gains/losses on pension assets/liabilities	14,649	0	0	0	0	7	14,656
Adjustment for JANEs amounts within MCC CIES	0	0	0	0	(193)	0	(193)
Total non-affected lines	(16,255)	0	0	0	0	0	(16,255)
<b>Other comprehensive income &amp; expenditure</b>	<b>(1,606)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(193)</b>	<b>7</b>	<b>(1,792)</b>
<b>Total Comprehensive income &amp; expenditure</b>	<b>4,947</b>	<b>(23)</b>	<b>22</b>	<b>0</b>	<b>(90)</b>	<b>(24)</b>	<b>4,834</b>

<b>Movement in reserves statement for the years ended 31 March 2016</b>	<b>Project Gwyrdd</b>	<b>WPC</b>	<b>SEWTA</b>	<b>Archives</b>	<b>Crematorium</b>	<b>Total Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 31 March 2015 carried forward</b>	37	22	(0)	(43)	451	467
Surplus (Deficit) on provision of services	23	(22)	0	(103)	31	(72)
Other comprehensive income and expenditure	0	0	0	0	(7)	(7)
<b>Total comprehensive income and expenditure</b>	<b>23</b>	<b>(22)</b>	<b>0</b>	<b>(103)</b>	<b>24</b>	<b>(79)</b>
Adjustment for amount within Monmouthshire CIES	0	0	0	193	(0)	193
<b>Net Increase/Decrease before transfers to Reserves</b>	<b>23</b>	<b>(22)</b>	<b>0</b>	<b>90</b>	<b>24</b>	<b>114</b>
Transfer to/from Earmarked Reserves	0	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>23</b>	<b>(22)</b>	<b>0</b>	<b>90</b>	<b>24</b>	<b>114</b>
Adjustment for JANEs amounts	0	0	0	0	0	0
<b>Balance at 31 March 2016 carried forward</b>	<b>61</b>	<b>(1)</b>	<b>(0)</b>	<b>47</b>	<b>475</b>	<b>581</b>

Balance Sheet as at 31 March 2016	Project Gwyrdd	WPC	SEWTA	Archives	Cremator- ium	Total
	£000	£000	£000	£000	£000	£000
Property Plant & Equipment	0	0	0	0	417	417
Short Term Debtors	44	0	0	0	0	45
Cash and cash equivalents	17	10	0	76	248	351
Short Term Creditors	(1)	(10)	0	(29)	(3)	(43)
Long term creditors	0	0	0	0	(137)	(137)
Other long term liabilities	0	0	0	0	(49)	(49)
<b>Net Assets</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>475</b>	<b>582</b>
Earmarked Reserves	61	0	0	47	347	455
Revaluation Reserve	0	0	0	0	126	126
Pension Reserve	0	0	0	0	(49)	(49)
Capital adjustment account	0	0	0	0	51	51
<b>Total reserves</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>475</b>	<b>582</b>

Property, plant & equipment included within Monmouthshire's accounts primarily relates to the Council's share of the Gwent Crematorium. The Crematorium comprises a Chapel, Crematorium rooms, Administration offices and grounds. The total gross asset value as at the 31st March 2016 is £2.6m (£2.4m as at 31st March 2015) with Monmouthshire's share equating to 18.45%.

Comprehensive Income & Expenditure Account 31 March 2015	MCC CIES 2014-15	Project Gwyrdd	WPC	SEWTA	Archives	Cremator- ium (Restated)	Total CIES 2014-15
	£000	£000	£000	£000	£000	£000	£000
Highways and transport services	13,222	15	(1)	16	0	0	13,252
Corporate and democratic core	(19)	0	0	0	172	(20)	133
Total non-affected lines	138,462	0	0	0	0	0	138,462
<b>Surplus/Deficit on Continuing Operations</b>	<b>151,665</b>	<b>15</b>	<b>(1)</b>	<b>16</b>	<b>172</b>	<b>(20)</b>	<b>151,847</b>
Pension interest costs and expected return on pension assets	5,239	0	0	0	1	0	5,240
Total non-affected lines	(157,461)	0	0	0	0	0	(157,461)
<b>Surplus/Deficit on Provision of Services</b>	<b>(557)</b>	<b>15</b>	<b>(1)</b>	<b>16</b>	<b>173</b>	<b>(20)</b>	<b>(374)</b>
Actuarial gains/losses on pension assets/liabilities	41,136	0	0	0	41	19	41,196
Adjustment for JANEs amounts	0	0	0	0	(141)	0	(141)
Total non-affected lines	597	0	0	0	0	0	597
<b>Other comprehensive income &amp; expenditure</b>	<b>41,733</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(99)</b>	<b>19</b>	<b>41,653</b>
<b>Total Comprehensive income &amp; expenditure</b>	<b>41,176</b>	<b>15</b>	<b>(1)</b>	<b>16</b>	<b>74</b>	<b>(1)</b>	<b>41,278</b>

Movement in reserves statement for the years ended 31 March 2015	Project Gwyrdd	WPC	SEWTA	Archives	Crematorium (Restated)	Total Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2014 carried forward</b>	52	23	16	30	450	<b>571</b>
Surplus (Deficit) on provision of services	(15)	1	(16)	(173)	20	<b>(183)</b>
Other comprehensive income and expenditure	0	0	0	(41)	(19)	<b>(60)</b>
<b>Total comprehensive income and expenditure</b>	<b>(15)</b>	<b>1</b>	<b>(16)</b>	<b>(214)</b>	<b>1</b>	<b>(243)</b>
Adjustment for amounts within Monmouthshire CIES	0	(0)	0	140	(0)	<b>140</b>
<b>Net Increase/Decrease before transfers to Reserves</b>	<b>(15)</b>	<b>1</b>	<b>(16)</b>	<b>(74)</b>	<b>1</b>	<b>(103)</b>
Transfer to/from Earmarked Reserves	0	0	0	0	0	<b>0</b>
<b>Increase/Decrease in year</b>	<b>(15)</b>	<b>1</b>	<b>(16)</b>	<b>(74)</b>	<b>1</b>	<b>(103)</b>
Adjustment for JANEs amounts	0	0	0	0	0	<b>0</b>
<b>Balance at 31 March 2015 carried forward</b>	<b>37</b>	<b>22</b>	<b>(0)</b>	<b>(43)</b>	<b>451</b>	<b>468</b>

Balance Sheet as at 31 March 2015	Project Gwyrdd	WPC	SEWTA	Archives	Crematorium (Restated)	Total
	£000	£000	£000	£000	£000	£000
Property Plant & Equipment	0	0	0	0	436	<b>436</b>
Short Term Debtors	21	0	0	0	28	<b>49</b>
Cash and cash equivalents	19	23	0	61	164	<b>267</b>
Short Term Creditors	(3)	(1)	0	(25)	(3)	<b>(32)</b>
Long term creditors	0	0	0	0	(137)	<b>(137)</b>
Other long term liabilities	0	0	0	(79)	(37)	<b>(116)</b>
<b>Net Assets</b>	<b>37</b>	<b>22</b>	<b>0</b>	<b>(43)</b>	<b>451</b>	<b>468</b>
Earmarked Reserves	37	22	0	36	302	<b>398</b>
Revaluation Reserve	0	0	0	0	126	<b>126</b>
Pension Reserve	0	0	0	(79)	(37)	<b>(116)</b>
Provision for Accumulated Absences	(0)	(0)	0	0	0	<b>(1)</b>
Capital adjustment account	0	0	0	0	60	<b>60</b>
<b>Total reserves</b>	<b>37</b>	<b>22</b>	<b>0</b>	<b>(43)</b>	<b>451</b>	<b>468</b>

### 16.8 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 2016

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	110,000	0	0	<b>110,000</b>	23,210	<b>133,210</b>
Chief Officer - Children and Young People	80,784	0	0	<b>80,784</b>	17,129	<b>97,913</b>
Chief Officer - Enterprise	81,180	0	0	<b>81,180</b>	17,129	<b>98,309</b>
Chief Officer - Social Care and Health (Apr-Aug)	28,448	0	0	<b>28,448</b>	6,003	<b>34,451</b>
Chief Officer - Social Care and Health (Nov-March)	33,436	0	0	<b>33,436</b>	7,055	<b>40,491</b>
Head of Operations	69,104	0	0	<b>69,104</b>	14,654	<b>83,758</b>
Head of Finance and Section 151 Officer	71,033	0	0	<b>71,033</b>	14,988	<b>86,020</b>
Head of Democracy and Regulatory Services	64,515	0	0	<b>64,515</b>	13,679	<b>78,194</b>
Head of Legal Services (also acting Monitoring Officer)	70,351	0	0	<b>70,351</b>	14,844	<b>85,195</b>
Head of Strategic Partnerships	60,027	0	0	<b>60,027</b>	12,728	<b>72,755</b>
	<b>668,877</b>	<b>0</b>	<b>0</b>	<b>668,877</b>	<b>141,419</b>	<b>810,296</b>

Year ended 31st March 2015

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	110,000	0	0	<b>110,000</b>	23,210	<b>133,210</b>
Chief Officer - Children and Young People	79,596	0	0	<b>79,596</b>	16,795	<b>96,391</b>
Chief Officer - Enterprise	79,596	0	0	<b>79,596</b>	16,795	<b>96,391</b>
Chief Officer - Social Care and Health	78,988	0	0	<b>78,988</b>	16,795	<b>95,783</b>
Head of Operations	69,607	0	0	<b>69,607</b>	14,698	<b>84,305</b>
Head of Finance and Section 151 Officer	69,647	0	0	<b>69,647</b>	14,695	<b>84,342</b>
Head of Democracy and Regulatory Services	63,566	0	0	<b>63,566</b>	13,413	<b>76,979</b>
Head of Legal Services (also temporary Monitoring Officer from April to October)	63,140	0	0	<b>63,140</b>	13,323	<b>76,463</b>
	23,124	0	0	<b>23,124</b>	4,879	<b>28,003</b>
	<b>637,265</b>	<b>0</b>	<b>0</b>	<b>637,265</b>	<b>134,602</b>	<b>771,866</b>

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.

There is no remuneration in respect of bonuses or compensation for loss of employment.

Employers' pension contributions were paid at a rate of 21.1% of pensionable pay for staff within the Local Government Pension Scheme (21.1% for 2014/15). Expense allowance are defined as those additional costs that are chargeable to income tax and no such costs are reported in respect of 2015-16 (Nil in 2014/15).

A new requirement was introduced in 2014-15 to report the Chief Executive's remuneration as a proportion of the full time equivalent median salary of Monmouthshire County Council employees. In 2015-16, the median employee position has been calculated as £20,253, equating to spinal point 22 and resulting in a median ratio when compared with the Chief Executive Officer salary of 5.43:1

**16.9 Officers' Emoluments**

The number of employees whose remuneration was £60,000 or more in bands of £5,000, during the year ended 31 March 2016, was:

Remuneration Band	2015-16 Number of employees	2014-15 Number of employees
£115,000 - £119,999	0	0
£110,000 - £114,999	1	1
£105,000 - £109,999	1	0
£100,000 - £104,999	1	1
£95,000 - £99,999	2	1
£90,000 - £94,999	0	0
£85,000 - £89,999	1	1
£80,000 - £84,999	4	5
£75,000 - £79,999	2	6
£70,000 - £74,999	6	4
£65,000 - £69,999	6	7
£60,000 - £64,999	15	14
	<b>39</b>	<b>40</b>

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 16.8

Employers' pension contributions were paid at a rate of 21.1% of pensionable pay for staff within the Local Government Pension Scheme (21.1% for 2014/15) and 16.4% of pensionable pay for staff within the Teachers' Pension Scheme which came into effect 1st September 2015 (14.1% in 2014/15).

For the purposes of reporting remuneration, voluntary aided schools employees have been included in the remuneration notes 16.9 to 16.10, where appropriate, as if they were employees of the council even though their contract of employment is with their respective governing body.

#### 16.10 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.

2015-16	No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each payband
<b>Exit package Cost band</b>			<b>£000's</b>
£0 - £20,000	62	1	463
£20,001 - £40,000	29	1	785
£40,001 - £60,000	6	1	274
£60,001 - £80,000	1	0	67
£80,001 - £100,000	0	0	0
£100,001 - £150,000	1	0	102
<b>Total</b>	<b>99</b>	<b>3</b>	<b>1,691</b>

2014-15 (Restated)	No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each payband
<b>Exit package Cost band</b>			<b>£000's</b>
£0 - £20,000	41	1	289
£20,001 - £40,000	22	2	597
£40,001 - £60,000	6	0	273
£60,001 - £80,000	6	0	423
£80,001 - £100,000	1	0	98
£100,001 - £150,000	1	0	116
<b>Total</b>	<b>77</b>	<b>3</b>	<b>1,796</b>

#### 16.11 Events after the Balance Sheet Date

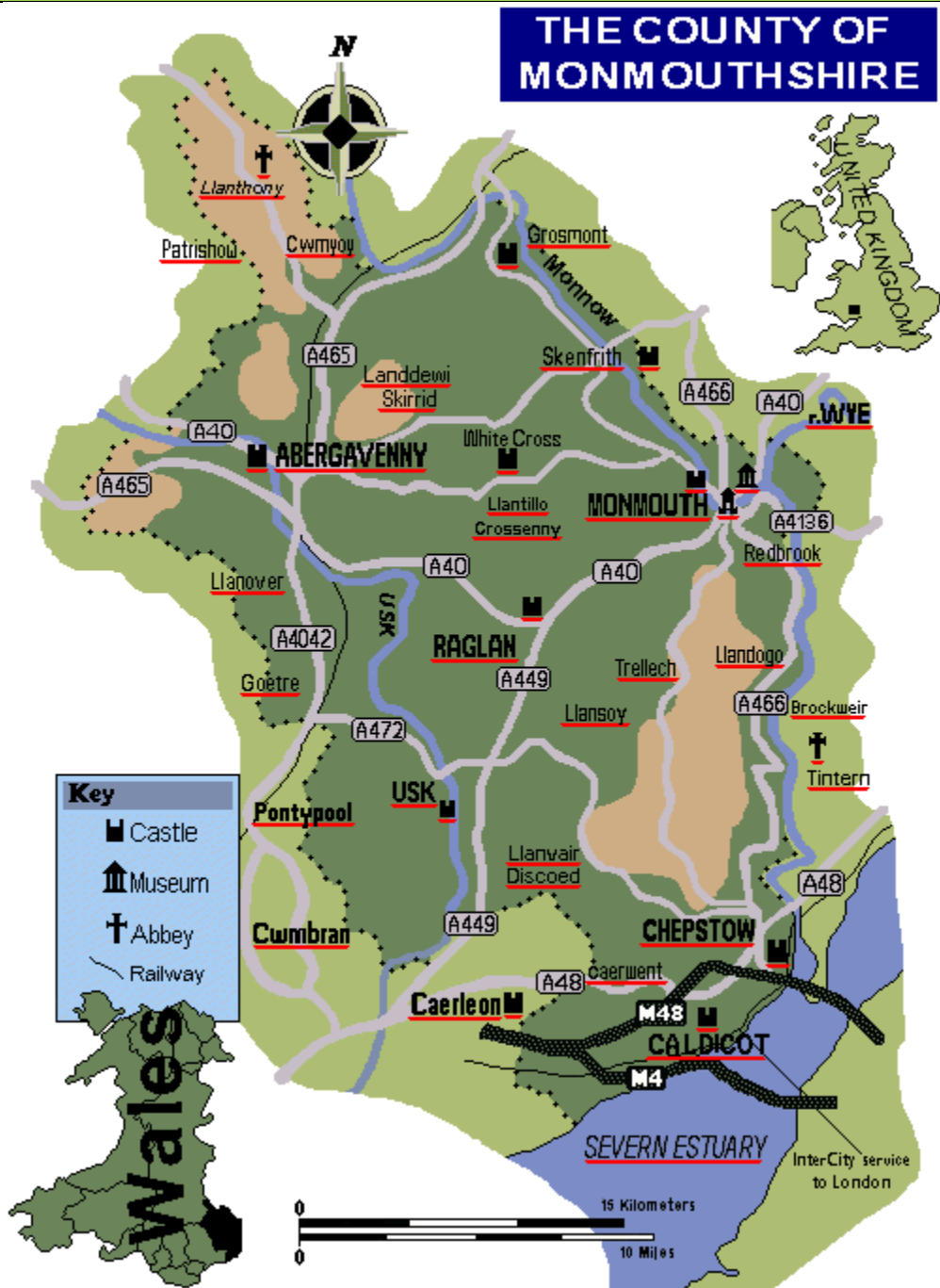
The Statement of Accounts was authorised for issue by the Head of Finance on 30th June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

A notable non-adjusting post balance sheet event (not requiring values to be altered in the accounts) is the impact of the EU referendum vote. With the vote to leave the EU confirmed on 24 June 2016, global stock markets have responded with some significant fluctuations. Whilst these fluctuations are expected to ease over time, the Council will need to consider the impact of these events on its financial statements at the time of their approval. The Authority holds investments and other liabilities held at fair value and these events may have an impact. In this case the values reported may be significantly lower, or possibly higher, than the position reported at 31 March 2016.





# SUMMARY OF ACCOUNTS 2015/16

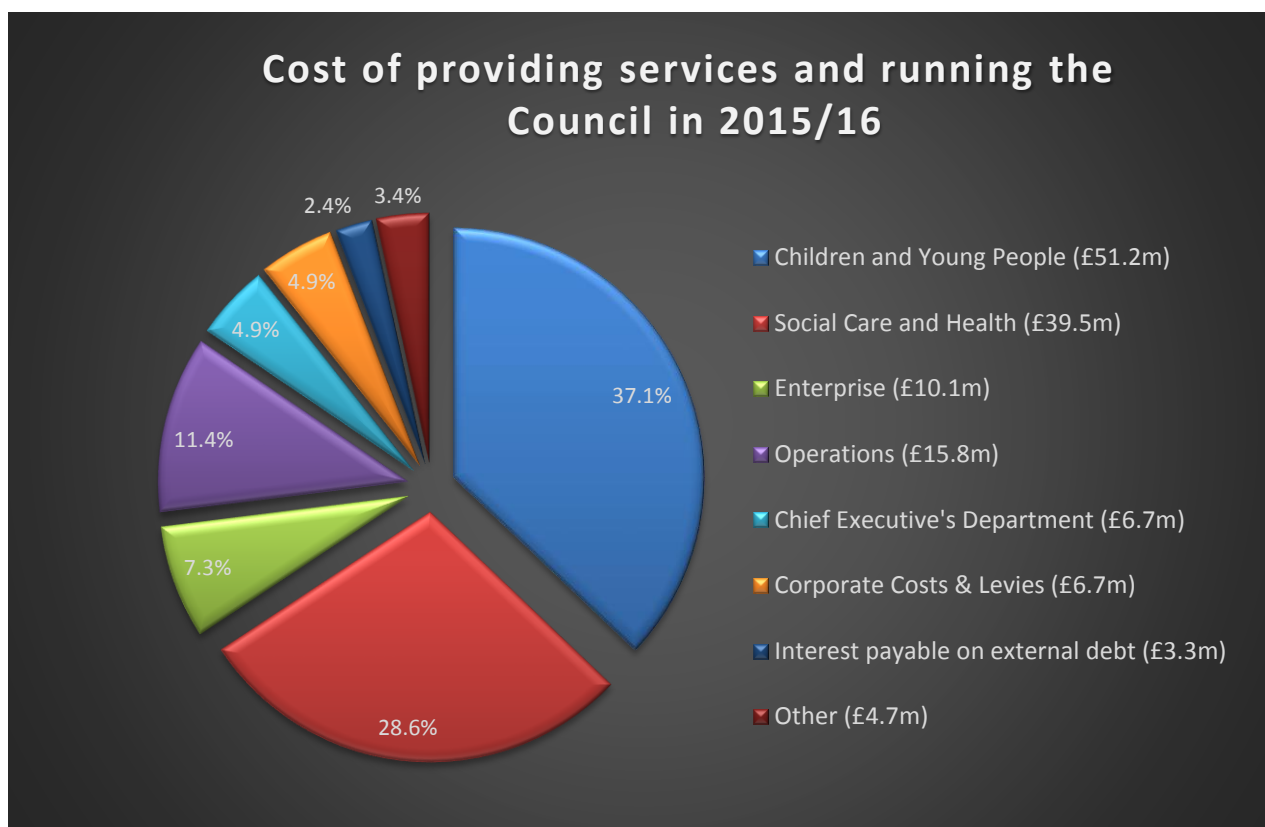


## Introduction

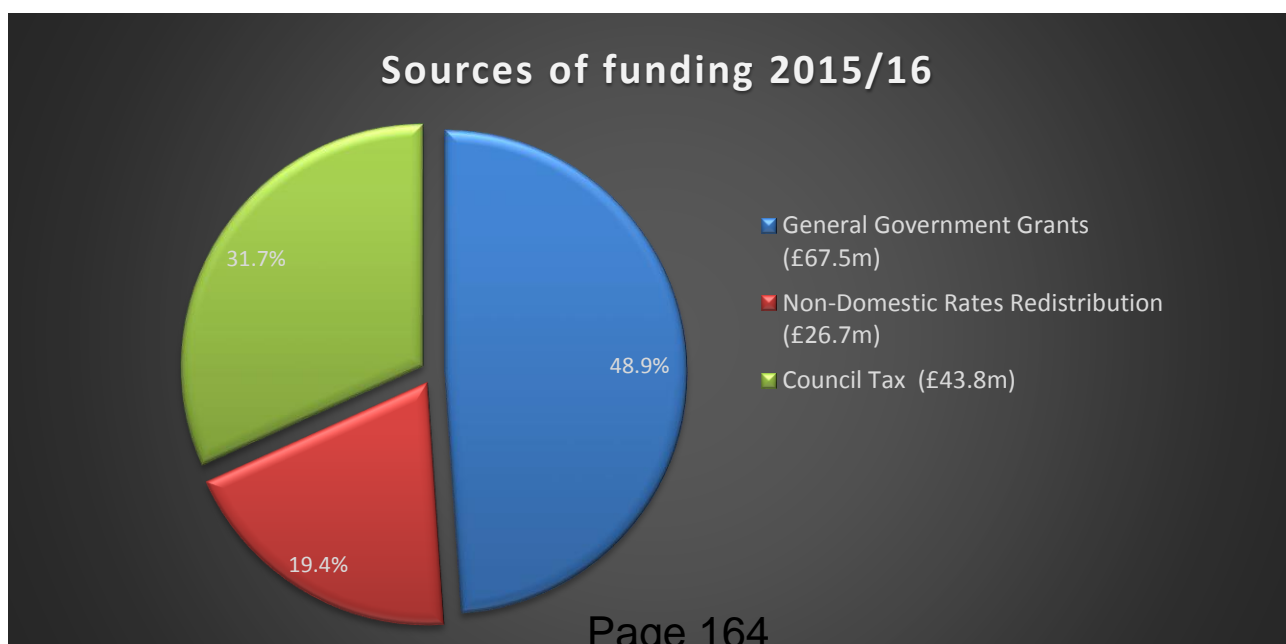
This document provides an overview of the Council's income and expenditure for the financial year 2015/16 and its financial position as at 31 March 2016. The full audited statement of accounts, once published, can be viewed on line at <http://www.monmouthshire.gov.uk/annual-accounts>

## The Cost of Running Services

In 2015/16 the Council spent £138.0 million (£139.2 in 2014/15) providing services for Monmouthshire residents. The chart below gives a breakdown of service costs:



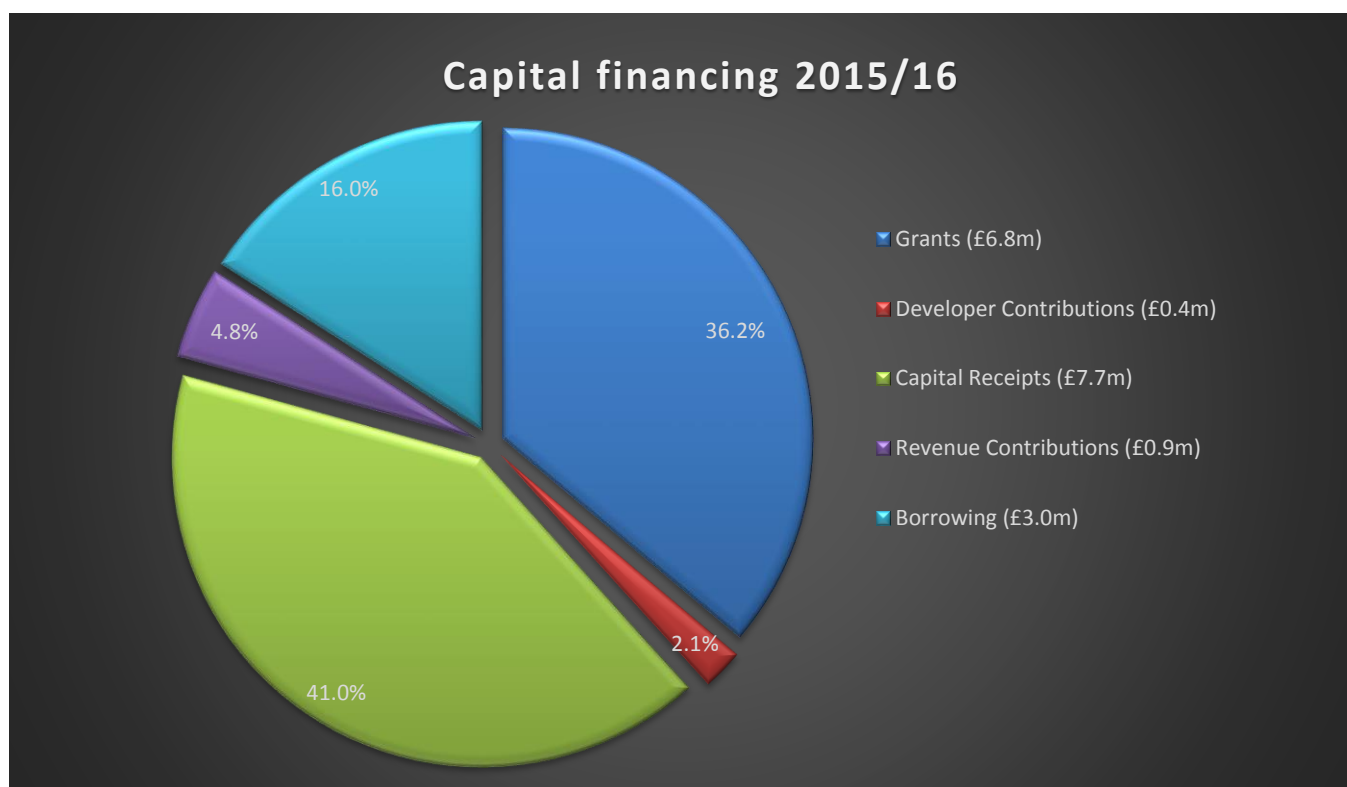
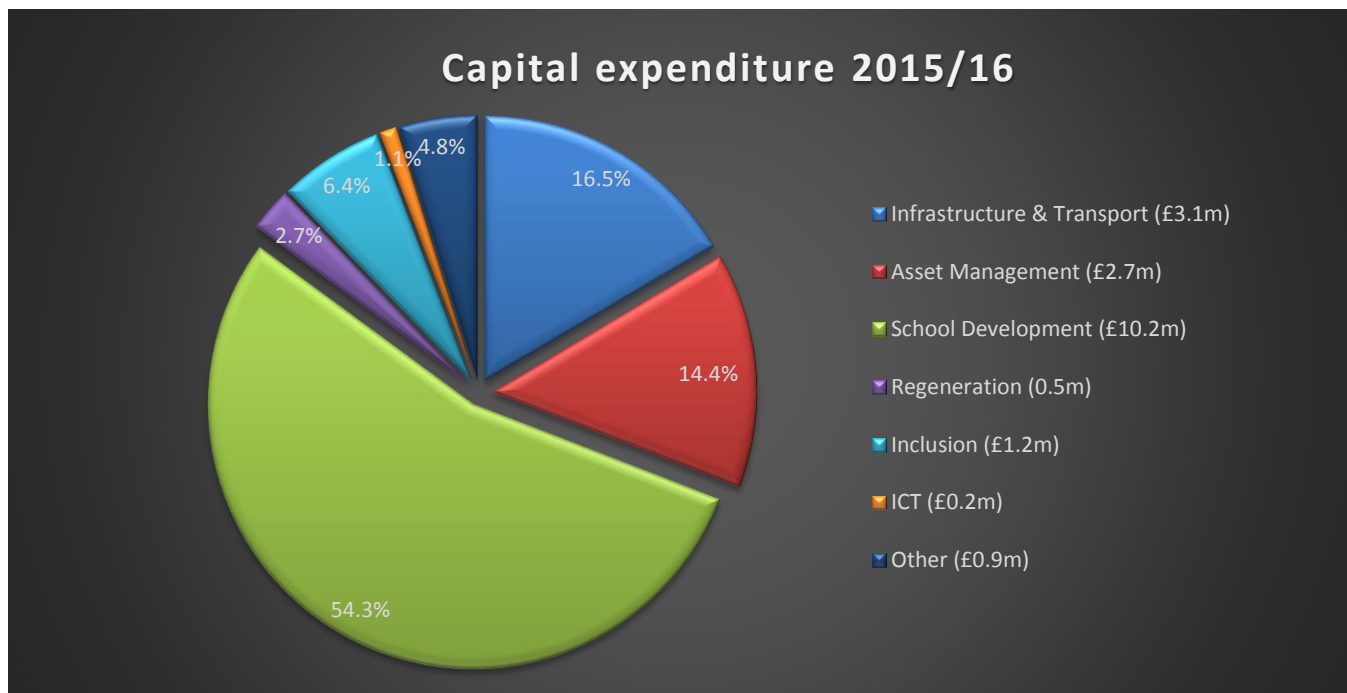
These services were paid for by a combination of general government grants, council tax and business rates. Total core funding in 2015/16 was £138.1m million (£139.2m in 2014/15), as illustrated below.



Revenue balances represent the difference between core funding and cumulative net expenditure receivable to or payable from the *Council Fund* – which is like a ‘current account’ that exists to provide for the Council’s day to day activities. As at 31 March 2016 our Council Fund and Revenue balances stood at £17.5 million (£19.1m at 31 March 2015), this being the excess of cumulative revenue income over cumulative revenue expenditure. Of these balances £1,155,000 relates to delegated school balances (£1,140,000 at 31 March 2015). Balances are held as a buffer to meet unforeseen / unplanned costs which would otherwise have to be met from reductions in service expenditure.

## Capital spending

Capital expenditure is where money is spent on acquiring new assets or enhancing existing assets, such as roads and buildings, which provide benefit to the Council beyond the immediate financial year. In 2015/16 capital expenditure totalled £18.8m (£14.3 million in 2014/15). The charts below show where this was spent and how it was financed (paid for).



## Financial Position as at 31 March 2016

There is a difference of £35.5 million (£40.1 million as at 31 March 2015) 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 surplus of assets over liabilities and is a measure of *Total Worth* – i.e. what the council would be worth if bought / acquired by someone else.

A summary of the Council's Assets and Liabilities as at 31 March 2016 is shown below:

	31 March 2016	31 March 2015
<b>What we own and are owed (Assets)</b>		
Property, plant and equipment	£250.2m	£227.4m
Heritage assets	£4.8m	£4.6m
Investment property	£41.1m	£42.7m
Investments	£4.0m	£4.0m
Cash and cash equivalents	£7.9m	£20.4m
Money owed to Council (debtors)	£19.9m	£16.8m
Inventories and other assets	£21.9m	£23.2m
<b>Total</b>	<b>£349.9m</b>	<b>£339.1m</b>
<b>What we owe (Liabilities)</b>		
Borrowing - to finance capital expenditure	£95.6m	£101.3m
Short term borrowing - to support day to day cash flow needs	£1.0m	£0.0m
Goods & services received but not paid for (creditors)	£24.7m	£24.6m
Liability for meeting future pension costs	£188.2m	£167.4m
Other liabilities	£4.9m	£5.7m
<b>Total</b>	<b>£314.4m</b>	<b>£299.0m</b>
<b>Total Worth (Assets less Liabilities)</b>	<b>£35.5m</b>	<b>£40.1m</b>



## Audit of Financial Statements Report **Monmouthshire County Council**

**Audit year:** 2015-16

**Issued:** September 2016

**Document reference:** 401A2016

# Status of report

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

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

The team who delivered the work were Ann-Marie Harkin, Terry Lewis, Anthony Ford, Jane Thomas, Martin Hall, Jane Davies and Geoff Woolley.

# Contents

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The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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<b>Summary report</b>	
Introduction	4
Status of the audit	4
Proposed audit report	4
Significant issues arising from the audit	4
Independence and objectivity	6
<b>Appendices</b>	
Final Letter of Representation	7
Proposed audit report of the Auditor General to the members of Monmouthshire County Council	10
Summary of corrections made to the draft financial statements	12

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# Summary report

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## Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Monmouthshire County Council (the Council) at 31 March 2016 and its income and expenditure for the year then ended.
2. We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might mislead a reader of the accounts.
3. The quantitative levels at which we judge such misstatements to be material for the Council are £2.59 million. Whether an item is judged material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
4. International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
5. This report sets out for consideration the matters arising from the audit of the financial statements of the Council, for 2015-16, that require reporting under ISA 260.

## Status of the audit

6. We received the draft financial statements for the year ended 31 March 2016 on 27 June 2016, which met the 30 June 2016 deadline and have now substantially completed the audit work on them.
7. We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Head of Finance and Assistant Head of Finance.

## Proposed audit report

8. It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
9. The proposed audit report is set out in [Appendix 2](#).

## Significant issues arising from the audit

10. We set out below the one issue that we identified in the financial statements, which has been discussed with management but remains uncorrected. The misstatement is not material.



- 
11. **Classification of Creditors in Note 13.6** – we identified a sample of Creditors that should have been classified as Central Government Bodies. We discussed this matter with Council staff which highlighted that it was not possible to easily identify the further transactions that had been similarly misclassified without significant additional work. Corrective measures will be needed in 2016-17 to ensure all transactions are correctly coded so that they can be identified and analysed correctly in this note.
  12. There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

### Other significant issues arising from the audit

13. In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts, and report any significant issues arising to you. In doing so we have undertaken audit procedures to address those risks that we communicated within our 2015-16 Audit Plan and are also able to confirm that we have found no instances of deliberate error or omission.
14. There were some issues arising in these areas this year:
  - **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.** There are no significant matters arising that need to be reported. Our audit identified a number of amendments and additional disclosures which have been included in the accounts. Going forward there will be an increased challenge for the Council to meet the compressed accounts certification window planned for future years. We have made some progress this year but need to reflect, and work together, to consider future changes to the accounts production process and the timing of our audit work. We will issue a final accounts memorandum for discussion with the Head of Finance and her team, which will include recommendations where we believe the accounts production process can be improved and will work closely with the Council to produce a revised Audit Deliverables document for agreement and adoption in 2016-17.
  - **We did not encounter any significant difficulties during the audit but will look to discuss with Council staff how we can improve the profiling of our work in certain areas of the audit with a view to bringing more work forward.**
  - **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
  - **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
  - **We did not identify any material weaknesses in your internal controls.**
  - **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

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## Independence and objectivity

15. As part of the finalisation process, we are required to provide you with representations concerning our independence.
16. We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Council that we consider to bear on our objectivity and independence.

# Appendix 1

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## Final Letter of Representation (Council's letterhead)

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

22 September 2016

## Representations regarding the 2015-16 financial statements

This letter is provided in connection with your audit of the financial statements of Monmouthshire County Council for the year ended 31 March 2016 for the purpose of expressing an opinion on their truth and fairness.

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

## Management representations

### Responsibilities

We have fulfilled our responsibilities for the preparation of the financial statements in accordance with legislative requirements and the Code of Audit Practice on Local Authority Accounting in the United Kingdom for 2015-16; in particular the financial statements give a true and fair view in accordance therewith.

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- Full access to:

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

## Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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## Representations by Members of Monmouthshire County Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Monmouthshire County Council on 22 September 2016.

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

Signed by:

*Officer who signs on behalf of management*

Date:

Signed by:

*Officer or Member who signs on behalf of those charged with governance (director only for companies)*

Date:

# Appendix 2

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## Proposed audit report of the Auditor General to the Members of Monmouthshire County Council

I have audited the accounting statements and related notes of Monmouthshire County Council for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Monmouthshire County Council's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the Auditor General for Wales**

As explained more fully in the Statement of Responsibilities for the statement of accounts set out on page 6, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Monmouthshire County Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the narrative report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

---

## **Opinion on the accounting statements of Monmouthshire County Council**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Monmouthshire County Council at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

## **Opinion on other matters**

In my opinion, the information contained in the narrative report for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

## **Matters on which I report by exception**

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

## **Certificate of completion of audit**

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

### **For and on behalf of**

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

xx September 2016

# Appendix 3

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## Summary of corrections made to the draft financial statements

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

### Nature and value of correction

Comprehensive Income and Expenditure Statement (p29) - reduction of SWTRA Income and Expenditure of some £365,000 which related to Cardiff Council transactions

Note 12.6 - reduction of some £2.86million of capital expenditure from the Capital Commitments note which included expenditure already paid.

Note 15.3 - reclassification of some £98,000 (£100,000 for 2014-15) within the note from Bank Current Accounts line to Cash Held by the Authority line.

Note 13.5/13.6 – reduction of £1.7million from both the Creditors and Debtors notes to correct the accounting entries for the cattle market sales proceeds. A further correction was made to correct the VAT for the above transaction of some £280,000 which was incorrectly disclosed at year-end.

Amendments made to the following notes in relation to CMC2:

Note 13.7d

- Reduce existing provision of £122K to nil;
- Include additional narrative explaining a potential liability of a further 90K exists

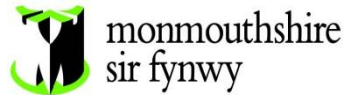
Note 16.6iv

- Restating the reported profit of CMC from £122K to nil
- Include additional narrative relating to the funding of £140K provided by the Council to CMC2.





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**SUBJECT: Abergavenny Hub Proposals**

**MEETING: Council**

**DATE: 28<sup>th</sup> July 2016**

**DIVISION/WARDS AFFECTED: All**

**1. PURPOSE:**

To consider the allocation of up to £50,000 of capital funding to the development of designs for an Abergavenny community hub, pending a detailed business case to be presented in due course.

**2. RECOMMENDATIONS:**

- 2.1** That a sum of up to £50,000 is released to fund the costs of finalising the detailed designs and business case to be funded by prudential borrowing
- 2.2** That Council agree that the preferred location for the development of the community hub is within the Town Hall, Abergavenny
- 2.3** That a further report is presented to Council following the completion of the detailed designs and business case to seek approval for the scheme to be undertaken.

**3. KEY ISSUES:**

- 3.1** The Council has embarked on the delivery of integrated one stop shop and library services under the Community hub banner. A change programme has been implemented which has resulted in the up-skilling of staff and the creation of single access points in Usk, Monmouth, Chepstow and Caldicot.
- 3.2** The Abergavenny hub has been delayed due to the need to provide an alternative delivery venue. An outline business case has been developed which explores two possibilities identified by stakeholders, the Town Hall and the former Richards building on Frogmore Street. Initial plans and costs have been developed. These demonstrate that either building could accommodate the new hub facility.
- 3.3** On 26<sup>th</sup> February 2015, County Council agreed:

1. *That members rescind the decision taken in 2010 to build a new library on the old cattle market site, Abergavenny, thereby releasing funding of £3.433m.*

2. *That Cabinet recommend to Council specific capital budgets to develop a Community Hub along with projects to improve the public realm that supports regeneration of the town centre (the Better Bryn Y Cwm Plan) from the funding released in 2.1*

Following this decision members have agreed to allocate the following projects from the £3,433 million available:

- 17<sup>th</sup> December 2015 – agreed that public realm enhancements to the sum of £1,050,000 would be undertaken and funded from the £3,433,000 allocation.
- 29<sup>th</sup> July 2016 – cabinet agreed to the allocation of £100k to fund works to the dirty water system at the replacement livestock market.

This leaves a residual amount of £2,283,000 potentially available for the development of an Abergavenny hub.

**3.4** Studies have been undertaken on the potential conversion costs of both the Town hall and the Frogmore Street property as outlined in the attached Outline Business Plan. Whilst both properties are capable of accommodating the hub, the Frogmore Street property is in excess of the space required which would result in increased operating costs, has a difficult floor configuration in terms of providing disabled access and would result in the acquisition of an additional property at a time when we are looking to rationalise operational holdings to reduce operating costs. In contrast locating the hub within the Town Hall would enable the upgrading of disabled access that would benefit the Town Council and the Borough Theatre, consolidate the Town Hall as a key community building and enable a review of the buildings infrastructure to where possible reduce the running costs. That said the proposal is complex and involves the construction of a mezzanine floor, statutory consents and the participation and agreement of all the building users.

**3.5** Whilst indicative designs have been produced, these now need to be developed in conjunction with the building users to ensure that they are both operationally and financially viable. Allocating the funding will provide certainty in terms of the financial envelope for the scheme and allow the detailed designs to be commissioned. This would enable the completion of a detailed Business Case and subsequently a further

report to Cabinet and Council to seek approval to commence with the construction project.

- 3.6** The Council is currently in discussions with the Borough Theatre trustees over its wider financial position. The outcome of these discussions will be fed into the final business case and reported back to members in due course.

**4. REASONS:**

- 4.1 In March 2015 it was agreed that as a result of the implementation of the hubs, £300,000 of ongoing savings would result through reduced staffing and operating costs. Abergavenny is currently running stand alone dual provisions and is therefore unable to achieve their apportioned element of the revenue savings without the development of an integrated team in a single venue.
- 4.2 The Friends of Abergavenny Library have repeatedly expressed their concern over the inequality of the floor space provision within the Baker Street library compared to the facilities in other towns. Operationally the space is difficult to manage and is no longer fit for purpose.

	Catchment (2011 census figures)	Floor space m <sup>2</sup>	Floor space ft <sup>2</sup>
Abergavenny Library	15,200	222	2,340
Abergavenny OSS		147	1,582
Caldicot Hub	19,000	426	4,585
Chepstow Hub	12,350	466	5,016
Monmouth Hub	10,100	302	3,251
Usk Hub	2,800	238	2,562

- 4.3 The community is expressing concern that Abergavenny is lagging behind the other Monmouthshire communities where the hubs have now been operating since last October. Given the complexities of the building project it will still be a significant period before any hub is operational in Abergavenny regardless of whether the Town Hall or Frogmore Street property was selected as the preferred location.
- 4.4 In the event that the Town Hall proposal was to proceed the accommodation provided would be as follows:

	Floor space m <sup>2</sup>	Floor space ft <sup>2</sup>
Ground Floor	165	1,776
First Floor	327	4,219
Total	492	5,995

This would be the largest hub provided, albeit that the space would be provided over two floors and would be shared with the Town Council and other potential partners.

- 4.4 The development of a final detailed plan would enable the costs and timelines to be established and it is proposed that this work is undertaken in conjunction with an advisory group made up of representatives from the buildings occupiers. This will ensure that the plans reflect operational needs during and after the construction period.

## **5. RESOURCE IMPLICATIONS:**

- 5.1 On the 4<sup>th</sup> March 2015, Cabinet agreed to the implementation of the Community Hubs model and a resultant reduction in revenue costs of £250,000 in 15/16 and a further £50,000 in 16/17. This was to be predicated on the reduction in staff from 43 FTE's to 30 FTE's through the creation of an integrated team and single operating venues in each town. As a result the Abergavenny team has been reduced to 6 FTE's and one temporary FTE whilst the consolidation of the service is pending. This has resulted in both financial pressures as the £50k has been removed from the budget despite the need to maintain a higher staff base due to the split operating venues and there have been pressures on the service to cover holidays, sickness etc in 2 different venues. Current non operating staff costs (excluding repairs) are £67,028. The conclusion of the detailed design will provide clarification on the anticipated running costs and any savings.
- 5.2 There are significant capital pressures given the Councils commitment to the 21<sup>st</sup> century schools agenda any decision to allocate funding to this scheme will need to be considered in this wider context. In the absence of available capital receipts, it is expected that this sum of £50k will need to be financed by prudential borrowing.

**6. FUTURE GENERATIONS AND EQUALITY IMPLICATIONS:**

6.1

**7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

None

**8. BACKGROUND PAPERS:**

.None

**9. AUTHORS:**

Debra Hill-Howells                      Head of Community Delivery  
[Debrahill-howells@monmouthshire.gov.uk](mailto:Debrahill-howells@monmouthshire.gov.uk)

Appendix 1 – Outline Business Case

**Outline Business Case**

**Creation of Abergavenny Community Hub**

<b>Version</b>	<b>Date Issued</b>	<b>Brief summary of change</b>	<b>Owners Name</b>
Draft V2	30.06.16	Additional information included	Debra Hill-Howells
Draft V3	06.07.16	Amended following WM comments	Debra Hill-Howells

## **Contents**

1. Executive Summary	3
2. The Strategic Context	4
3. Economic Case	7
4. Benefits & Risks	10



5. Post project Evaluation Arrangements	12
6. Conclusion	12

## **1. Executive Summary**

The Council has embarked on the delivery of integrated one stop shop and library services under the Community hub banner. A change programme has been implemented which has resulted in the up-skilling of staff and the creation of single access points in Usk, Monmouth, Chepstow and Caldicot. Despite initial concerns from users over the potential dilution of much valued services, feedback has been positive and footfall is increasing.

The creation of a hub in Abergavenny has been delayed due to accommodation issues. Currently the one stop shop operates out of accommodation on the ground floor of the Town Hall, whereas the library operates out of Baker Street. Neither accommodation is capable of delivering the footprint required to deliver the Councils aspirations of a modern, efficient and user friendly service.

On 26<sup>th</sup> February 2015, County Council agreed:

*2. That members rescind the decision taken in 2010 to build a new library on the old cattle market site, Abergavenny, thereby releasing funding of £3.433m.*

*2. That Cabinet recommend to Council specific capital budgets to develop a Community Hub along with projects to improve the public realm that supports regeneration of the town centre (the Better Bryn Y Cwm Plan) from the funding released in 2.1*

Officers have been exploring the use of the Town Hall and the former Richards building as potential locations for the hub and have concluded that the preferred building is the Town Hall. This will ensure the long term viability of the building, locate the hub in a strategic location and help reduce revenue operating costs.

In order to develop accurate costs, a detailed design will need to be prepared and a procurement process undertaken. The design work will need to consider furnishings as well as maximise opportunities to upgrade the buildings infrastructure to reduce energy costs for all users of the building.

## **2. The Strategic Context**

The Council has experienced a decrease in revenue funding of some £10.125m (10.03%) over the last four years. Given the Council's commitment to protect Social Services and Education the burden savings has fallen on other service areas. Financial pressure was seen by the service as an opportunity to change the way the services were delivered, maximising efficiencies without compromising on the number of service outlets and the quality of the services being delivered. The solution was the creation of a hub model which involved the integration of the one stop shop and library teams into a single delivery point in each town and a single team of officers capable of delivering both services. The consequence of this model would be revenue savings of £300,000 per annum in reduced staffing and operating costs.

Cabinet considered the proposed hubs operating model as part of the budget mandate process on the 5<sup>th</sup> November 2014, it was also considered at Strong Communities Select

on the 18<sup>th</sup> November. On the 4<sup>th</sup> March 2015, Cabinet agreed to the implementation of the new model and the reduction in revenue costs of £250,000 in 15/16 and a further £50,000 in 16/17. This was to be predicated on the reduction in staff from 43 FTE's to 30 FTE's. In addition it was agreed that the Abergavenny accommodation options would be reviewed and then reported back to Cabinet at a future date.

To date the priority has been focussed on creating the teams and implementing the hubs within the other 4 towns given the easier accommodation solutions. Studies have been commissioned with regards the Town Hall and the former Richards building proposed by the Friends of Abergavenny Library. A preferred solution has been identified, however to progress to the stage of finalising costs, the capital budget needs to be confirmed and agreement in place to commission consultants to finalise the design and thereby costs.

#### 2.1.1 **Medium Term Financial Plan**

At its February meeting, Council agreed to ring fence £3,433 million to develop the Abergavenny hub and improve the public realm. Following this decision members have agreed to fund the following projects from this allocation:

- 17<sup>th</sup> December 2015 – agreed that public realm enhancements to the sum of £1,050,000 would be undertaken and funded from the £3,433,000 allocation.
- 29<sup>th</sup> July 2016 – cabinet agreed to the allocation of £100k to fund works to the dirty water system at the replacement livestock market.

This leaves a funding envelope of £2,283,000 available for the delivery of the Abergavenny hub and improvements to the Town Hall. Indicative costings based on a preliminary design and September 2015 construction costs estimated that the refurbishment programme would be in the region of £1,900,000. This estimate did not consider costs of furnishings, utility improvements to the building, the costs of obtaining statutory consents, VAT or additional costs to accommodate continuity of existing services and or additional costs for abnormal working hours (if required).

As part of the Budget mandate process £300,000 has already been stripped from the revenue budget, an additional £90,000 has been applied which colleagues are working to address.

### 2.1.2 Corporate Policy

The Council has identified creating sustainable and resilient communities as its overarching vision this is supported by four priorities which includes maintaining locally accessible services. The creation of the hub model is entirely focused on achieving this priority through a more efficient but improved delivery model, which seeks to safeguard these services in the longer term as well as collaborating with other service providers to improve the offer.

### 2.1.3 Asset Management Strategy

The Councils Asset Management Strategy was approved in November 2015. This included a property rationalisation strategy for the Councils operational holdings portfolio. This policy has been employed on the implementation of the hubs strategy with the following accommodation being vacated:

- Caldicot One Stop Shop
- Former one stop shop, Market Hall, Monmouth
- One stop office, Chepstow.

The proposal for Abergavenny will be to relinquish the existing Library building in Baker Street and provision the hub within accommodation on the ground and first floor of the Town hall. The proposal involves the creation of a mezzanine space at first floor level, improvements to the buildings infrastructure and the creation of a modern fit for purpose space that will improve the usage of the building by all occupiers.

The Baker Street site, occupied by the library was acquired by the Council via an indenture in 1905 from the trustees of Miss Rachel Herbert's School endowments. The use of the building is restricted to *'a Public Library, Public Museum, School of Science, Art Gallery, School of Art...lectures or classes for technical or secondary education.'* The future of this building is to be clarified and it is assumed at this point that there will be no accruing capital receipt.

### 2.1.4 Customer Journey

The Council is in the process of reviewing its customer journey to ensure user demands are aligned with service models. The aim is to ensure that whichever entry point is used the quality of service is consistent and the demands are met in the most effective way for the user and the service provider. The hubs service provides the face to face interaction for the customer and the integrated service enables consistency. Recognising that there

are different needs in the various communities, the staffing base and operating hours reflect the level of demand for the hubs in their local communities.

Abergavenny currently remains a split provision albeit that the staff are trained to provide either service and are able to provide support from each venue. Abergavenny library is now starting to provide traditional one stop services, e.g. blue badge advice to ease demand within the one stop shop.

## **2.2 The Case for Change**

The hub concept was initially resisted by some users when first proposed on the basis that it would dilute the library offer, lack of privacy for users of the one stop service, skills base for staff would be too broad and the cumulative impact would be a reduced service for users.

The reality has been different and those fears have not materialised. As with all new service models the process has been a learning experience and staff and user feedback is allowing the service to evolve and iterate to meet changing needs. The service has proved that the staff have an appetite for change and are constantly seeking to identify ways that they can broaden or improve their offer for their users. A recent development is the piloting of pop up hubs which is taking the hub service to venues away from the town centres to access an audience that may not be able to attend the traditional venues.

Abergavenny is yet to embark on this journey and community representatives are concerned that they are starting to lag behind the other towns not just in terms of the accommodation size (which has been a particular concern to library users) but the breadth of the service they are able to access.

Cabinet agreed to the implementation of the hubs in March last year and there is an expectation that we will now focus attention to the delivery of this hub given the other 4 are now operating.

### **2.2.1 Working Practices**

The hubs allow us to operate a consistent scope of service, but recognise the local differences in the way we provide them, in terms of operating hours, surgeries and information.

The service has and continues to develop to reflect service needs against a backdrop of reducing revenue funding.

A pop up hub is being piloted to establish the demand and benefit that will result by taking the service into communities outside of the town centres to allow non-traditional users to experience the offer. In addition we are actively speaking to third party providers to extend the surgeries, advice and support we are able to offer from the hubs.

Abergavenny however continues to operate dual buildings and stand alone services until the service can be integrated into accommodation that has the footprint to meet its operating needs. This does mean that currently Abergavenny citizens are unable to experience the benefits and convenience that the hub service can provide.

### **2.2.2 Operating costs**

As mentioned Abergavenny continues to operate two buildings albeit that the staffing structure is already modelled on the integrated hubs model with the North Hubs Manager overseeing both. Due to the dual locations temporary staffing arrangements are in place to ensure that there are sufficient resources to provide the services.

The Abergavenny service is made up of 6 FTE's (5 full time workers and 2 part time) at a cost of £181, 421 and 1 temporary FTE at a cost of £25,000.

During the financial year 20015-16 the operating costs were £67,028 and these can be apportioned £15,156 to the library and £51,872 to the one stop shop accommodation in the Town Hall. Clearly the proposal is to create a new hub with a larger footprint so it is unlikely that these costs will reduce, the efficiency savings instead being derived from the integrated staffing resource.

## **3. The Economic Case**

### **3.1 The Available Options**

It was agreed at the March 2015 Cabinet meeting that the Council would explore re-locating the hub to a vacant property in Frogmore Street or consolidating within the Town Hall. The Council commissioned Alder King to review the Frogmore Street accommodation

and David Clarke Architects were commissioned to undertake a provisional design for the hub within the Town Hall.

At the time of the March 2015 Cabinet report it was agreed that a revenue saving of £300,000 would be achieved through the creation of the hub service largely through staffing reductions over a 2 year timeframe. In March 2016 a further £90,000 saving was levied against the hubs service as a result of town and community councils declining to contribute to the costs of front line services within their localities. This has placed a significant additional burden on the service and plans are being drawn up to manage this additional saving whilst having to maintain an additional member of staff in Abergavenny due to the dual service provision.

The Friends of Abergavenny Library have repeatedly expressed their concern over the inequality of the floor space provision within the Baker Street library compared to the facilities in other towns, given the catchment it serves. Operationally the space is difficult to manage due to disabled access requirements as well as meeting the competing needs of users within a building that is no longer fit for purpose.

### **3.2 Do Nothing**

This option was discounted for the following reasons:

- it will not allow the service to make the revenue savings
- It does not enable the provision of the hub service in Abergavenny
- It maintains a substandard provision in terms of accommodation which is inadequate in size and not fit for purpose
- Poor disabled accommodation access

### **3.3 Re-locate to the Town Hall**

At the time that the Council was commencing this review the Borough Theatre had commissioned DCA architects to review their accommodation within the Town Hall and the associated shared access and egress points. In order to ensure consistency of approach and due to their specific expertise it was concluded that DCA would be instructed to review the accommodation and provide a solution for the creation of a hub within the Town Hall.

Abergavenny Town Hall is a grade II listed building accommodating the market, Town Council, Borough Theatre and Social Services. The brief to the architects required them to come up with an innovative solution which would have regard to the buildings listed

status, enable greater flexibility of use, ensure that all the operational needs of the users are met, increase the footprint of the hub and provide for improved disabled access.

Current provision for the hubs within Monmouthshire is as follows:

	Catchment (2011 census figures)	Floor space m <sup>2</sup>	Floor space ft <sup>2</sup>
Abergavenny Library	15,200	222	2,340
Abergavenny OSS		147	1,582
Caldicot Hub	19,000	426	4,585
Chepstow Hub	12,350	466	5,016
Monmouth Hub	10,100	302	3,251
Usk Hub	2,800	238	2,562

Following a number of revisions an initial scheme has been devised, albeit that changes are being undertaken to reflect the views of the users and key stakeholders. The proposals involve the creation of a 6m mezzanine at first floor level, re-location of the Mayors parlour and clerk's office, re-location of the theatre box office and administrative accommodation, re-location of social services staff, provision of new lift and creation of a multi-purpose area on the first floor. The plans are illustrated in Appendix 1 and the proposed floor space is as follows:

	Floor space m <sup>2</sup>	Floor space ft <sup>2</sup>
Ground Floor	165	1,776
First Floor	327	4,219
Total	492	5,995

This would create the largest hub presence, however it will be split over 2 floors. In addition floor space will be made available within the basement for storage which has not been factored into the floor space calculations.

The provision of a new disabled friendly lift at the front of the building will make disabled access easier for all users, however regard will need to be made to the safe evacuation of disabled users in the event of a fire.

Consultation has been undertaken with the key stakeholders who have broadly supported the proposal subject to design changes which can be accommodated within the draft designs. The proposed changes support the operational needs of the users, rather than fundamental issues with the proposal.



Provisional costs have been obtained on the initial design which estimate the construction costs in the region of £1,900,000 (based on September 2015 costs) excluding VAT, fees for obtaining statutory consents, furniture and equipment or any enhancements to the existing infrastructure e.g. utility supplies.

The key stakeholders welcomed the consolidation of the hub within the Town Hall to support the long term viability of the building and reinforce its status as a key public building within Abergavenny. They are keen however to ensure that the scheme considers the building as a whole and that the refurbishment is seen as an opportunity to improve the infrastructure within the building to decrease energy costs and improve the offer of the market hall as a market and events space.

### **3.4 Former Richards building, Frogmore Street**

This building was identified by the Friends of Abergavenny Library as the preferred location for the hub facility. The building is currently vacant and on the market for either lease or sale. The accommodation is over 3 floors and is made up as follows:

	M <sup>2</sup>	Ft <sup>2</sup>
Ground Floor	777	8,280
First Floor	615	6,620
Second Floor	161	1,733
Total	1,553	16,633

Each floor has a number of levels, which will create difficulties in terms of securing disabled access, albeit this could be overcome with platform lifts etc. The split levels would also create operational difficulties in terms of servicing and managing the space for both users and staff.

This level of accommodation is in excess of that required for the hub provision, therefore alternative uses would be required to utilise this space and minimise revenue costs.

The building is currently being advertised on the market and has been vacant for a number of years. Agents have advertised the property for let at £95,000 pa or sale at £695,000. Alder King estimated in September 2015 that conversion costs would range in the region of £1,100,000 for works to the ground floor only (without any works being undertaken to the first or second floor) and this excludes the cost of acquiring the freehold. No design work has been undertaken therefore it is highly likely that these costs would increase, in addition they do not include VAT, fixtures or fittings, disabled provision for upper floors, or the costs for obtaining statutory consents.

If this option were to be progressed it would result in additional overheads as we would still need to retain the Town Hall as well as acquiring an additional building which has a floor space in excess of the operational need.

### 3.5 The preferred approach

Given the Council's stated policy to reduce its operational holdings, desire to strengthen the financial viability of the Town Hall, the size and nature of the Frogmore Street building it was concluded that the preferred option would be to create the hub within the Town Hall.

Consultations have been undertaken with the existing users and the Town Team and Friends of Abergavenny Library and they are all broadly in support of this approach so long as the scheme can be designed to minimise any impact on their operations whilst improving the offer and therefore footfall for users.

## 4. Benefits and Risks

### 4.1 Project Benefits

Increased viability of the Town Hall	Locating the hub within the Town Hall will increase the efficiency of the building and provide improved operating facilities for all users e.g. The Town Council will be able to use the hub space for functions outside of operating hours. Subject to funding the refurbishment will also seek to improve the utilities infrastructure within the building to decrease operating costs.
Improved disabled access	The scheme involves the provision of a new lift at the front of the Town Hall which

	improve disabled access to the Theatre, Town Council and the proposed Hub.
Improved Visibility and customer flows	The Town Hall occupies a prominent position within Abergavenny. Locating the hub within this building will potentially broaden the user base of both the library and one stop services as well as footfall to the market and other service providers.
Increased floor space	The library users have expressed dissatisfaction for a number of years over the lack of floor space and the quality of the existing building fabric. This solution provides a significant enhancement over the existing building and storage which is currently unavailable.

#### 4.2 The Main Risks

A project of this size is fraught with a large number of risks which could severely impact on the delivery of this project. Should the scheme progress a risk Log will be created with and assigned owner and mitigating actions identified.

The main risks associated with the project are listed below:

Description of Risk	Risk Level	Timescale
Financial Risks – Project is unable to be delivered within the available budget due to the listed nature of the building and aspirations of all the users	High	This can be mitigated through the appointment of a design team and early commencement of this process to

		avoid the escalation of construction costs.
Unable to achieve Listed building consent for the detailed design proposals	Medium	Initial discussions have been undertaken to understand the sensitivities of the building, but this will be dependent on a formal consent process.
Design proposed impacts negatively on existing users	Low	We have shared the initial design with the users and are making changes based on their feedback. We also intend to have a stakeholder group that will be created to inform this process.
Revenue savings are not achievable do to the split level of the provision	Low	We will work closely with the Hub Manager and her team to ensure what is being proposed is operationally sustainable.

## 5. Post Project Evaluation Arrangements

Success will be determined by the following measures

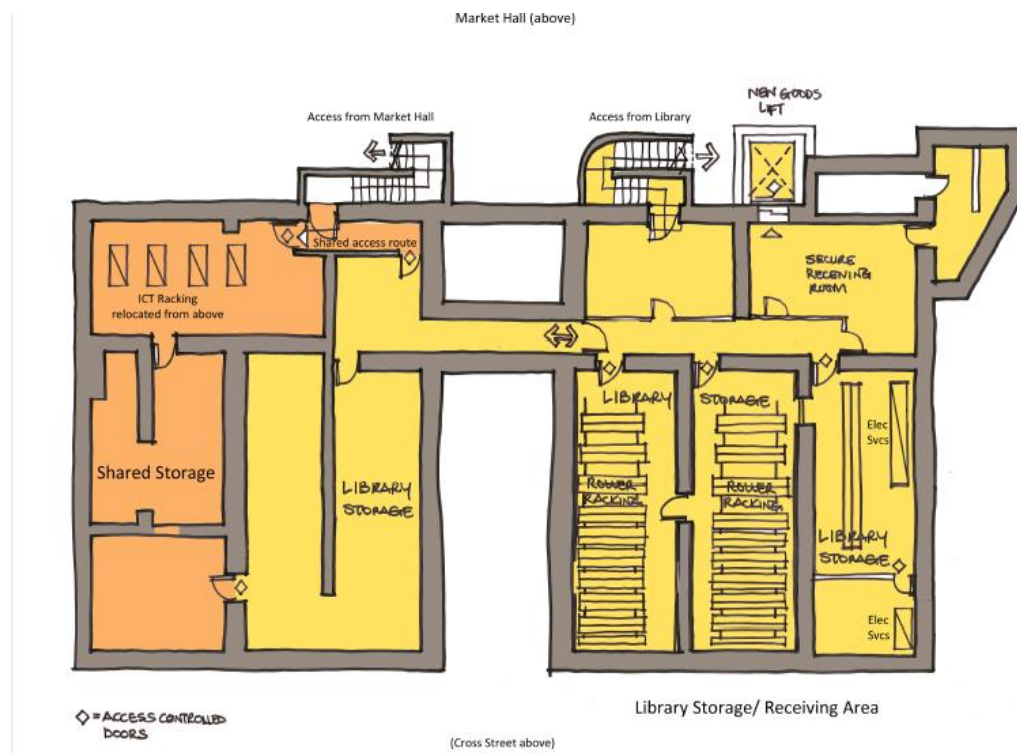
- Scheme is delivered on time and in budget.
  - Revenue budget savings are met
  - User footfall is maintained or increases
  - Improved disabled access to the Town Hall
  - Improved service offer (surgeries, events, available information & learning opportunities).
  - Improved utilities infrastructure
  - Third party providers continue to share the building.

## **6. Conclusion**

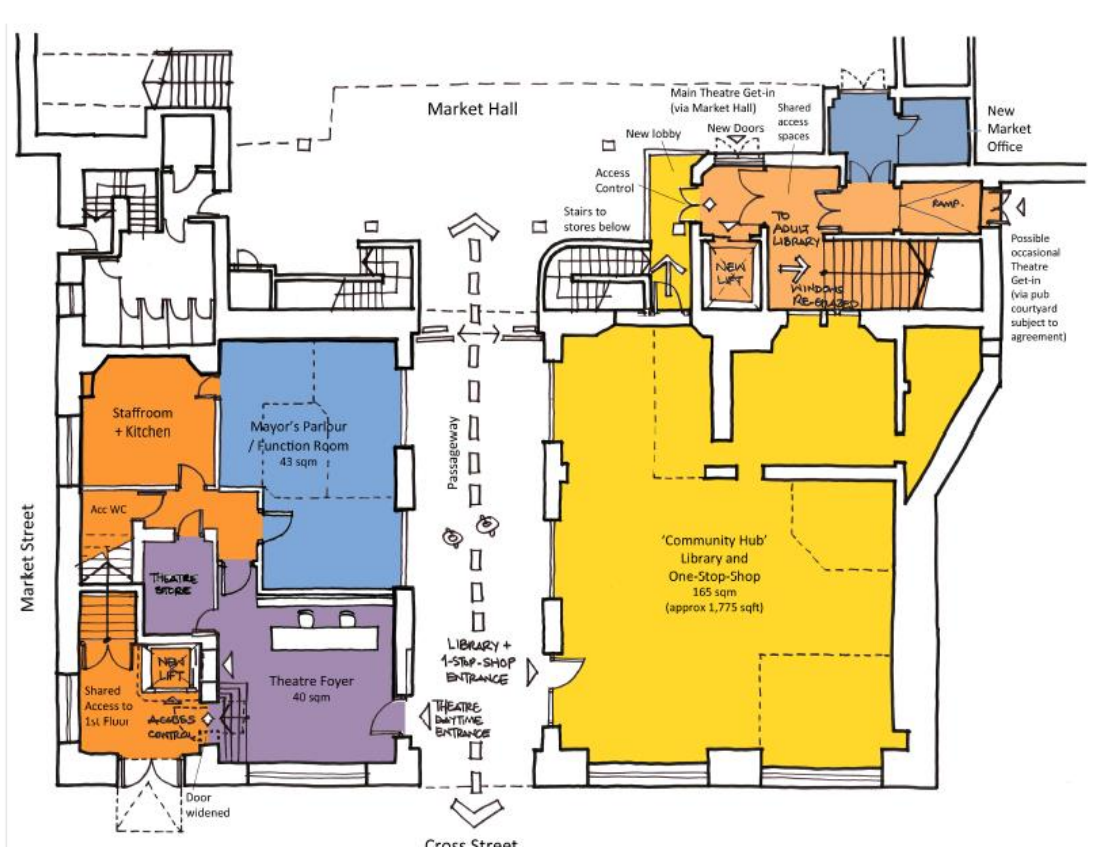
In order to provide parity amongst our communities and make the revenue savings required the provision of a hub in Abergavenny is necessity. An additional benefit of the proposal to use the Town hall as the venue for the hub is that it will enable the upgrading of the building to make it both relevant and sustainable. Given the current financial position any expenditure must be considered and appropriate and result in wider economic benefit. This scheme delivers on all of these accounts and has received broad support from all those consulted to date. That said further work is required to finalise the designs ensuring that we maximise all the opportunities to provide a flexible, multi-purpose space. This will require a commitment from the Council to ring-fence the available capital to this scheme and approve the early draw down of funding to fund the design and procurement process.

## Appendix 1 – Building designs

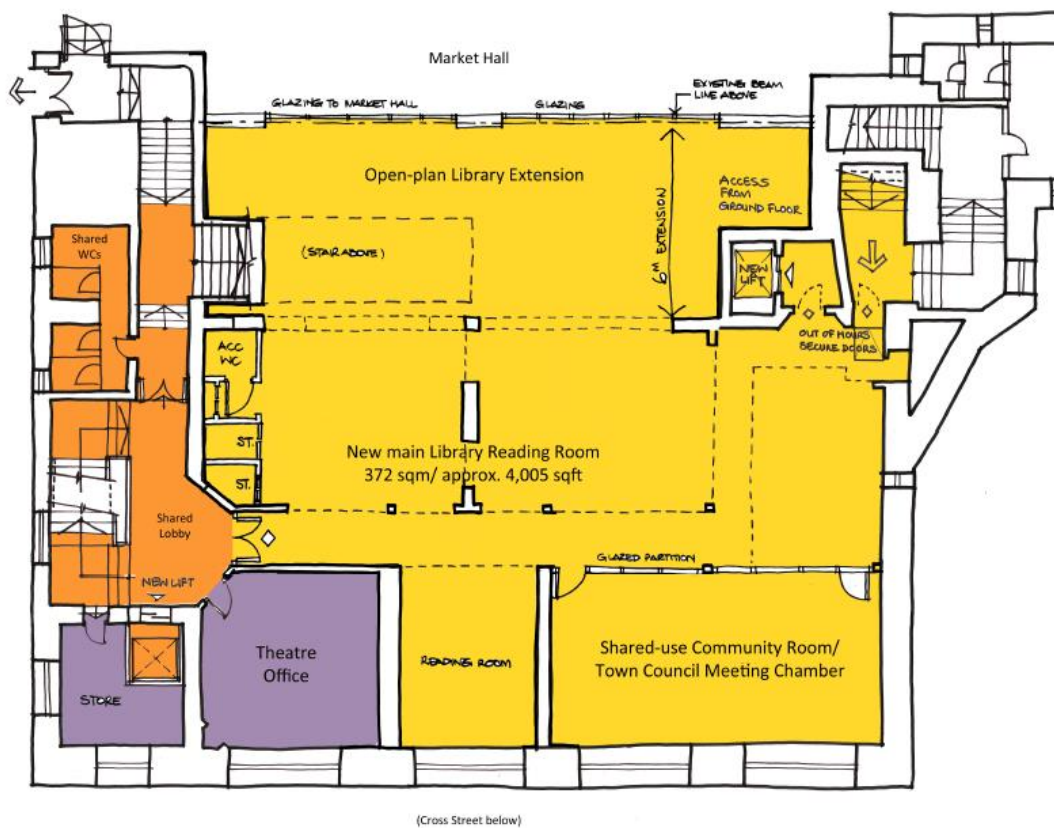
### Basement



### Ground Floor



First Floor



Indicative Costings



Borough Theatre

Order of cost

NOTE: This is a preliminary order of cost based on RIBA 1 and visual inspection only

Until RIBA 2 is complete and we have completed inspection and integration of scheme there is significant possibility of variation in cost.

All costs exclude VAT

Item	Library/OSS	TC/Shared areas	MCC Sub Total	Theatre	Total
<b>Construction</b>					
Upgrading of theatre complex				815,000	815,000
Theatrical equipment upgrade				97,625	97,625
Bar fittings and catering generally				50,000	50,000
New Library/OSS	785,000		785,000		785,000
Library fittings and IT	125,000		125,000		125,000
Works to TC offices		90,000	90,000		90,000
Shared/access spaces - works		170,000	170,000		170,000
Shared/access spaces - works		-	-		-
Structural and risk contingency	117,750	25,500	143,250	122,250	265,500
Sub Total	1,027,750	285,500	1,313,250	1,084,875	2,398,125
<b>Costs of exclusions</b>					
Inflation (assume SoS April 16)	77,081	21,413	98,494	81,366	179,859

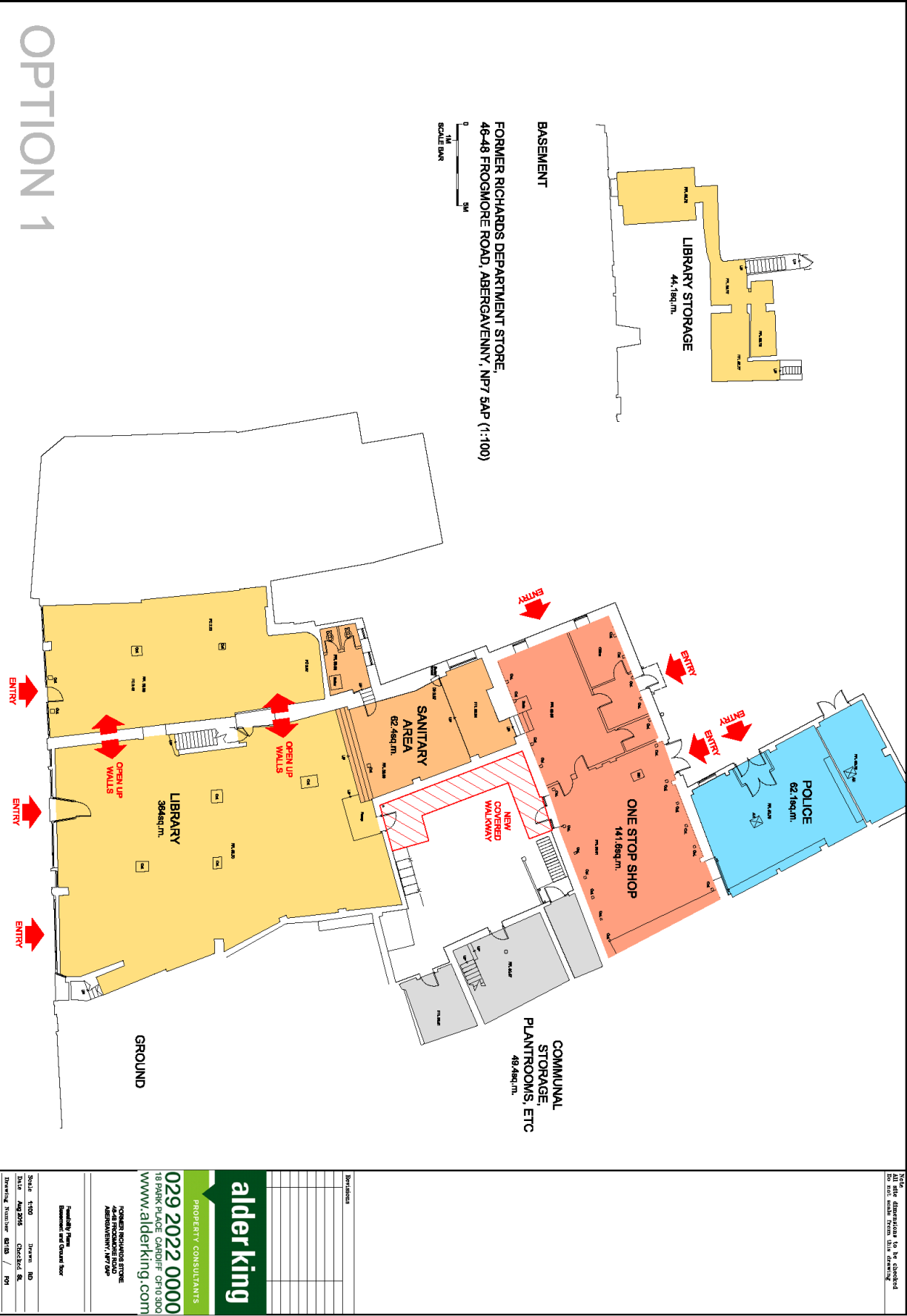
Project contingency	110,483	30,691	141,174	116,624	257,798
Professional fees	170,144	47,265	217,409	179,601	397,010
Decant, moves and disruption	25,000	5,000	30,000	25,000	55,000
Client loose equipment & commissioning	50,000	10,000	60,000	25,000	85,000
Sub Total	432,708	114,368	547,077	427,591	974,667
<b>Grand total</b>	<b>1,460,458</b>	<b>399,868</b>	<b>1,860,327</b>	<b>1,512,466</b>	<b>3,372,792</b>

#### Alder King costs for Frogmore Street

<b>Former Richards Department Store 46 - 48 Frogmore Street, Abergavenny NP7 5AP</b>			
<b>46 - 48 Frogmore Street, Abergavenny NP7 5AP</b>			
<b>01-Sep-15</b>			
<b>Feasibility Cost Estimate based on Alder King floor plans ref 82103 - Options 1, 2 &amp; 3 dated August 2015</b>			
<b>Description</b>	<b>OPTION 1</b>	<b>OPTION 2</b>	<b>OPTION 3</b>
Preliminaries @	74,253.81	103,625.03	129,456.80
Overheads & Profit @	37,126.91	51,812.52	64,728.40
M&E Contingency Budget	29,701.52	41,450.01	51,782.72
Contingency Sum @	51,977.67	72,537.52	90,619.76
Building Works Total	935,598.03	1,305,675.43	1,631,155.73
Professional Fees/Statutory Charges			
Contract Administration/Design	65,491.86	91,397.28	114,180.90
Principal Designer (CDM Regulations 2015)	6,549.19	9,139.73	11,418.09
Structural Engineers	18,711.96	26,113.51	32,623.11
M&E Engineer	14,033.97	19,585.13	24,467.34
Building Owners Party Wall Surveyor (Provisional)	2,500.00	2,500.00	2,500.00
Adjoining Owners Party Wall Surveyor (Provisional)	2,500.00	2,500.00	2,500.00
Planning & Conservation Area Consent	2,000.00	2,000.00	2,000.00
Building Regulations	1,800.00	1,800.00	1,800.00
Utilities/Alteration Charges (Provisional)	10,000.00	10,000.00	10,000.00



# OPTION 1













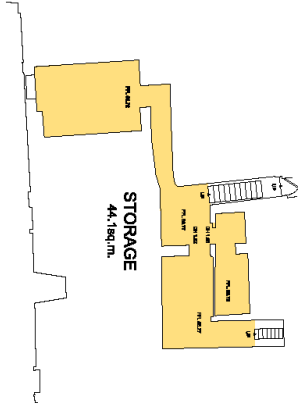


# OPTION 3 - B&GF

FORMER RICHARDS DEPARTMENT STORE,  
46-48 FROGMORE ROAD, ABERGAVENNY, NP7 5AP (1:100)



BASEMENT



Note: Dimensions to be checked  
Do not use when from site drawing

Revisions

**alder king**

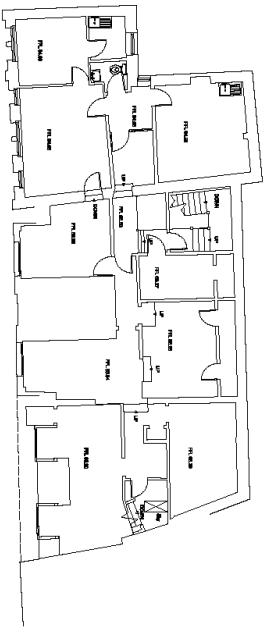
PROPERTY CONSULTANTS  
029 2022 0000  
18 PARK PLACE CARDIFF CF10 9DD  
www.alderking.com

FORMER RICHARDS STORE  
46-48 FROGMORE ROAD  
ABERGAVENNY, NP7 5AP

Responsible Person  
Drawing and Contract No.

Scale: 1:100  
Date: Aug 2016  
Drawing Number: 8018 / 00





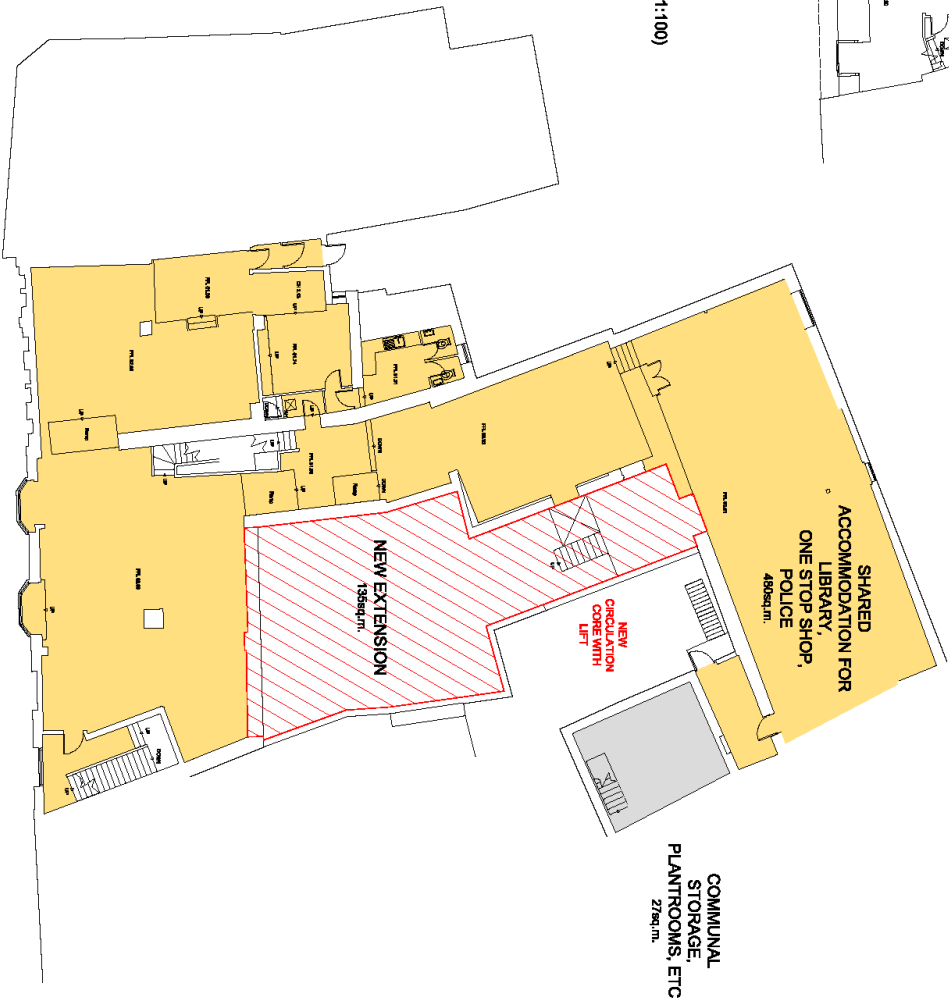
SECOND

FORMER RICHARDS DEPARTMENT STORE,  
46-48 FROGMORE ROAD, ABERGAVENNY, NP7 5AP (1:100)



# OPTION 3 - FF&SF

FIRST



Note: Dimensions to be checked  
Do not take from this drawing

Revisions

No.	Description	Date

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PROPERTY CONSULTANTS  
029 2022 0000  
18 PARK PLACE CARDIFF CF10 3DD  
www.alderking.com

FORMER RICHARDS STORE  
46-48 FROGMORE ROAD  
ABERGAVENNY, NP7 5AP

Project Name  
18 Park Place, Cardiff

Scale: 1:100  
Date: Aug 2016  
Drawing Number: 8103 / 00







<b>Name of the Officer:</b> Debra Hill-Howells <b>Phone no:</b> 01633 644281 <b>E-mail:</b> debrahill-howells@monmouthshire.gov.uk	<b>Release of funding to undertake detailed designs for the proposed Abergavenny hub</b>
<b>Name of Service:</b> Government, Engagement & Improvement	<b>Date completed:</b> 19 <sup>th</sup> August 2016

**NB. Key strategies and documents that may help you identify your contribution to the wellbeing goals and sustainable development principles include: Single Integrated Plan, Continuance Agreement, Improvement Plan, Local Development Plan, People Strategy, Asset Management Plan, Green Infrastructure SPG, Welsh Language Standards, etc**

**4** Does your proposal deliver any of the well-being goals below? Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.





Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The proposal will see the integration of two services into one delivery venue ensuring the effective use of resources.	It is proposed that the designs are finalized in conjunction with building users to ensure that we maximize opportunities to reduce operating costs and improve the efficiency of the building.
<b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Neutral	


page 21

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	Neutral	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The proposal will see the development of an integrated provision and we are in discussions with other partners to share the accommodation and maximize the service offered to communities	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	Neutral	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Neutral	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	The proposal will improve the disabled provision throughout the building through the inclusion of a lift facility. The increased floorspace will enable the expansion of services such as reading groups and nursery rhyme times to broaden the offer to the wider community.	

**2. How has your proposal embedded and prioritised the sustainable governance principles in its development?**



Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The hubs model has been developed to ensure the provision of library and information services in a sustainable way both in the short and long term. The spaces are flexible and able to accommodate additional MCC services and partners, e.g. Community Learning</p>	
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The Town hall accommodates a number of different service providers and it is intended that this will continue in the event that the hub is re-located into this building. We are also in discussion with third parties who have expressed an interest in sharing this space with us.</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The proposals to date have been shared with users and key stakeholders. It is intended that the detailed designs are drawn up in conjunction with users of the Town Hall.</p>	<p>Clearly not all agree with the proposal to provide the hub in the Town Hall and have instead promoted the acquisition of a new building. This has been explored, however given the additional costs associated with the proposal it is recommended that the hub is located within the Town Hall.</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The hubs are designed to provide support and advice for all sectors of the community for general enquiries or at times of crisis. Providing the hub allows the team to be integrated and a more coherent approach provided to the community in common with the other towns who already have the benefit of a hub service. One point of access streamlines the service to the user and allows us to provide a better service.</p>	

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	Details outlined above	

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below. For more detailed information on the protected characteristics, the Equality Act 2010 and the Welsh Language Standards that apply to Monmouthshire Council please follow this link: <http://hub/corporatedocs/Equalities/Forms/AllItems.aspx> or contact Alan Burkitt on 01633 644010 or [alanburkitt@monmouthshire.gov.uk](mailto:alanburkitt@monmouthshire.gov.uk)

Page 220

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Neutral		
Disability	Improved access to the Town Hall through the provision of a new lift facility		
Gender reassignment	Neutral		

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Marriage or civil partnership	Neutral		
Pregnancy or maternity	Neutral		
Race	Neutral		
Religion or Belief	Neutral		
Sex	Neutral		
Sexual Orientation	Neutral		
Welsh Language	Neutral		

**4. Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities?**

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	Neutral		
Corporate Parenting	Neutral		

**5. What evidence and data has informed the development of your proposal?**

- Initial designs prepared based on operational need
- Feedback on proposals obtained from key stake holders

**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

**Positive Impacts**

- Provision of an integrated service within one building that provides a comprehensive service to users
- Improved disabled access to the Town Hall
- Prospect of partnership working with MCC and external agencies to broaden and enhance the range of services on offer.
- Increase the relevance of the Town Hall to the local community and investing in the built fabric to maximise the efficiency of the building
- Reduced staffing cost (already accounted for in March 2015 report).

**Negative Impacts**

- Not all users in support of the hub being provided within the Town Hall
- Financial cost of the adaptation work and its impact on other schemes/ projects being delivered by MCC

**7. ACTIONS: As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible	Progress

**8. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated on:	
--	--

**9. VERSION CONTROL:** The Future Generations Evaluation should be used at the earliest stages of decision making, and then honed and refined throughout the decision making process. It is important to keep a record of this process so that we can demonstrate how we have considered and built in sustainable development wherever possible.

<b>Version No.</b>	<b>Decision making stage</b>	<b>Date considered</b>	<b>Brief description of any amendments made following consideration</b>
1	County Council decision to progress to detailed designs and finalizing costs	22 <sup>nd</sup> September 2016	
2			
3			
4			
5			

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**SUBJECT: Stage 2 Improvement Plan**

**MEETING: County Council**

**DATE: 22<sup>nd</sup> September 2016**

**DIVISIONS/WARDS AFFECTED: All**

## **1. PURPOSE**

- 1.1 To seek council approval of the Stage 2 Improvement Plan for 2015/16.
- 1.2 To ensure that members have access to comparative performance information for 2015/16.

## **2. RECOMMENDATIONS:**

- 2.1 That the Stage 2 Improvement Plan 2015/16 be approved.

## **3. KEY ISSUES**

- 3.1 The Local Government (Wales) Measure 2009 places a duty on local authorities to make arrangements to secure continuous improvement in the exercise of their functions.
- 3.2 As part of the Wales Programme for Improvement councils must:
  - Set Improvement Objectives at the beginning of each business year. These are included in the Stage 1 Improvement Plan agreed by council in April/May each year.
  - Collect evidence of progress made and outcomes achieved during the year and publish a report on that information. This is reported in the Stage 2 Improvement Plan published each October.
- 3.3 This Stage 2 Improvement Plan covers the period April 2015 to March 2016 and relates to objectives that members agreed in May 2015. The forward looking Stage 1 Plan for 2016/17 was agreed by council in May. Progress on that plan will be formally reported in October 2017 although select committees will have the opportunity to scrutinise progress throughout the year.
- 3.4 The Improvement Plan is a public document and should be accessible to a wide audience. The plan will be published on the council's website alongside a public summary of the plan. The summary will be made available in community hubs, reception areas and on the council's website.
- 3.5 In this plan we evaluate performance against our local priorities and objectives, as well nationally important issues. The plan describes progress with our five Improvement Objectives and assesses each one using a six point scale which ranges from unsatisfactory to excellent. The improvement objective performance has already been scrutinised by select committees in

June/July 2016. Four of our five improvement objectives have been evaluated as making good progress with the fifth objective making adequate progress. Under-performance has been evaluated why to inform our future work.

- 3.6 Services maintained their performance levels in 2015-16. Well over 50% of all comparable measures fall within the top half of performance indicators for Wales as a whole. Over the past four years the council has reduced the amount it spends while delivering improvement against 74% of its performance indicators – we also have far less measures falling into the bottom-quartile of performance.
- 3.7 This is likely to be the final annual cycle of Improvement Planning in this format. The council is currently undertaking two substantial assessments of need and wellbeing within the county as a consequence of the Wellbeing of Future Generations Act and the Social Services and Wellbeing Act. This information will provide a much deeper evidence base of well-being in the County and will be used to review the council's current improvement objectives in preparation for the publication of the council's well-being objectives by 31st March 2017.

#### **4. REASONS**

- 4.1 To ensure that the council can be held to account for performance and can demonstrate progress towards delivering better outcomes for citizens.
- 4.2 To comply with the Local Government (Wales) Measure 2009.

#### **5 RESOURCE IMPLICATIONS**

None

#### **6 WELLBEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)**

This plan is an evaluation of previous commitments and is not seeking a decision which would have an impact on these issues

#### **7 CONSULTEES**

Senior Leadership Team; Cabinet; Select Committees – Scrutiny of progress against the four Improvement Objectives during June and July 2016

#### **8 BACKGROUND PAPERS**

Stage 1 Improvement Plan 2015-17

#### **9 AUTHORS**

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[MatthewGatehouse@monmouthshire.gov.uk](mailto:MatthewGatehouse@monmouthshire.gov.uk)

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[RichardJones@Monmouthshire.gov.uk](mailto:RichardJones@Monmouthshire.gov.uk)





# How we performed 2015/16



monmouthshire  
sir fynwy

# Contents

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Version Control .....	3
Welsh language and alternative formats .....	4
Introduction .....	5
The Vision for Monmouthshire .....	6
Building Sustainable and Resilient Communities .....	6
The Well-Being of Future Generations Act.....	7
Social Services and Well-being Act and Safeguarding.....	8
Equality and Welsh Language .....	8
The Values that Guide us.....	10
Our Priorities.....	11
Our Improvement Framework .....	12
2015/16 Improvement Objectives.....	14
Improvement Objective template explained .....	15
Improvement Objective 1 .....	17
Improvement Objective 2.....	25
Improvement Objective 3.....	30
Improvement Objective 4.....	36
Improvement Objective 5.....	42
Finance and Performance in 2015/16 .....	49
What we spent in 2015/16 .....	49
How what we spend compares to our performance .....	51
National Performance Indicators 2015/16.....	54
Scrutiny of Council Business.....	64
What our Citizens said .....	65
What our Regulators said.....	67
Partnership & Collaboration .....	69
References .....	70

# Version Control

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<b>Title</b>	Stage 2 Improvement Plan 2015/16
<b>Purpose</b>	To assess our progress and performance in 2015/16 and evaluate how well we have done to help citizens hold us to account on our performance.
<b>Owner</b>	Policy and Performance Team
<b>Approved by</b>	Not yet approved
<b>Date</b>	
<b>Version Number</b>	1.0
<b>Status</b>	Pre-decision draft
<b>Review Frequency</b>	Annual
<b>Next review date</b>	September 2017
<b>Consultation</b>	Our assessment of progress against the five improvement objectives reported in this plan was scrutinised by the council's four Select Committees in July 2016.

# Welsh language and alternative formats

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In line with the council's Welsh Language Scheme, a Welsh language version of the Improvement Plan will be available on the council's bilingual website.

## Y Gymraeg a fformatau eraill

Yn unol â Chynllun Iaith Gymraeg y Cyngor, bydd fersiwn Gymraeg o'r Cynllun Gwella ar gael ar wefan ddwyieithog y Cyngor

We can also provide this document in Braille, large print, on tape or in electronic form. If you would like a copy in a different format please contact our Equality and Welsh Language Officer by:

Phone: 01633 644010 or 07793798920


Fax: 01633 644666


e mail: [equality@monmouthshire.gov.uk](mailto:equality@monmouthshire.gov.uk)

If you want to comment on the council's performance or give your thoughts on issues that you feel should be set within the council's Improvement Objectives next year, please get in touch:

 [improvement@monmouthshire.gov.uk](mailto:improvement@monmouthshire.gov.uk)

 [www.monmouthshire.gov.uk/improvement](http://www.monmouthshire.gov.uk/improvement)

 Matthew Gatehouse, Policy and Performance Manager, Monmouthshire County Council, County Hall, Rhadyr, Usk, Monmouthshire, NP15 1GA

 01633 644602

 @MonmouthshireCC

# Introduction

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We want every community in Monmouthshire to be sustainable and resilient and focus on four priorities to help achieve this. They are education; protecting the most vulnerable in society; supporting enterprise and maintaining locally accessible services.

We expect every council service, whether provided directly or not, to be efficient and cost effective. Over the past few years we have delivered savings of around £17 million while striving to protect front-line services and focus our resources on our four priority areas.

We estimate that we will need to reduce our spending by another £14 million over the next four years. This is around 12% of our budget. When making savings in the short term we know it's important that we don't make decisions that could hamper our ability to meet the needs of future as well as current generations. We are looking at the challenges we face, what some of the best solutions to those challenges are and selecting those that will work best in Monmouthshire. This will be supported by an understanding of the things that our communities value and the things that could be better as well as developing more preventative services that stops problems occurring in the first place. While we do this we will continue to focus on delivering good quality, cost effective services in the year ahead.

Our annual improvement plan is a central part of our planning to set our objectives for the year ahead, the specific actions we will undertake and how we will measure our performance. This plan evaluates what we have done to deliver the Improvement objectives we set in May 2015 to help you understand how we have performed in 2015/16.

In this plan we evaluate performance against our local priorities and objectives, as well nationally important issues. As it's not always easy to compare performance across very different communities, we highlight our performance against local priorities to place nationally important issues in their local context and some of our local priorities, such as economic prosperity and job creation, are not featured in some national data sets.

For the past three years we have reported a continuously improving picture and in 2014-15 we were amongst the top performing authorities in Wales as measured by National PIs. The results from 2015-16 demonstrate that 45% have continued to show year-on-year improvement, with 35% being ranked among the top quartile in Wales. Four of our five improvement objectives have been evaluated as making good progress with the fifth objective making adequate progress. Inevitably in some areas we have missed our targets and we have evaluated why to inform our future work.

Our Improvement Plan for 2016/17 describes some of the things we will do to improve over the next twelve months allowing you to keep track of how we perform and hold us to account, you can view the plan at [www.monmouthshire.gov.uk/improvement](http://www.monmouthshire.gov.uk/improvement).

During 2016 we are undertaking two substantial assessments of need and wellbeing within the county as a consequence of the Wellbeing of Future Generations Act and the Social Services and Wellbeing Act. The Well-being of Future Generations Act requires us to improve social, economic, environmental and cultural wellbeing. This means planning up to 25 years into the future. To do this well we need to better understand some of the information about Monmouthshire, its environment and the people who live here. For the remainder of 2016 we will gather more information and talk to residents, businesses and partners about what well-being means to you. If you want to know more about getting involved you can e-mail us [improvement@monmouthshire.gov.uk](mailto:improvement@monmouthshire.gov.uk) or keep an eye on our website [www.monmouthshire.gov.uk](http://www.monmouthshire.gov.uk)

# The Vision for Monmouthshire

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## Building Sustainable and Resilient Communities

The vision for our county is described in the Single Integrated Plan for Monmouthshire. The plan is in its final year of implementation. It was developed by the Local Service Board – the group which brings together the leaders of key organisations in Monmouthshire. In April 2016 this group became the Public Service Board or PSB and will begin work on a new plan that will be published in 2018.

Public services are focused on improving social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. We have identified three specific themes that will be the focus of our work together:

**Nobody is Left Behind:** so that Monmouthshire is a place of cohesive communities where everybody is treated with dignity and respect and has the same opportunity to achieve.

**People are Confident, Capable and Involved:** where Monmouthshire is a place for people to feel safe and a place where people want to be involved; where they are confident in themselves and their abilities and how they contribute to their community.

**Our County Thrives:** so that Monmouthshire is a thriving county and a thriving economy to support communities and where families can live a good life. This sense of thriving also means in context of the environment and habitats and where biodiversity thrives.

Our Improvement Plan describes the contribution that Monmouthshire County Council is making to turn this vision into tomorrow's reality.

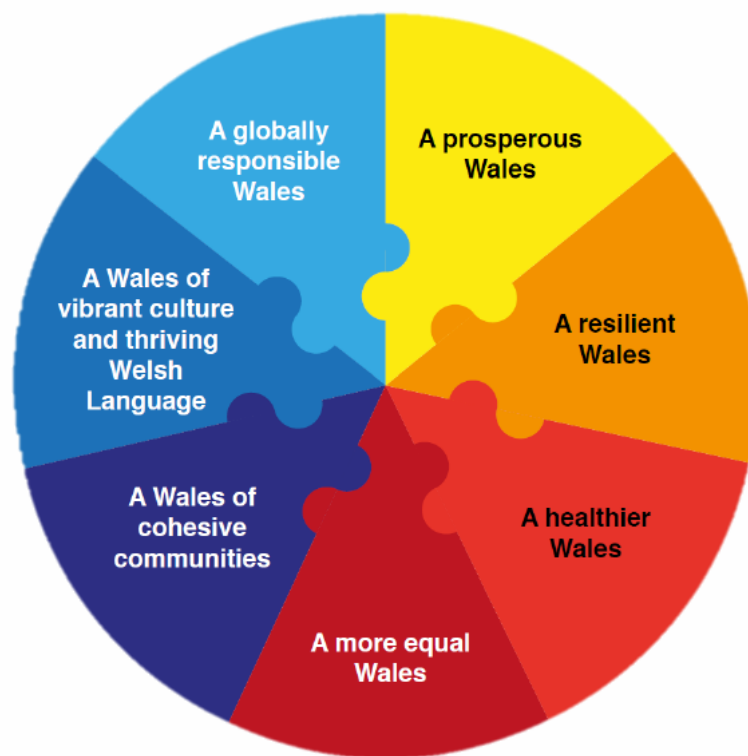
## The Well-Being of Future Generations Act

The Well-being of Future Generations Act requires us to improve social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. This should ensure that present needs are met without compromising future generations in meeting their own needs.

In planning our services we must consider, but also demonstrate that we have applied, the following sustainable governance principles in our decision making:

- Balancing short term needs with long term needs.
- Using an integrated approach, balancing social, economic and environmental needs.
- Involving others and taking their views into account.
- Working in collaboration with others.
- Putting resources into preventing problems

The Act defines seven well-being goals to which public bodies should maximise their contribution by setting and publishing well-being objectives and in taking all reasonable steps to meet those objectives. They are shown in the diagram below.



Monmouthshire County Council's well-being objectives will be published in March 2017. In the meantime we have continued to produce Improvement Objectives in line with the Local Government (Wales) Measure 2009 and show how these align to the national goals. Over the course of this next few months we will be working as part of the Public Service Board to carry out a well-being assessment to analyse the state of well-being in each of our communities. We will be talking to residents throughout this period to make sure we get this right. You will see us around the county under the banner of Our Monmouthshire. If you



would like to know more about this or share your views you can visit our website [monmouthshire.gov.uk/our-monmouthshire](http://monmouthshire.gov.uk/our-monmouthshire). This information will be used to review the council's current improvement objectives in preparation for the publication of the council's well-being objectives.

All the decisions made by the council and its cabinet will be assessed using a Future Generations Evaluation which ensures equality and sustainable development considerations are considered fully when we take decisions.

The Act also puts a well-being duty on specified public bodies to act jointly via Public Service Boards (PSB) to improve the economic, social, environmental and cultural well-being of their area by contributing to the achievement of the well-being goals. The four statutory members of the PSB are the Local Authority, Local Health Board, Fire and Rescue Authority and Natural Resources Wales, although other organisations are also invited. 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.

## Social Services and Well-being Act and Safeguarding

The Act came into force in April 2016 and will transform the way care and support is delivered making it a responsibility on more than just the social services department. It is about promoting people's independence to give them a stronger voice and more control and support people of all ages as part of families and communities so they are less dependent on institutional services. The Act will:

- Engage with and empower citizens
- Promote independence and well-being
- Give people who receive support and their carers control over their lives and the support they receive to maximise independence.

We have been working to closely align our approach to this legislation with the Future Generations Act described above as they are strongly related and have a number of common features such as to carry out assessments and a strong emphasis on prevention and integrated approaches.

In Monmouthshire responsibility for well-being and safeguarding is everyone's business. Services have a clear responsibility for ensuring the safeguarding and wellbeing of adults, children and young people.

## Equality and Welsh Language

The council has a long standing commitment to equality and diversity. Our second Strategic Equality Plan was published in April and sets the council's objectives to ensure we deliver better outcomes for people with protected characteristics such as race, gender, disability or age. This is clearly aligned with the well-being goals set by Welsh Government as well as being a legal responsibility under The Equality Act 2010 – but above all else it is important to us as it is the right thing to do.

During 2016-2017 Monmouthshire County Council will undertake two substantial assessments of need and wellbeing based on a wide range of data and extensive consultation. We expect to use this information to look again at our Strategic Equality Plan and anticipate updating it again in 2017.



In January 2014 the Welsh Government announced proposals for the first set of Welsh language standards that would be applicable to councils, national parks and the Welsh Government itself. The authority recognises that the Welsh language is central to the goals introduced as part of the Well-being of Future Generations Act to ensure we are still able to maximise our contribution to a Wales of vibrant culture and thriving Welsh language.

The first of the new standards came into effect on 30 March 2016. These place a legal duty on councils to make it easier for people to use services through the medium of Welsh. They include making it clear that organisations welcome correspondence with the public in Welsh and also making the meeting agendas and minutes available bilingually.

In March 2016 we offered households the opportunity to state a language preference for their dealings with us. We now maintain a record to ensure that we write and speak with people in the language of their choice. If you have yet to state a preference you can do so by e-mailing [cymraeg@monmouthshire.gov.uk](mailto:cymraeg@monmouthshire.gov.uk) or telephoning 01633 644680.

# The Values that Guide us

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We want to ensure communities can access and shape the county on their own terms. Our organisation will enable change on things that matter today whilst looking ahead to the things that that will be important tomorrow. We are trying to create an organisational culture that is innovative, responsive and flexible.

We have a very clear set of values that underpin the work of the council and guide the behaviours that are expected of everyone working for us or working with us. These define us and represent what we expect of everyone within our organisation:

**Openness:** we aspire to be open and honest to develop trusting relationships

**Fairness:** we aspire to provide fair choice, opportunities and experiences and become an organisation built on mutual respect

**Flexibility:** we aspire to be flexible in our thinking and action to become an effective and efficient organisation

**Teamwork:** we aspire to work together to share our successes and failures by building on our strengths and supporting one another to achieve our goals

# Our Priorities

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Monmouthshire Council is run by a partnership administration of two political parties. In March 2015 they signed a continuation of their partnership agreement which clearly set the direction of the council for the period up to May 2017 when local authority elections will take place. This maintains the partnership established by the Conservative and Liberal Democrat groups back in May 2012 to administer the council.

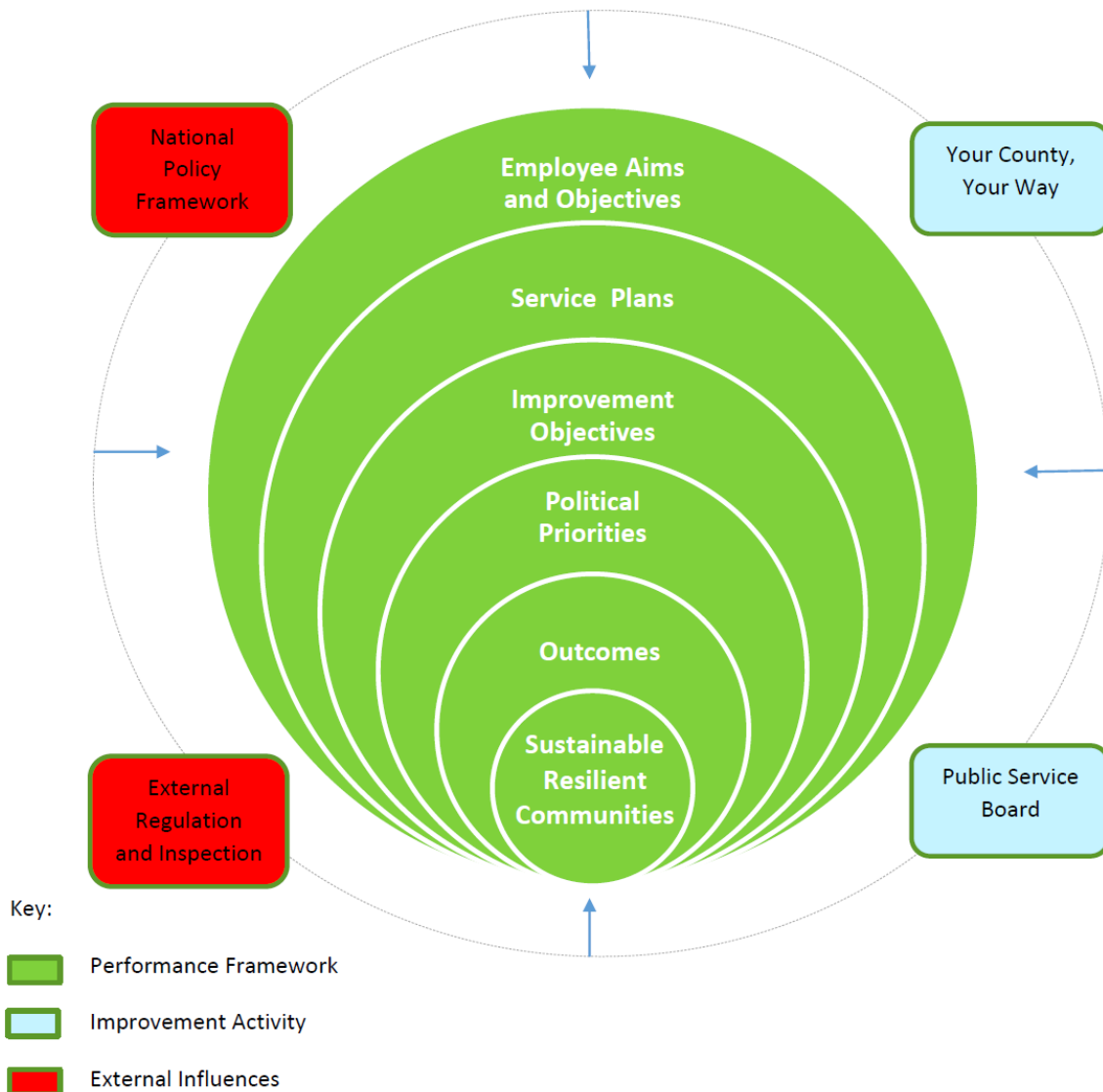
The [Continuance Agreement](#) sets four specific priorities which are embedded through the Improvement Plan as the priorities of the council. These are:

- Education - While at a headline level our key stage results are amongst the best in Wales we recognise that we can make further improvements and will strive to raise standards across all key stages of education for all pupils.
- Safeguarding vulnerable people - Support for vulnerable people both young and old is at the heart of our commitment to communities, but we do not want people to be dependent upon care provided either by our social services or from the NHS. We are constantly looking to deliver more support through community networks so that we meet the challenge of demographic changes in a sustainable way.
- Promotion of enterprise, economic development and job-creation - Improving the prosperity of our county remains essential if we are to remain economically resilient, prosperous and sustainable.
- Maintaining locally accessible services - Maintaining local access to services is crucially important to us. We are a rural and scattered county. Due to the distances between our towns and settlements it is impractical to centralise services as is happening in other towns and cities. We know that once services close they are unlikely to return and so we will work hard to be cost effective in our support service and estate costs to maintain front-line delivery across the whole of our county.

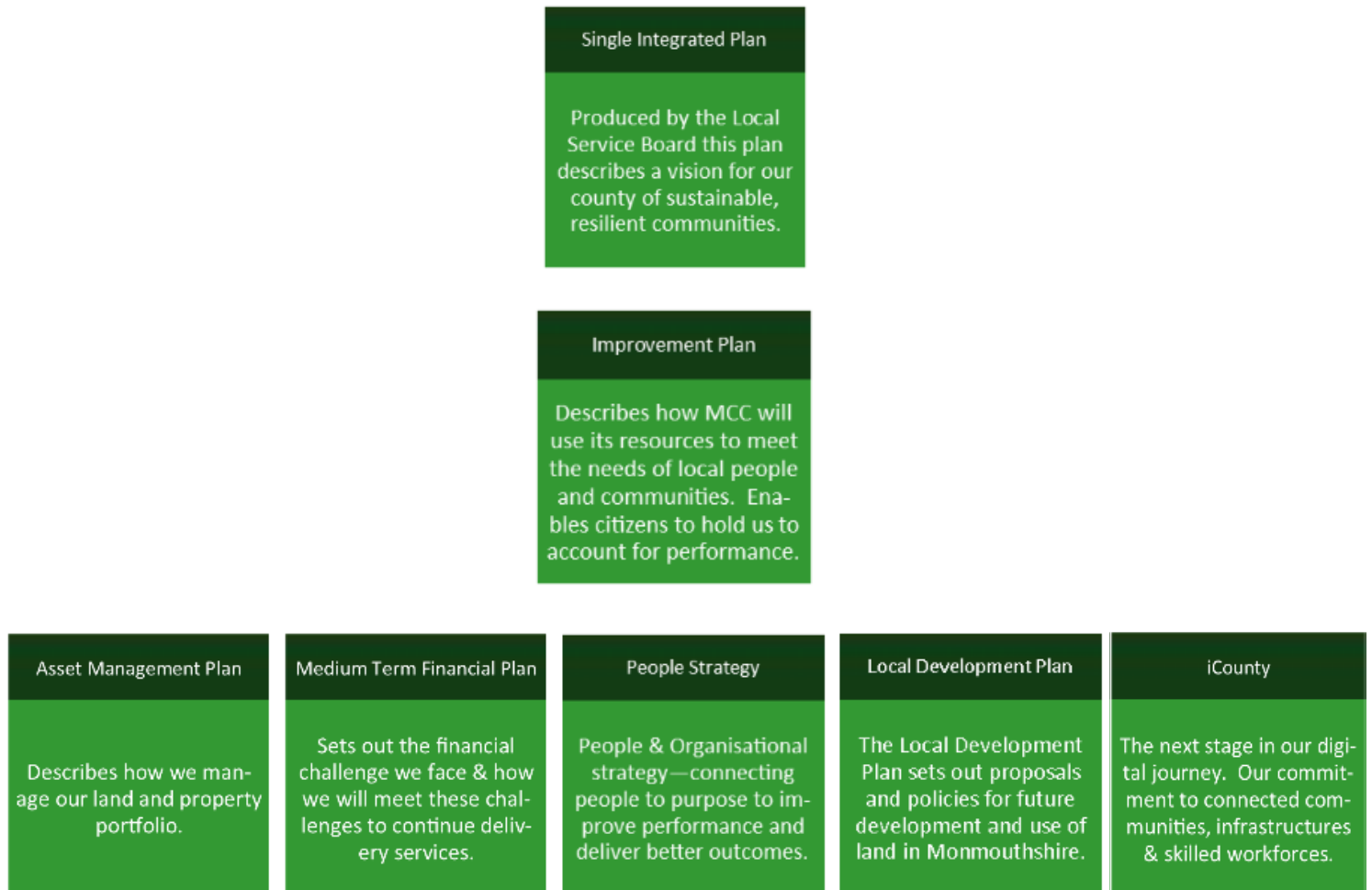
# Our Improvement Framework

The strength of Monmouthshire lies in its people. Not just those on our payroll but all of the people who work with us in delivering services and achieving value for money. Our Improvement Framework makes sure that everyone is pulling in the same direction to deliver real and tangible outcomes.

At the heart of our Improvement Framework is the vision of sustainable resilient communities. This is the unifying purpose for the diverse range of services for which we are responsible. The council's political administration has set out a Continuance Agreement which describes its intentions for the remaining period of the election cycle. Each of our teams has a service plan that aligns to our four priorities and the outcomes we are striving to achieve and we have a range of key performance indicators so that we can keep track of our progress. Our Employee Services team help us recruit and retain people who share our values and have the skills and passion to make a real difference.



Our Improvement Framework is underpinned by an integrated series of strategic approaches that mobilise our assets to improve services. These are:



The council's Chief Officers all publish an annual report that shows how they and the teams that work under them will contribute to building sustainable and resilient communities.

Chief Officer Report Social Care & Health	Chief Officer Report Children & Young People	Chief Officer Report Enterprise	Chief Officer Report Operations
This annual report describes the priority actions that will 'help people live their own lives' by building sustainable care and support systems.	Improving the provision of resilient, sustainable and inclusive learning and development opportunities for all our children and young people.	Describes what the directorate will do to promote an enterprising culture, in and out, that enables the development of solutions to problems.	Maintains focus on core services such as waste collection, highways maintenance and public transport.

These documents underpin Monmouthshire's vision and support the council's four priorities and Improvement Objectives, for example the Asset Management Plan shows how we use our land and property to ensure that we can provide locally accessible services; the Medium Term Financial Plan and the People Strategy are fundamental to delivering on Improvement Objective 5 to ensure an efficient, effective and sustainable organisation.

# 2015/16 Improvement Objectives

It is important that the things we are spending our time and resources doing reflect the views of our communities as well as the national policies set by the governments in Westminster and Cardiff Bay. Each year we set a series of Improvement Objectives that distil some of our key areas of work into a handful of objectives.

The objectives described over the following pages were set by council in May 2015, this is our opportunity to report back on how we did. Each one has been assessed using a six-point self-evaluation framework based on the evidence of the progress and impact made. The Improvement Plan 2015/17 introduced a more prescriptive approach to defining our performance level. These descriptions are shown in the table below and have been used to inform the assessment in this plan. A summary of our assessment against each of the improvement objectives that clearly states the evidence used to inform the level allocated is provided with a more detailed assessment of progress following.

Level	Definition	Table 1: Description
6	Excellent	Excellent or outstanding – All performance measures will have achieved the target set and all actions will have been delivered.
5	Very Good	Major strengths – A significant majority of actions and measures are on track. No more than one or two falling short.
4	Good	Important strengths with some areas for improvement – The weight of evidence shows that successes are greater than the areas which have not been achieved.
3	Adequate	Strengths just outweigh weakness – The evidence of success marginally outweighs areas which are not on track. Some actions are behind schedule and some measures are falling short of planned targets.
2	Weak	Important weaknesses – The majority of measures and actions have not been achieved.
1	Unsatisfactory	Major weakness – In most areas performance is assessed as moving in the wrong direction and the vast majority of actions have not been delivered

Monmouthshire County Council has four select committees that scrutinise the effectiveness of council services and help the cabinet formulate policy. Throughout the year they examine the performance of services. This includes scrutinising progress against our Improvement Objectives during the year. You can access the reports presented throughout the year on the council's website at [www.monmouthshire.gov.uk/meetings](http://www.monmouthshire.gov.uk/meetings)

### Why are we writing about 2015/16 in October?

All councils in Wales are required to produce an annual Improvement Plan. This is published in two separate but complimentary sections. Our stage 1 plan is published each May. It describes some of the things that the council will do in the year ahead to improve services and work towards our vision of sustainable and resilient communities. These are called our Improvement Objectives. The plan we published in June 2016 sets out our Improvement Objectives for 2016/17. Our stage 2 plan is published every October. It describes what we have done to deliver the Improvement objectives we set in the previous year. In this plan we are reporting back on the activities we first described in May 2015

## Improvement Objective template explained

Each of four objectives have been set out in a standard template, below is an explanation of why we include each section to help you understand how they all connect together and how the information is used to inform the score.

<b>MCC Improvement Objective:</b> This sets the aim or goal of what we want to achieve over the medium term, this is contributed to by the actions set.						
<b>Council Priority:</b> This sets how the objective links to the political priorities of the Council			<b>Single Integrated Plan Outcome:</b> This sets how the objective links to the shared outcomes of the County set in the Partnership Single Integrated Plan			
<b>What the Single Integrated Plan identifies that we will contribute to</b>			<b>Why have we chosen this?</b>			
This sets how the objective links to the shared outcomes of the County set in the Partnership Single Integrated Plan			This describes why we have chosen to focus our time and resource on this objective.			
<b>Overall Impact score</b>						
This summarises the score using the evaluation criteria set, based on the evidence of our performance in the year, 2014/15, as set out in the following sections						
Page 241	<b>What will we do?</b>	<b>Timescale/ milestone</b>	<b>How we will measure success</b>	<b>What have we done?</b>	<b>What difference has it made?</b>	<b>Progress</b>
	This sets the action we will take that will contribute to delivering the improvement objective set.	This sets the timescale we will deliver the action in. Sometimes actions will be longer than within the year the improvement plan is set.	This sets the milestones and/or performance indicators we will use to help understand the progress we have made.	This describes the progress we have made in delivering the action.	This describes the impact the action has made in contributing to the delivery of the Improvement Objective. This will link to quantitative and qualitative evidence, including, as relevant, some of the performance indicators, we set under the “How will we know the difference it has made?” section and the difference it will make as anticipated in our original plan.	This sets whether overall progress of the action considering the evidence provided is “on target”, “behind target” or “not started”

How will we know the difference it has made	2013/14	2014/15	2015/16 Target	2015/16 Actual	Progress
<p>The performance indicators in this section focus on the output or number of things we have done, the quality and effectiveness of things we have done and the performance compared to previous years and targets set to evaluate what improvements have been made. These indicators sometimes relate to more than one of our actions and are more focused on quantifying progress towards the improvement objective as a whole.</p>					
Other indicators of our work	2013/14		2014/15		2015/16
<p>These indicators have an important role in helping to measure the longer term progress made towards achieving the objectives. These indicators will often not measure the performance of an individual action or even, in some cases, the council as an individual public body but provide useful evidence in understanding the longer term progress that is being made which is in line with the principles of the Future Generations Act that focus on longer term planning. Therefore as an individual organisation we have not set targets for these indicators.</p>					
Partners we are working with?					
<p>We cannot make all the improvements on our own. This section sets out partners we are working with to deliver the actions set out above.</p>					
How do we compare?					
<p>It is important to understand our performance relative to other areas. In this section we include comparisons to other Welsh councils for performance indicators that are comparable. We highlight in blue councils that are most similar to Monmouthshire in terms of their socio-economic profile, for example in population or geography, this means who we compare against sometimes varies by service as different services' performance will be influenced by different factors.</p>					



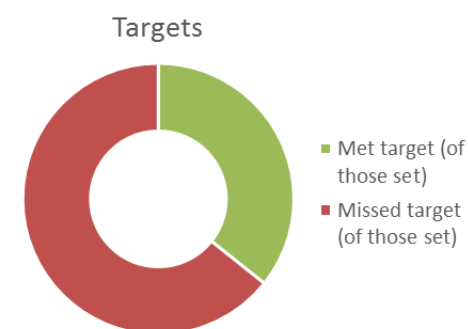
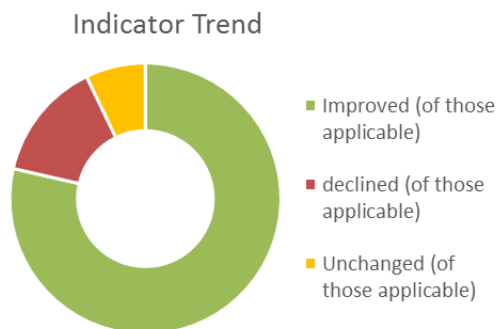
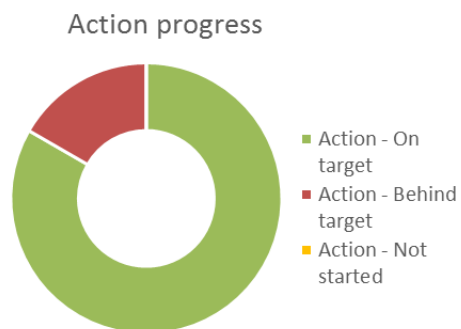
# Improvement Objective 1

<b>MCC Improvement Objective 1:</b> We will improve at all key stages of education	
<b>Council Priority:</b> Education	<b>Single Integrated Plan Outcome:</b> People have access to practical and flexible learning
<b>What the Single Integrated Plan identifies that we will contribute to</b>	<b>Why have we chosen this?</b>
We will provide practical and flexible learning by: <ul style="list-style-type: none"> <li>• Redesigning our schools and making them fit for purpose</li> <li>• Offering a more flexible education system that meets the needs of pupils, their families and employers</li> <li>• Improving access to education for vulnerable groups</li> <li>• Addressing key factors to underachievement</li> </ul>	Education is one of the four priorities for the council. We are working to improve performance at all key stages. While at a headline level our key stage results are amongst the best in Wales we still need to narrow the gap in attainment between those who receive free school meals and those who don't.

## Overall impact score

**Level 4 Good - Important strengths with some areas for improvement**

Page 243



The majority of actions are on target and most indicators have improved, however more have missed targets than were met. The relationship with the EAS has matured and the quality assurance of processes is more robust and provides a better understanding of the challenge and support needed to schools and the authority. Performance improved at Foundation phase and key stages 2, 3 and 4 for pupils not eligible and receiving free School Meals, except at Key stage 3 where performance for pupils receiving free school meals declined, while not all targets were met.

Estyn has judged that Monmouthshire County Council's education services for children and young people has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four and concluded that the authority is no longer in need of special measures. The new School at Raglan has been occupied since September 2015 and work has commenced on site

for both Caldicot and Monmouth. The council has approved a business case of investment in schools ICT infrastructure, Phase 1 of the ICT in schools improvements: upgrading equipment and infrastructure as well as implementing SIMS in the classroom is due for completion in December 2016.

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
<p>Continue to commission and monitor the regional Education Achievement Service (EAS) to challenge, support and develop teachers to continuously raise standards in the classroom and create a culture that nurtures excellence.</p>	<p>December 2016</p>	<p>Measure: Results at Foundation Phase, Key stage 2, Key stage 3 and Key stage 4.</p> <p>Measure: Percentage of schools in the top quartile across all key stages</p> <p>Measure: Reduction in using the powers available to us under the School Standards Act.</p>	<p>As a region we have developed a new way of working with our commissioned EAS. This will enable us to develop and define increasingly robust processes for quality assurance to be implemented from September 2016 consistently across the region.</p> <p>The relationship with the EAS has matured and is becoming increasingly more robust. The authority has a good understanding of the challenge and support needed to individual schools and across the authority. The authority / EAS has implemented an annual stocktake process which now covers all key stages from 2015, which should show the benefit in 2016.</p>	<p>Performance in Summer 2015:</p> <p><b>Foundation Phase</b> Performance improved and was ranked 2<sup>nd</sup> in Wales, a decline from being ranked top the previous year, with 91.8% of pupils achieving the Foundation phase indicator.</p> <p>The percentage of schools in the top quartile declined to 23% from 35%, Fewer schools are now in the lowest quartile</p> <p><b>Key stage 2:</b> Performance improved and was ranked 1<sup>st</sup> in Wales with 92.5% of pupils achieving the CSI</p> <p>32% of schools were in the top quartile an improvement from 16% in the previous year.</p> <p><b>Key stage 3:</b> Performance improved and was ranked 2<sup>nd</sup> in Wales with 90.8% of pupils achieving the CSI.</p> <p>In 2015 25% of schools were in the top quartile.</p> <p><b>Key stage 4:</b> Performance improved and was ranked 1<sup>st</sup> in Wales with 66.9% of pupils achieving key stage 4 level 2 inclusive. .</p>	<p>On target</p>

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
				<p>50% of schools were in the top quartile an improvement from 25% in the previous year.</p> <p>There are currently no warning notices in place for any Monmouthshire school</p>	
<p>Develop robust assessment processes to make sure that we can intervene at the earliest possible opportunity with corrective actions that will achieve the best outcomes for all learners.</p>	<p>December 2016</p>	<p>Measure: Percentage of pupils achieving the core subject indicator at all key stages:</p> <ul style="list-style-type: none"> <li>i) not eligible for free school meals (FSM)</li> <li>ii) eligible for free school meals.</li> </ul>	<p>We have introduced termly monitoring of progress against targets to identify concerns and instigate support to schools at the earliest opportunity. The interrogation goes down to pupil level data.</p> <p>Also, we have refocused the use of the Pupil Deprivation Grant (PDG) to ensure its wider use for vulnerable pupils and so we have broadened the scope from the restricted focus on fsm alone.</p> <p>This is in addition to the improvements highlighted in the entry above, which in this context has led to a greater understanding of the impact of free school meals eligibility on pupil performance.</p>	<p>Pupil performance Summer 2015:</p> <p><b>Foundation Phase</b> Performance for pupils not eligible for FSM and receiving FSM improved but was below targets.</p> <p><b>Key Stage 2</b> Performance for pupils not eligible for FSM improved and was above target. Performance for pupils receiving FSM improved but fell below the target set.</p> <p><b>Key Stage 3:</b> Performance for pupils not eligible for FSM improved and was above target. Performance for pupils receiving FSM declined and was below target</p> <p><b>Key Stage 4:</b> Performance for pupils not eligible for FSM slightly improved but fell below target. Performance for pupils receiving FSM improved and was above target.</p>	<p>On target</p>

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
Continue to deliver our Post-Inspection Action Plan to develop services and governance arrangements which address the recommendations made by Estyn in 2012.	December 2015	Milestone: The authority will no longer be in Estyn special measures.	<p>The Post-Inspection Action Plan has been delivered across the six recommendations given by Estyn in the initial judgement. This culminated into a recent Estyn monitoring visit in November 2015 and subsequent outcome letter in January 2016.</p> <p>Improvements against the issues identified in the Estyn monitoring visit letter in January 2016 will be a continuing focus.</p>	Estyn has judged that Monmouthshire County Council's education services for children and young people has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four and concluded that the authority is no longer in need of special measures.	Met target
<p>Deliver, through the 21<sup>st</sup> Century schools programme two new secondary schools and one primary school. We will identify future priorities for new schools through the Education Review.</p>	Raglan Primary - September 2015 Caldicot Secondary and Monmouth Comprehensive - March 2017	Measure: Number of school builds completed and occupied on time.	<p>The new School at Raglan has been occupied since September 2015. Final Defects period coming up and the completion of a full academic year in use. A review of how the Plaza designed school has functioned and its effect on educational outcomes to be assessed in the following months.</p> <p>The Caldicot main school build programme has commenced on site and is back on the programme schedule. Enabling works was completed on time and the main contract for the new build commenced at the end of March 2016. Completion date for occupancy of the new school is due September 2017 with a further 6 months of demolition and reinstatement of the external environment.</p>	<p>Plaza teaching at the new Raglan primary has been positively greeted by staff, parents and pupils, this is to be reviewed one full academic year on to measure outcomes.</p> <p>No difference can be shown for Caldicot and Monmouth schools until their final completion and occupancy, however model classrooms are being set up in the existing schools to test out Digital environments, teaching methodologies, training in advance of the new schools being handed over.</p>	Behind target (On target for Raglan but behind target Based on the original programmes for the secondary phase build)

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 24</p>			<p>Monmouth Comprehensive, temporary school accommodation has been established and the school moved in. Main demolition of the vacant existing buildings commenced in May 2016 with completion end of August 2016. Main building works to commence October 2016 with a programmed completion date for the new school June 2018 with a further 6 months of demolition and reinstatement of the external environment.</p> <p>Further work is required on both sites to keep the costs in line with budget.</p>		
<p>Restructure the provision for children and young people with Additional Learning Needs to achieve sustainable, flexible and responsive services that are inclusive for all and delivered at the point of need.</p>	<p>March 2017</p>	<p>Milestone: ALN Hubs are in Place.</p> <p>Measure: Number of statements and SAPRA agreements.</p>	<p>In this context ALN Hubs means regional provision in the North and South of the county. This milestone is not likely to be secured until 2017 and currently is in mid consultation. We are at the point we would expect to be.</p>	<p>The Authority issued 8 statements in 2015, which is nearly a 75% reduction compared to the 31 issued last year.</p> <p>The authority issued 75 School Action Plus Resource Assist (SAPRA) agreements and 348 children have Statements of Special Educational Need</p>	<p>On target</p>

What will we do?	Timescale	How we will measure success	What have we done?		What difference has it made?		Progress
Invest in ICT, enabling schools to maximise the impact of technology to create immersive and inclusive classrooms which support the learning needs of students across the whole curriculum.	December 2016.	Milestone: Funding is secured and a project plan for roll-out completed.	<p>The council has approved a business case for £885,000 of investment in schools ICT infrastructure, bringing it up to a common standard and platform commensurate with the 21st century schools programme and WG aspirations for connectivity.</p> <p>Agreement has now been reached with all but three schools signing up to the SRS Service Level Agreement (SLA), and a recalculation of the SLA funding has been undertaken to ensure it is still viable. The SLA is still viable and it recommended that the programme of upgrading the ICT infrastructure proceeds. A report was presented to cabinet and council in January 2016 which was approved.</p> <p>Work has begun on phase 1 with the appointment of technicians who are in the early stages of implementation.</p>		<p>Phase 1 of the ICT in schools improvements: upgrading equipment and infrastructure as well as implementing SIMS in the classroom is due for completion in December 2016.</p> <p>Phase 2 will see the migration of school based server infrastructure up to the SRS over an 18 month period.</p>		On target
How will we know the difference it has made			2013/14 (12/13 Academic Year)	2014/15 (13/14 Academic Year)	2015/16 Target (14/15 Academic)	2015/16 (14/15 Academic Year)	Trend
Percentage of pupil attendance in primary schools			94.4%	95.8%	95.8%	95.8%	Unchanged/Met target
Percentage of pupil attendance in secondary schools			93.5%	94.6%	94.5%	94.8%	Improved/Met target

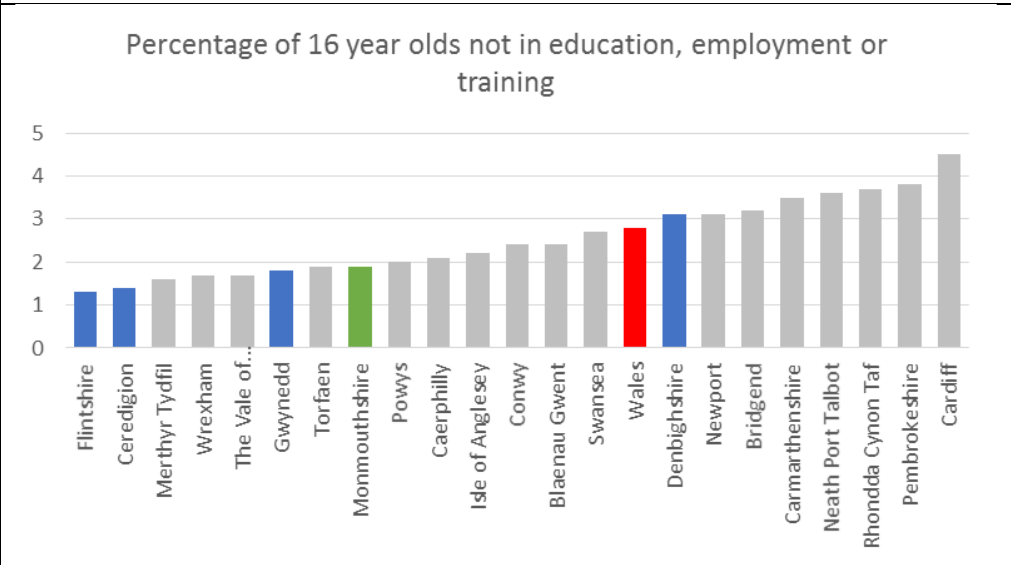
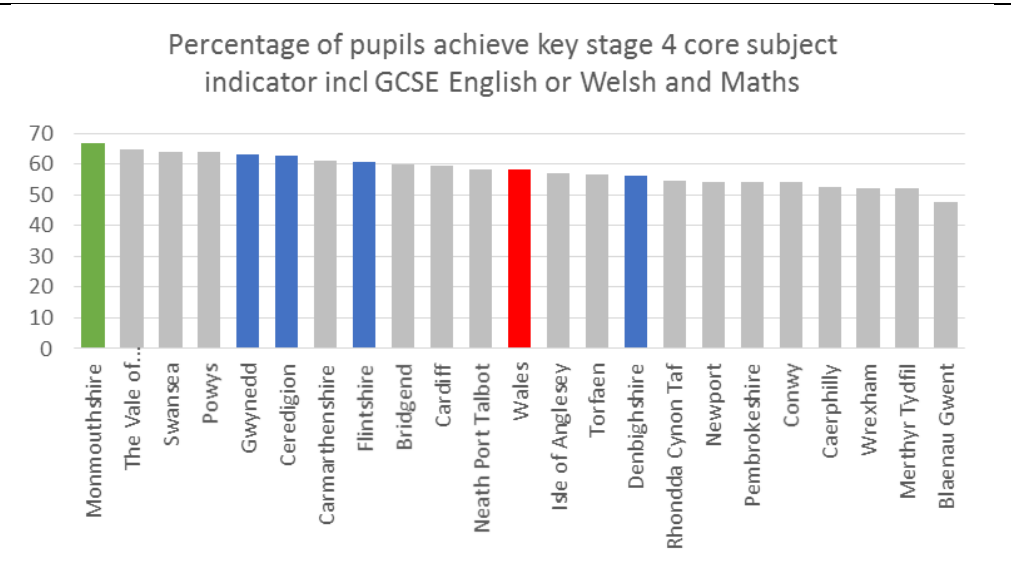
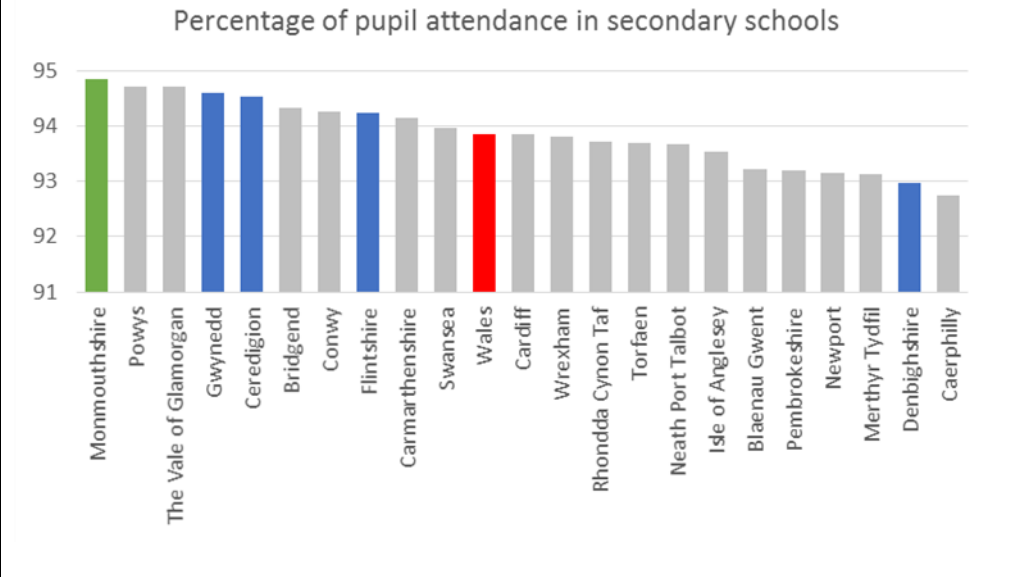
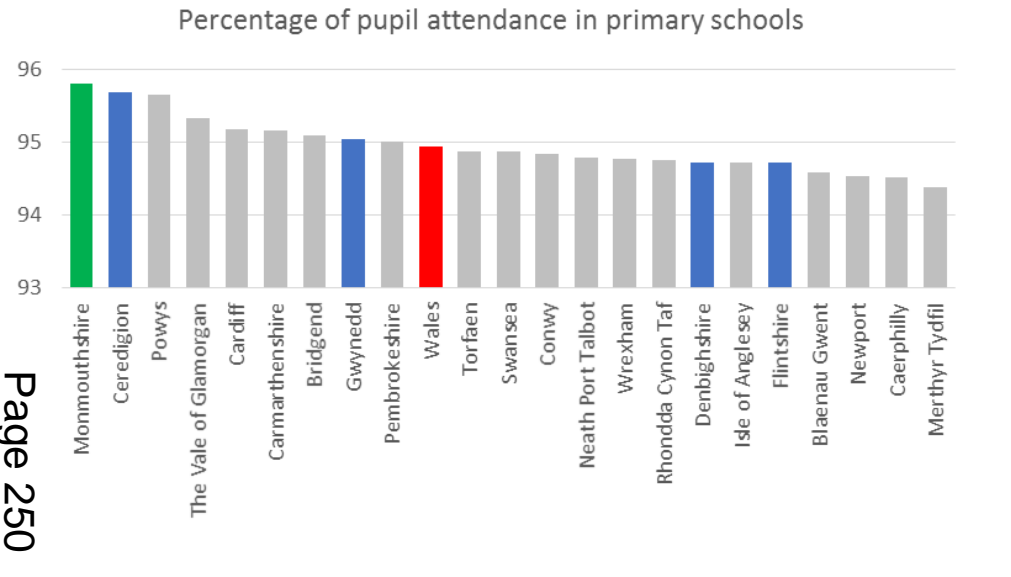
How will we know the difference it has made	2013/14 (12/13 Academic Year)	2014/15 (13/14 Academic Year)	2015/16 Target (14/15 Academic)	2015/16 14/15 Academic Year)	Trend
The percentage of pupils achieving the Foundation Phase indicator: i) Pupils not eligible for free school meals ii) Pupils receiving free school meals	i) 91.9% ii) 74.6%	i) 92.2% ii) 82.7%	i) 94.3% ii) 94%	i) 92.9% ii) 82.9%	i) Improved/ missed target ii) Improved/ missed target
The percentage of pupils achieving the Key Stage 2 Core Subject Indicator: i) Pupils not eligible for free school meals ii) Pupils receiving free school meals	i) 91.2% ii) 75.8%	i) 92.2% ii) 70%	i) 92.8% ii) 87.5%	i) 93.8% ii) 81.9%	i) Improved/ met target ii) Improved/ missed target
The percentage of pupils achieving the Key Stage 3 Core Subject Indicator: i) Pupils not eligible for free school meals ii) Pupils receiving free school meals	i) 83.7% ii) 59.6%	i) 86.9% ii) 66.3%	i) 90% ii) 72%	i) 93.6% ii) 62.3%	i) Improved/ met target ii) declined/ missed target
The percentage of all pupils achieving Key Stage 4 Level 2 Threshold including English or Welsh and Maths i) Pupils not eligible for free school meals ii) Pupils receiving free school meals	i) 61.6% ii) 26.7%	i) 70.6% ii) 25%	i) 75.5% ii) 35%	i) 71.0% ii) 39.4%	i) Improved/ missed target ii) Improved/ missed target
The percentage of schools performing above the median for: Foundation Phase Indicator Key Stage 2 Core Subject Indicator Key Stage 3 Core Subject Indicator Key Stage 4 Level 2 Threshold including English and mathematics	i) 64.5% (20/31) ii) 48.4% (15/31) iii) 50% (2/4) iv) 50% (2/4)	i) 67.7% (21/31) ii) 41.9% (13/31) iii) 25% (1/4) iv) 75% (3/4)	i) 100% (31/31) ii) 67.7% (21/31) 100% (4/4) 75% (3/4)	i) 61.3% (19/31) ii) 61.3% (19/31) iii) 75% (3/4) iv) 100% (4/4)	i) declined/ missed target ii) improved/ missed target iii) improved/ missed target iv) improved/ met target
The number of children with: i) Statements of Special Educational Need ii) School Action Plus Resource Assist (SAPRA)	i) 425 ii) 0	i) 399 ii) 0	Shifting balance from statements to SAPRA	i) 348 ii) 75	On target based on latest data
<b>Longer Term Measures</b>		<b>Actual 2013/14</b>	<b>Actual 2014/15</b>	<b>Actual 2015/16</b>	
Percentage of pupils leaving education, training and worked based learning without a recognised qualification		0.4%	0.1%	0.1%	
Percentage of pupils who have been looked after leaving education, training and worked based learning without a recognised qualification		0%	0%	0%	
Percentage of 16 year olds who are not in education, employment or training		2.8%	1.7%	1.9%	



**Partners we are working with**

Education Achievement Service (EAS) and The Welsh Government

**How do we compare?**



Page 250



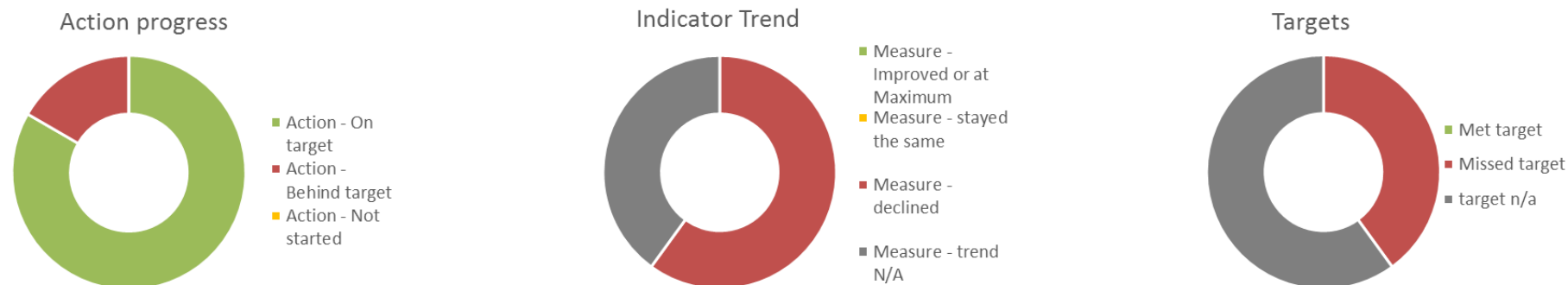
## Improvement Objective 2

MCC Improvement Objective 2: We will safeguard people, whether young or old, while reducing peoples dependence on social care	
<b>Council Priority:</b> Safeguarding vulnerable people	<b>Single Integrated Plan Outcome:</b> Families are supported & Older people are able to live their good life
<b>What the Single Integrated Plan identifies that we will contribute to</b>	<b>Why have we chosen this?</b>
<p>For families to feel supported we need to:</p> <ul style="list-style-type: none"> <li>Support our families earlier to prevent them becoming more vulnerable.</li> <li>Better co-ordinate support which can react more quickly.</li> </ul> <p>For older people:</p> <ul style="list-style-type: none"> <li>Enable older people to be fully independent, maintaining good mobility, health and well-being.</li> <li>Nurture good support networks in the community.</li> <li>Enable older people to do what matters to them</li> <li>Focus on preventative health and well-being programmes for older people to live their good life we need to:</li> </ul>	<p>Protecting the vulnerable is one of our four priorities. In the current financial and demographic context if we don't find ways to support people to find better solutions we will end up rationing services and only intervening in crisis situations. The human cost of failing to have the right conversations at the right time includes young people placed in institutional placements away from home and older people experiencing isolation and loneliness in their communities.</p>

P009251

### Overall impact score

#### Level 4 Good - Important strengths with some areas for improvement



Community coordination ran for two years up until May 2016. An evaluation was completed and reported to Cabinet in April following scrutiny by Adults Select Committee. The learning pilot produced a number of stories that identified improved outcomes for individuals. While there is not yet enough evidence to aggregate the impact of these studies, in some cases practitioners within the integrated teams were clear that without the intervention, individuals on their way towards a care package, had been diverted towards a more informal community arrangement. The initial business case suggested that a typical low level package of care costs around £3,500 per year and therefore each person diverted from statutory services has a positive impact financially as well as in terms of personal outcomes.

A new approach to adult safeguarding is in place supported by a new and more resilient team structure. Satisfaction with adult social care was 93% during the year.

Following the deletion of the homelessness performance indicator from the national set we will use different measures to track progress. Alternative measures show that fewer families with children are being placed in Bed and Breakfast accommodation, which is considered unsuitable for families, and overall less B&B accommodation is being used which are positive indicators of progress.

A new efficient and effective social services care management ICT system has been introduced in both adult and children's services. Practitioners are now using the system to manage caseloads. A reporting tool is in place to extract data to enable the management and scrutiny of performance.

In children's services the percentage of child protection reviews completed on time has declined from 95.5% to 93.1%. The Safeguarding Unit has continued to produce a trio of reports which give good quality information and analysis to leaders to provide an overview and assurance of safeguarding arrangements. Estyn gave positive feedback about the operation of safeguarding when they inspected the council at the end of 2015.

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
Page 252  Develop area based approaches which deliver more support through community networks.	March 2016	Measure: Fewer people needing long term care packages.	We established community coordination and small local enterprises. They made connections with people who may otherwise become dependent on statutory services and helped them identify and access other opportunities.	The approach produced a number of stories that identified improved outcomes for individuals. Practitioners within the integrated teams were clear that without the intervention, individuals on their way towards a care package, had been diverted towards a more informal community arrangement. The learning suggests that scaling up the pilot would not lead to deeper cost-avoidance in the short-term as it has not proved possible to 'pull' people out of traditional services. Benefits will instead accrue from preventing people entering care in the first instance.	On target
Implement the new adult safeguarding system.	March 2016	Milestone: A comprehensive service review has been carried out and a new team structure has been developed.	There has been significant progress in implementing the review recommendations. The expanded Protection of Vulnerable Adults Team is established in a base at Mardy Park.	The increased capacity in the POVA team has enabled it to have a greater focus on partnership working to change the emphasis from reporting to preventing abuse	On target

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
<p>Ensure that senior leaders have good quality information and analysis available to provide assurance that children and young people are being safeguarded.</p>	<p>December 2015</p>	<p>Milestone: We receive confirmation from Estyn that we are effectively safeguarding children</p>	<p>We have developed a comprehensive reporting schedule to ensure that we are able to evaluate the impact of safeguarding. This has been supplemented by establishing a monthly briefing for Chief Officers, a cross- authority leadership group chaired by the Chief Executive and a forum for the Chairs of Select Committees to discuss Safeguarding and Corporate Parenting issues.</p>	<p>There is: an overarching Monmouthshire Safeguarding and Child Protection Policy in place that gives clear guidance for all settings; increased whole authority and political involvement; an audit programme ensures that individual settings adhere to the requirements of the policy and provide information regarding how they meet their safeguarding and child protection responsibilities and a robust system to respond to any concerns arising from professional allegations or organised abuse.</p>	<p>On target</p>
<p>Deliver the children's services action plan in response to the CSSIW in their <a href="#">latest inspection report</a> including: application of referral thresholds, timely initial assessments, quality of risk assessment and record keeping.</p>	<p>March 2016</p>	<p>Milestone: The majority of actions in the action plan will have been delivered. Measure: Percentage of referral decisions made in one day. Measure: Percentage of child protection reviews completed on time.</p>	<p>Progress has been made in a number of areas with key performance indicators improving markedly in 2014-15, however many of these subsequently dipped in 15-16. The service has faced pressures with an increase in children in the looked after system creating budgetary pressure. A new Head of Service is now in place and a new commissioning strategy produced.</p>	<p>The percentage of child protection reviews completed on time has declined by 2.4 percentage points.  The action plan has driven that improvement. There has been some tangible improvements in key areas such as contact arrangements and working together with partners to achieve best evidence when investigations are needed. There is, however, much still to do. It is critical that the improvements made are embedded sustainably in practice and commissioning.</p>	<p>Behind target</p>

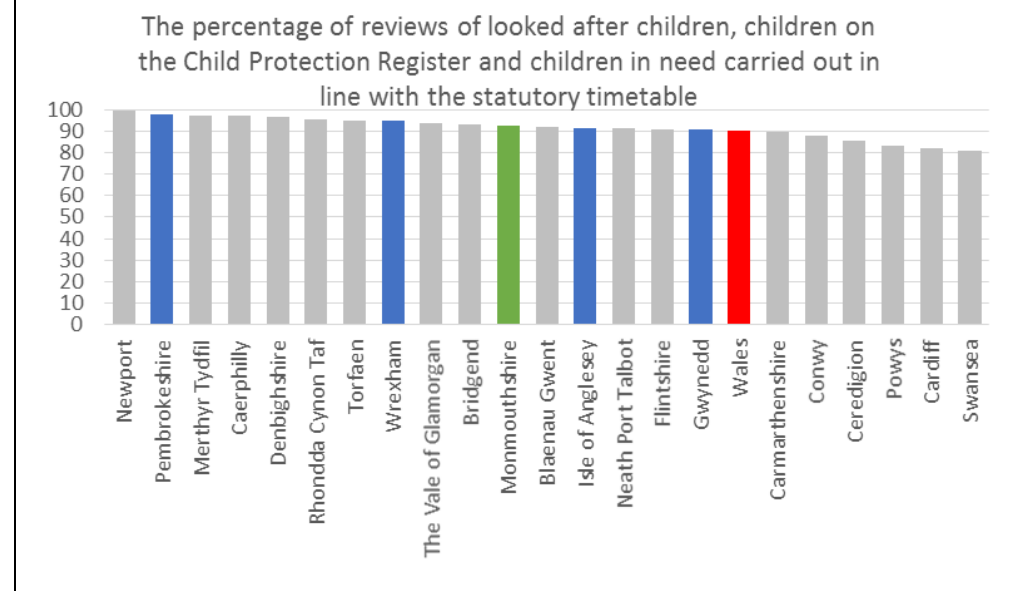
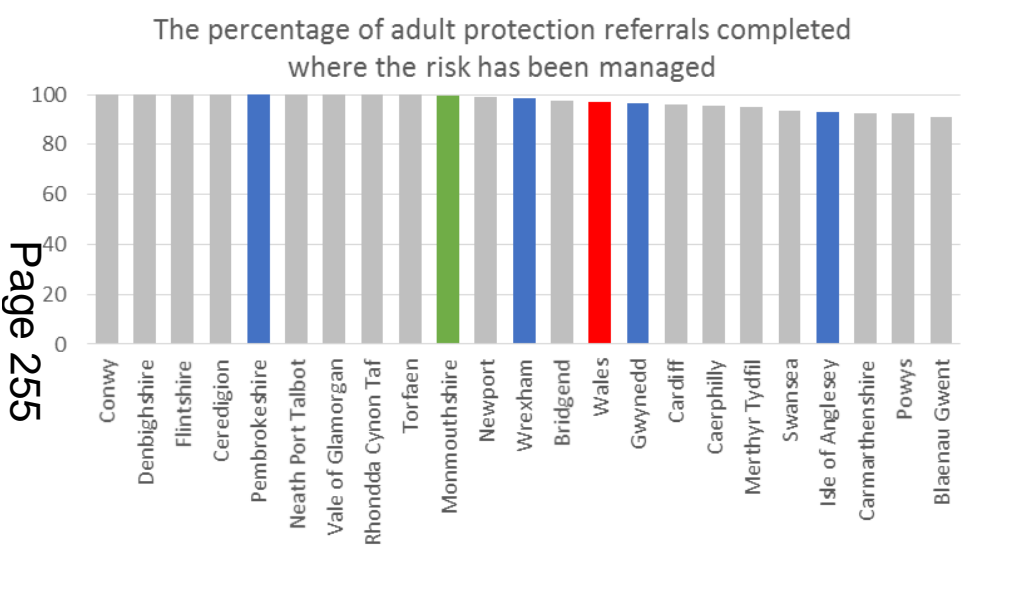
What will we do?	Timescale	How we will measure success	What have we done?		What difference has it made?	Progress	
Introduce and embed a new efficient and effective social services care management ICT system.	July 2015	Milestone: New System in place.	A new ICT system, called Flo in Adult Services, is in place with adult services beginning using it in the first half of the year and children's services from 1 <sup>st</sup> October		The new system is now embedded in Adult Services. It has been developed to ensure the authority is well-placed to meet the requirements of the Social Services and Well-being Act (Wales) 2014. It enables social worker time to spend less at computers which will free-up capacity to focus on client needs.	On target	
We will strive to improve our performance in addressing homelessness.	March 2016	Measure: Percentage of potentially homeless households prevented from becoming homeless.	We have continued the delivery of the joint Housing Solutions service with Torfaen County Borough Council.		The measure of homeless prevention has been removed from the national set. Other headline PI's continue to reflect improvement e.g. no. of determinations and acceptances. Less families with children are being placed in B&B and overall less B&B accommodation is being used which are positive indicators of progress.	On target	
How will we know the difference it has made			2013/14	2014/15	2015/16 Target	2015/16	Trend
Number of older people receiving traditional long-term community based packages of social care			1157	1160	[target not set because of move to new ICT system]	1218	Declined/ target not applicable
Percentage of reviews of children on the child protection register that were carried out on time			93.9	95.5	100	93.1	Declined / missed target
Percentage of referral decisions to children's services made within one day			99.0	99.2	100	No longer a national PI	Not applicable
Percentage of adult protection referrals where the risk is managed			81.2	100	100	99.6	Declined / missed target
Percentage of all potentially homeless households for whom homelessness was prevented for at least 6 months			24.2%	44.4%	55%	No longer a national PI	Not applicable

Longer Term Measures	Actual 2013/14	Actual 2014/15	Actual 2015/16
Percentage of people using social services who report that they are happy with the service they receive	96	92	93
Cost avoidance associated with delivering integrated adult social care and community coordination	£27,000	£211,978	Not available – referred to in Cabinet evaluation 13 April 2016

### Partners we are working with

Gwent Police, Aneurin Bevan University Health Board, Gwent Association of Voluntary Organisations, other local authorities in Gwent, Welsh Government

### How do we compare?



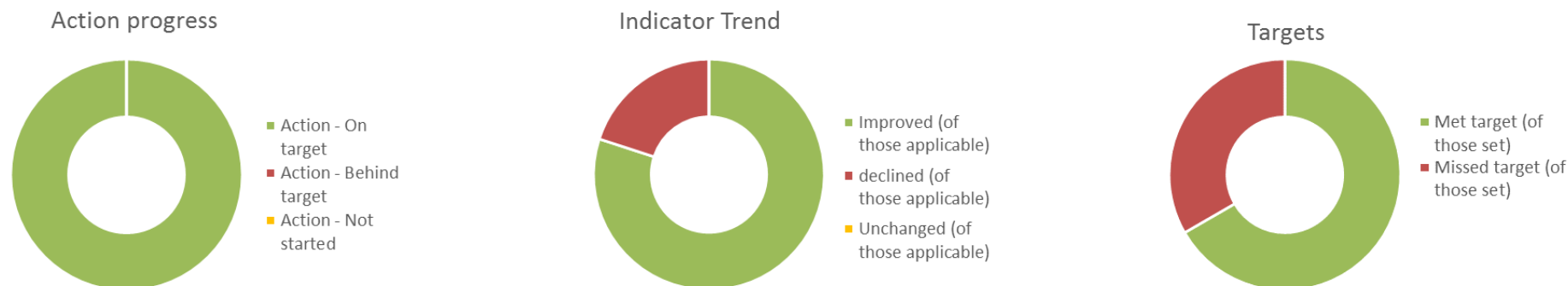
## Improvement Objective 3

<b>MCC Improvement Objective 3:</b> We want to enable our county to thrive	
<b>Council Priority:</b> Supporting business & job creation	<b>Single Integrated Plan Outcome:</b> Business and enterprise & protect and enhance the environment
<b>What the Single Integrated Plan identifies that we will contribute to</b>	<b>Why have we chosen this?</b>
<p>To enable business and enterprise to prosper in Monmouthshire, we need:</p> <ul style="list-style-type: none"> <li>• Better paid local employment opportunities</li> <li>• To build on the services already being provided by Monmouthshire Enterprise and its partners to support the growth of new and existing enterprises.</li> <li>• Retain more of the spend of visitors, citizens and businesses within Monmouthshire.</li> </ul> <p>To enhance and protect our environment we need to:</p> <ul style="list-style-type: none"> <li>• Produce less waste and recycle more.</li> </ul>	<p>This objective aligns closely with the single integrated plan for Monmouthshire. For our county to thrive we need to continue to work with our residents, invest in communities and base our delivery on 'what matters' to people in their communities. Shaping our approach like this will help us to meet needs and expectations of our residents and join up our services to make more efficient use of increasingly limited resources.</p> <p>The objective brings together three inter-related elements of our approach; supporting and encouraging enterprise and job creation, whole place area delivery and minimising the impact on the environment.</p>

### Overall Impact score

Level 4 Good - Important strengths with some areas for improvement

Page 256



The evidence shows that all actions have made progress that is on target, while most indicators improved or met targets. However there are a few that have not improved or met targets set. A community governance review has been completed and a cross party Member working group established to recommend a revised framework to County Council. Monmouthshire Business and Enterprise continue to enhance their work with partners to develop a pipeline for pre-start businesses in Monmouthshire, this is evidenced by 58 business start-ups being supported in 2015/2016. Business start-ups and jobs created are lower than targeted, availability of partner data has had a consequential impact on 2015/16 performance due to a decrease in data being available that was previously used in reporting. Promotion of high speed broadband across the County for both businesses and communities has been undertaken. In total 60 Expressions of Interest to the Superconnected Cities Voucher Scheme were received, although this is below the number targeted with the scheme closing mid-way through the year.



The recycling review has been completed determining the council's long term recycling strategy. A recycling rate of 61.9% was achieved in 2015/16 which is a slight decrease on the rate achieved in the previous year. The council's current recycling rate is above the Welsh Government target for 2015/16 of 58%. The landfill rate has continued to decrease to 13.2% due to the continued use of energy from waste. The pollinator policy continues to be implemented with an increase in pollinator friendly plants planted and further areas of open space and highway verges which have reduced cutting frequency. Placement opportunities for young people leaving the looked after system are being considered with partners.

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
Complete a review of community governance and develop a Whole Place Plan for Lower Wye.	September 2016	Milestone: Community Governance review completed.  Milestone: Whole Place plan completed and approved by cabinet.	A community governance review has been completed. The review was presented to Cabinet and Council to update Members on the findings of the Community Governance Review and the proposed recommendations to develop a more coherent and partnership approach with communities. Council agreed to establish a cross party Member working group which equally represents the four administrative areas.  Work has been undertaken on understanding the priorities of Lower Wye through engagement with key community groups.	The cross party member working group on community governance will recommend a revised framework to County Council which; preserves the leadership role of elected members, supports and encourages community participation, oversees the delivery of local community development and considers the Local Government (Wales) Bill.	On target
Continued delivery and development, working with partners, of the Monmouthshire Business and Enterprise business support package including; support, signposting, training, events and development of a web portal to assist pre start and existing	Ongoing	Measure: The number of new business start-ups supported.  Measure: The number of jobs created following assistance.	Monmouthshire Business and Enterprise continue to enhance their work with partners to develop a pipeline for pre-start businesses in Monmouthshire. This is evidenced by 58 business start-ups being supported in 2015/2016, although this is lower than the annual target of 75.  Partner data on business start-ups and jobs created was unavailable in the second half of the year due to a contract ending and resulting transition to a new contract provider. This has had a consequential impact on 2015/16	Assistance from Monmouthshire Business Enterprise and partners has helped create 140 jobs, delays in larger pipeline projects coming to fruition has meant this is lower than the annual target of 180.  Discussion is taking place regarding provision of data from partners under the new contract.  To date there have been over 1,700 visits to the Monmouthshire Business and Enterprise website	On target

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
business in Monmouthshire.			<p>performance due to a decrease in data being available that was previously used in reporting.</p> <p>A new Monmouthshire Business and Enterprise website has been launched including a section offering guidance on “Starting &amp; Growing Your Business” – <a href="http://www.monmouthshire.biz">www.monmouthshire.biz</a></p> <p>The fourth Monmouthshire Business Awards took place in October 2015. The Business Awards were attended by 355 guests.</p>	<p>There were a total of 99 entrants for 11 categories at the business awards. The awards promoted new and existing business success and Monmouthshire as the place to set up business.</p>	
<p>Promote the rollout and exploitation of high speed broadband across the County for both businesses and communities, including promotion of the Superconnected Cities voucher scheme to businesses and launch of a dedicated website for information on broadband and mobile infrastructure opportunities.</p>	<p>March 2016</p>	<p>Milestone: Establish a baseline of business premises that have high-speed broadband.</p> <p>Measure: Total number of premises with access to high-speed broadband.</p> <p>Measure: The number of businesses that submitted an Expression of Interest to the Superconnected Cities Voucher Scheme.</p>	<p>Following the approval of the Monmouthshire Broadband report by Cabinet in March 2015 the following activities have been undertaken to maximise the opportunities available:</p> <p>A SMART communities and Digital Access Manager has been appointed to coordinate activity and maximise impact.</p> <p>Continued promotional activity to support the Super-connected Cities voucher Scheme.</p> <p>Local promotion and maximisation of the WG ICT exploitation programme</p> <p>Completion of a Digital Monmouthshire section for Residents, Businesses and Investors on the new Monmouthshire Business and Enterprise website – <a href="http://www.monmouthshire.biz">www.monmouthshire.biz</a> . This provides</p>	<p>The UK Government's Super-Connected Cities Voucher <a href="#">Scheme</a> was closed in October 2015. 60 expressions of Interest were supported from local businesses, 11 expression of interests were received in the year, a total of 50 were targeted. 27 vouchers were awarded. In January 2016 the Welsh Government extended its <a href="#">Ultrafast Broadband Connection scheme</a> for businesses into Monmouthshire and this grant opportunity is now being promoted to local businesses.</p> <p>Through the continued roll out of high-speed broadband there has been an increase in the total number of premises which are able to access high-speed broadband with at least 36,400 premises now able to access Superfast Broadband connections and there is an increased uptake with</p>	<p>Met target</p>



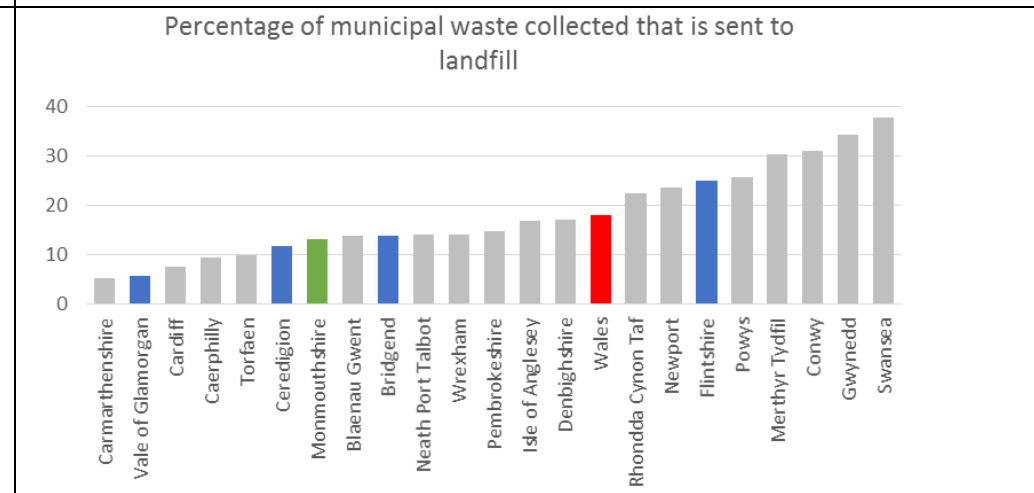
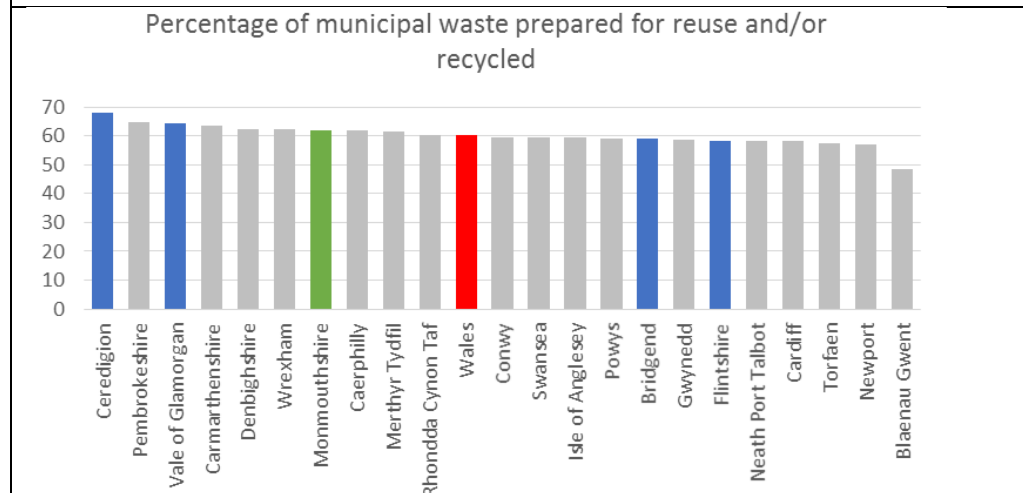
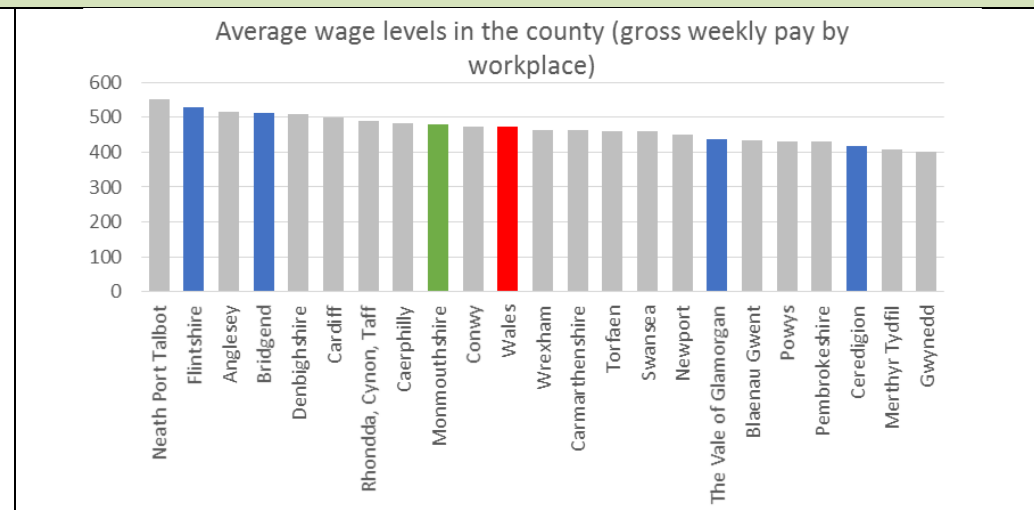
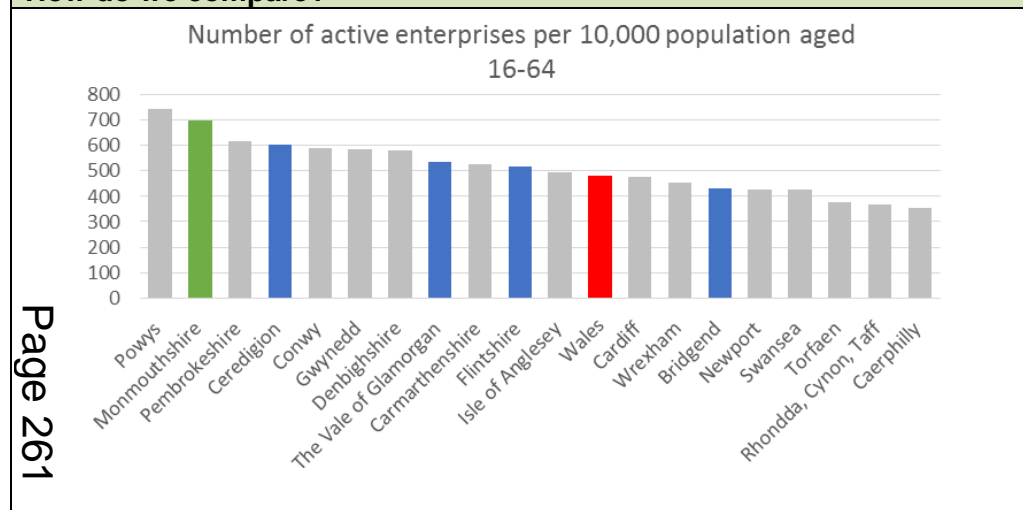
What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
			<p>up to date information on the progress of the Superfast Cymru rollout and raises awareness of new services, the benefits of improved broadband and opportunities to access digital skills training.</p>	<p>Monmouthshire's figures now standing at 19.8%.</p>	
<p>Complete the Monmouthshire recycling service review.</p> <p>Page 259</p>	<p>December 2015</p>	<p>Measure: Percentage of waste that is recycled</p> <p>Measure: Percentage of waste that is sent to landfill.</p>	<p>The recycling review was scrutinised by Strong Communities Select Committee in January 2016 and approved by Cabinet in March 2016.</p> <p>The report sets the council's long term recycling strategy in Monmouthshire, to ensure it is future proofed in terms of public acceptability, financial affordability, environmental performance and legal compliance.</p>	<p>Monmouthshire residents continue to recycle and compost their waste helping the council achieve a recycling rate of 61.9% which is a slight decrease on the rate achieved in the previous year. The council's current recycling rate is above the Welsh Government target for 2015/16 of 58%. Monmouthshire's recycling target for 2016/17 is 66%</p> <p>The landfill rate has continued to decrease to 13.2% due to the continued use of energy from waste and is below the 17.5% target set. The percentage waste used to recover heat and power has also increased, 25.4% of waste was used for heat and power in 2015/16.</p>	<p>Met target</p>
<p>Continue the implementation of the pollinator policy which involves reducing the number of cuts to grassed areas and verges, where safe to do so, and planting of.</p>	<p>Ongoing</p>	<p>Measure: Area of grass verges planted with pollinator friendly plants</p> <p>Measure: Area of land with reduced cuts per year to support vegetation growth.</p>	<p>Working with Bee Friendly Monmouthshire and local community councils a total of 36,802m<sup>2</sup> of pollinator friendly plants have been planted in 2015. An increase from 26,690m<sup>2</sup> in 2014.</p> <p>In addition to planting seeds, the frequency of cuts to areas of grassland that are not already being used for sport</p>	<p>This is helping turn Monmouthshire into a friendlier place for bees and other pollinating insects and in addition to creating a more biodiverse county will save £30,000 a year</p>	<p>Met target</p>

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress		
annual wildflower displays			or other activities, has been reduced to encourage flowering species to grow. The total area of open space and highway verges that had reduced cutting frequencies has increased to 283,464m <sup>2</sup> .				
Create employment opportunities for young people leaving the looked after system.	March 2016	Measure: Percentage of young people who were formerly in care who are in employment or training at the age of nineteen.	Children's Services employ two apprentices as our Children in Care Council apprentices.  Placement opportunities for young people leaving the looked after care system has been raised with partners at the LSB with a view to exploring what opportunities they can offer.	The apprentices have established and are developing our children in care council to represent the views of children and young people who are/have been in care to improve services.  The percentage of care leavers who are known to be in education employment or training at the age of nineteen is 40%.	On target		
How will we know the difference it has made			2013/14	2014/15	2015/16 Target	2015/16	Trend
Number of new business start-ups where assistance was provided by Monmouthshire Enterprise and Partners <sup>1</sup>			103	122	75	58 (provisional)	Not directly comparable
Number of new jobs created where assistance was provided by Monmouthshire Enterprise and Partners			124	311	180	140	Not directly comparable
Percentage of municipal waste collected that is sent to landfill			34.2%	18.1%	17.5%	13.2%	Improved/ Met target
Percentage of municipal waste that is prepared for reuse or recycled			62.9%	63.3%	63%	61.9%	declined/ missed target
Total number of premises with access to high-speed broadband <sup>2</sup>			-	25,500	35,500	36,400	Improved/ Met target
The number of businesses that submitted an Expression of Interest to the Superconnected Cities Voucher Scheme			Scheme not available	49	50	11	Behind target
The area of grass verges planted with pollinator friendly plants <sup>3</sup>			0	26,690m <sup>2</sup>	35,000m <sup>2</sup>	36,802m <sup>2</sup>	Improved/ Met target
The area of land with reduced cuts per year to support vegetation growth <sup>4</sup>			0	143,078m <sup>2</sup>	200,000m <sup>2</sup>	283,464m <sup>2</sup>	Improved/ Met target

Longer Term Measures	2013/14	2014/15	2015/16 Actual
Average wage levels in the county (gross weekly pay by workplace) <sup>5</sup>	£427	£464	£478
Number of active enterprises per 10,000 population aged 16-64 <sup>6</sup>	660	679	699
Unemployed persons as a percentage of those Economically Active <sup>7</sup>	5.1%	4.9%	3.3%
Percentage of working residents who work within Monmouthshire <sup>8</sup>	56.1%	54.5%	58.3%

### Partners we are working with

### How do we compare?



## Improvement Objective 4

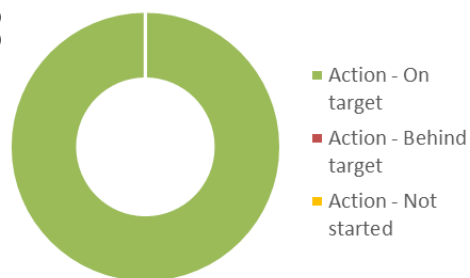
<b>MCC Improvement Objective 4:</b> Maintaining locally accessible services	
<b>Council Priority:</b> Maintaining locally accessible services	<b>Single Integrated Plan Outcome:</b> People have good access and mobility and People protect and enhance the environment
<b>What the Single Integrated Plan identifies that we will contribute to</b>	<b>Why have we chosen this?</b>
<p>For people to have good access and mobility, we need:</p> <ul style="list-style-type: none"> <li>To ensure rural communities have good access to services</li> </ul> <p>To enhance our environment, we need:</p> <ul style="list-style-type: none"> <li>To enable people to enjoy more of Monmouthshire.</li> <li>To realise the potential to partner-up with neighbouring destinations.</li> <li>Better use of natural assets for outdoor pursuits and activities</li> </ul>	<p>The political administration's Continuance Agreement makes it clear that while there are tough choices to be made in the next two years the council will seek to ensure all valued services survive whether they are best placed to be provided by the council or other organisations.</p>

### Overall Impact score

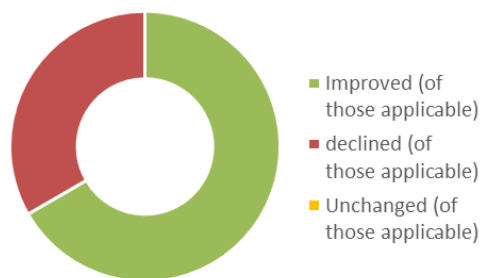
#### Level 4 Good - Important strengths with some areas for improvement

Page 262

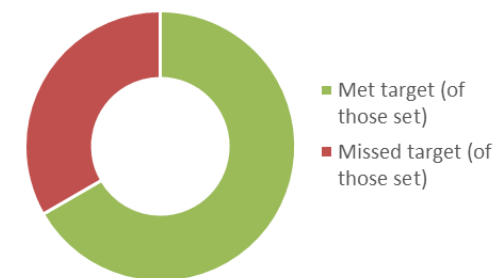
Action progress



Indicator Trend



Targets



The evidence shows that all actions have made progress that is on target, while for the three indicators of the objective two improved and met the target set, while one declined and missed the target set. Community Hubs, combining One stop shops and library services have been established in Caldicot, Chepstow, Monmouth and Usk providing a Single point of access for core council services. The opening of community hubs has contributed to an increase in visits to sites in the second half of 2015/16, although library materials issued have decreased. The initial review of the Council's core cultural services has been completed, the review has been expanded and a team has been established which has looked at alternative models available to take this forward, an option appraisal on the ADM model is being completed for member consideration.

Leisure centres have continued to promote and market their service with an increase in visitor numbers overall. The school sport survey has shown an Increase in Children "Hooked on Sport for Life" in Monmouthshire to 49%. The Rural Development Plan 2014-2020, covering the rural wards of Monmouthshire and Newport, have been awarded £2.8M for rural projects, ten LEADER projects have been supported so far and further applications are

being invited for this funding. A draft volunteer strategy “A county that Serves” has been created. Work on volunteering is enabling a clear and consistent approach to volunteering and volunteering provision and opportunities to be more joined up.

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
Establish five community hubs which bring together libraries and one-stop-shops;	Caldicot, Chepstow, Monmouth and Usk September 2015  Abergavenny September 2016	Milestone: Operating Hub models in Caldicot, Chepstow, Monmouth and Usk  Measure: The number of library materials issued  Milestone: Operating Hub model in Abergavenny	Community Hubs, combining One stop shops and library services have been established in Caldicot, Chepstow, Monmouth and Usk in line with the milestone agreed.  The Improvement Plan 2016/17 sets out the steps to commence work to establish a community hub in Abergavenny.	The hubs have been established, successfully integrating One Stop Shop and library services and providing a Single point of access for core council services. Based on library visitor count data, there has been an increased footfall into the overall service. The opening of community hubs has contributed to an increase in visits to sites in the second half of 2015/16 while overall visits for the year are broadly similar to 2014/15, Virtual visits to libraries continue to increase with an 11% increase in website usage.  There has been a reduction in Library materials issued per 1000 of the population to 4591. Although, there has been increased use of download services which are 20% up on the same period last year. Since the introduction of the hubs, further work is being undertaken to make library stock choices more closely linked to customer needs and holding events to encourage non library members who visit the hubs to use the service.	Met target
Complete a review of Monmouthshire County Council's core cultural services and attractions	July 2015	Milestone: The review is completed and the outcome options of the review presented to members	The initial review of the Council's core cultural services and attractions has been concluded and the report has been presented to Economy and Development Select committee in September 2015.	The review has identified a need to rationalise the current working model and improve practices within the Culture Service area. Including the need to recognise the wider options for	Met target

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 264</p>			<p>The Cultural Services review has been expanded to incorporate parallel and complementary services of Leisure, Events, Youth and Outdoor Learning. In recognition of the need to undertake one detailed and comprehensive appraisal of the options relating to providing a sustainable, viable and vital future for Leisure, Events, Culture and Youth services.</p> <p>A team has been established which has looked at alternative models available to take this forward, worked with specialist consultants, completed workshops and data gathering across services in scope. An option appraisal on the ADM model is being completed for scrutiny and cabinet consideration.</p>	<p>innovation and collaboration and commercial opportunities that exist.</p> <p>The expanded review is seeking new options and opportunities that must be identified for the wider set of services. This will not only need to meet the Council's priority of maintaining locally accessible services but will also meet the needs of the community.</p> <p>The work completed so far has helped teams to be more focused on their business and opportunities, promote a more joined up approach to work and identified the need for further specialist skills in some key areas such as marketing and commercial</p>	
	<p>Continue to operate 4 leisure centres by maximising their commercial potential.</p>	<p>Ongoing</p>	<p>Measure: Number of visits to sport and leisure centres.</p>	<p>A sales and marketing plan has continued to be implemented across all four leisure centres with regular promotions, campaigns and outreach work within the communities and this is paying off with an increase in footfall and income against targets.</p> <p>Memberships of leisure centres have continued to grow during the year.</p>	<p>Enhancing the potential of leisure centres will help promote participation and physical activity. In 2015/16 there were a total of 8205 visits to leisure centres per 1000 population. Improved data collection of visitor numbers at leisure centres that were not previously captured has contributed to this increase, excluding this data visitor numbers have still been broadly maintained and above targeted levels. The target for the year was set lower based on the impact of the new school rebuilding and the closure of the.</p>



What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
			<p>Overall, Leisure performed strongly against budget with some challenging targets.</p>	<p>swimming pool at Monmouth leisure centre. Participation figures from the school sports survey undertaken in 2015 shows 49% of children are physically active (Hooked on Sport for Life). This is an improvement from 42% in 2013</p>	
<p>Identify Rural Development Plan (RDP) programmes for the next funding period 2014-2020.</p>	<p>July 2015 onwards</p>	<p>Milestone: Local action group agree the projects that will be funded.</p>	<p>Cabinet approved the Vale of Usk Local Development Strategy in July 2015. This is based around five themes developed following consultation with rural communities; adding value to local identity and natural and cultural resources; facilitating pre-commercial development; business partnerships and short supply chains; exploring new ways of providing non-statutory local services; renewable energy at community level and exploitation of digital technology.</p> <p>The coordinating Local Action Group now has 21 members with equal representation from the public, private and voluntary sector and is requesting projects under all five themes.</p> <p>Ten funding applications have been received and approved so far with a further twenty in development. Both Facebook and Twitter accounts have been set up for a wider audience communication strategy.</p>	<p>For the 2014-2020 period the Vale of Usk Local Action Group, covering the rural wards of Monmouthshire and Newport, have been awarded £2.8M for rural projects.</p> <p>The projects agreed by the Local Action group will ensure this funding is targeted at projects for rural communities in line with the five themes. In 2015/16 three LEADER projects have been supported. Further details of approved projects are shown on the projects section of the <a href="http://www.valeofusk.org">www.valeofusk.org</a> website.</p> <p>Further performance will be measured using the RDP LEADER Performance Framework. Outputs are lower during 2015/16 as it will take time for the programme to develop and deliver outcomes to be achieved.</p>	<p>Met target</p>

What will we do?	Timescale	How we will measure success	What have we done?	What difference has it made?	Progress
Page 20 of 26 Establish a coherent and consistent volunteer framework for the authority.	December 2015	Milestone: Volunteer strategy developed.  Milestone: Outcomes framework developed to measure the impact of volunteering on communities.	<p>A draft volunteer strategy “A county that Serves” has been created, in liaison with relevant groups, as a starting point for thinking differently about supporting and enabling volunteering and social action in Monmouthshire. An integral part of this is an accompanying outcomes framework, parts of which are being piloted in some volunteer settings.</p> <p>To understand the extent of volunteering across the Council a mapping exercise was completed which gives a baseline as well as specific information on volunteer activity, including that there are 1757 current volunteers. This identified a demand for two key improvements that have been made:</p> <p>A Network for Volunteer Coordinators has been established and this has developed into four working groups focusing on Digital Volunteering, Social Isolation, Indirect Volunteering and Safe and Effective Recruitment to discuss areas of best practice and to coordinate support and training around these key aspects.</p> <p>An online volunteer toolkit has been developed to offer guidance and to set a clear level of standards for involving volunteers.</p>	<p>This work is enabling a clear and consistent approach to volunteering and is enabling volunteering provision and opportunities to be more joined up.</p> <p>Volunteer programme coordinators are now being supported to achieve the level of standards set out in the Toolkit. While support is also being provided to volunteers, this includes safeguarding training that has been delivered to volunteers in regulated activity.</p>	Met target



How will we know the difference it has made	2013/14	2014/15	2015/16 Target	2015/16 Actual	Progress
Number of visits to local authority sport and leisure centres during the year per 1,000 population where the visitor will be participating in physical activity	8,099	7,893	7,600	8,205	Improved/ Met target
The number of visits to public libraries during the year, per 1,000 population	7,270	7,434	7,450	7,478	Improved/ Met target
Number of library materials issued, during the year, per 1,000 population	5,828	5,553	5,555	4,951	Declined/ missed target
Longer Term Measures	2013/14		2014/15	2015/16 Actual	
Percentage of children who are physically active (hooked on sport for life)	42%		Completed biannually	49%	
Total number of tourists per year <sup>9</sup>	2,052,500		2,100,000	2,190,000	
Income generated from tourism per year <sup>10</sup> (£ millions)	£169.66 million		£173.15 million	£186.65 million	

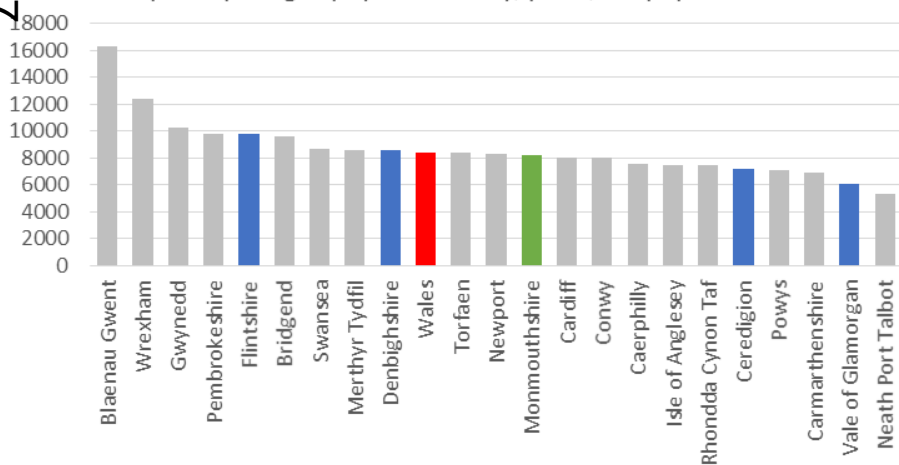
### Partners we are working with?

Welsh Government, Newport City Council, The European Agricultural Fund for Rural Development, Housing Associations, Gwent Association of Voluntary Organisations (GAVO)

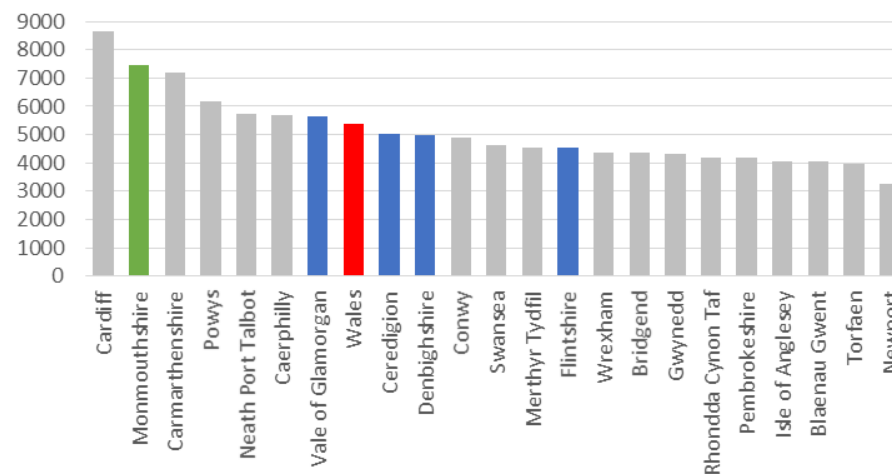
### How do we compare?

Page 267

Visits to sport and leisure facilities where the visitor will be participating in physical activity, per 1,000 population



Public Library visits per 1,000 population



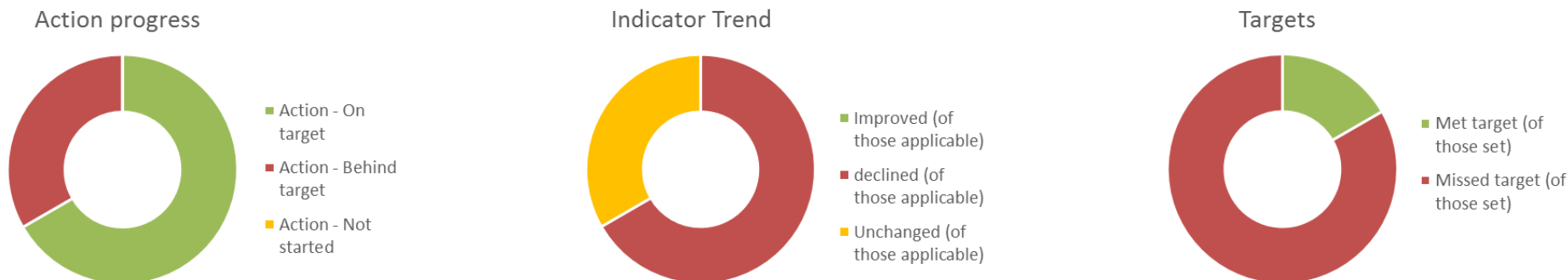
## Improvement Objective 5

<b>MCC Improvement Objective 5:</b> We want to be an efficient, effective and sustainable organisation.	
<b>Council Priority:</b> Being an efficient organisation helps us to maximise the impact on the council's priorities	<b>Single Integrated Plan Outcome:</b> This Objective helps us maximise our impact on delivering the vision of sustainable resilient communities
<b>What the Single Integrated Plan identifies that we will contribute to</b>	<b>Why have we chosen this?</b>
This objective is about our efficiency and effectiveness as an organisation. By doing the basics well we can maximise the amount of money that we can spend on front-line services.	The scale and magnitude of the challenges now upon Local Government are unprecedented and these future challenges are mounting. Alongside severe financial constraint as reflected in our Medium Term Financial Plan, we face changes in customer needs and expectations, together with challenges as a result of new technologies and regulatory and policy changes. We must continue to develop and implement processes and ways of working that will help us meet these challenges to maximise our chances of success and remain relevant to the citizens we serve.

Page 268

### Overall Impact score

Level 3 – Adequate Strengths just outweigh weakness



The evidence shows the majority of actions are on target, with a couple behind the progress targeted. Due to the nature of the objectives comparing trends of indicators is not always applicable due to the range of factors that influence them, of the applicable trends a couple of key indicators have declined. While we recognise some targets for these indicators were particularly stretching, with four being set at 100% which given the range of influences on these indicators is challenging to ever achieve. Taking all the information in context the evidence of success marginally outweighs areas which are not on track and adequate progress has been made. The employee performance framework, "check in check out" has been reviewed to further improve the process, 100% of staff requiring an appraisal were targeted to complete an appraisal. In 2015/16 reported data shows 54% of staff completed an appraisal, although the actual figure is likely to be higher than this. The revised approach aims to ensure everyone who requires an appraisal has completed an appraisal. Extensive work continues to put in place a balanced Medium Term financial Plan including aligning proposals with the vision for the County and political

priorities. The bottom line situation of the 2015/16 budget is a net revenue outturn underspend of £676,000, work continued in the year to assess the delivery and impact of the implementation of savings in 2015/16, including implementing a recovery plan, with 89% of savings being achieved.

ICT infrastructure continues to be reviewed and progress on ICT projects managed. Housing benefit decisions made within targeted times is maintaining the high rate achieved in 2014/15 – 98%, the 100% targeted is very difficult to achieve due to a range of factors that can influence decisions. The Community Asset transfer policy has enabled Community Groups to make expressions of interests to initiate a transfer, with one in principle decision made so far by cabinet. There was a delay in some capital receipts originally forecast to be delivered in the year, these receipts are now forecast to be delivered in future years.

What will we do?	Timescale/ milestone	How we will measure success	What have we done?	What difference has it made?	Progress
<p>Page 100</p> <p>Embed a consistent performance appraisal approach (check-in, check-out) for staff and relate this to our workforce development programme.</p>	<p>March 2016</p>	<p>Measure: Percentage of staff that require a performance appraisal who have completed an appraisal.</p>	<p>Following the introduction of a new employee performance framework, “check in check out”, in April 2014 which provides a value-based performance assessment approach between staff and line managers.</p> <p>Based on feedback received, the check in check out process has been reviewed and further developed with training sessions advertised via Talent Lab.</p>	<p>Check in check out enables individuals and teams to outline the values and performance that is relevant in their role and connect them to the purpose of the organisation.</p> <p>100% of staff requiring an appraisal were targeted to complete an appraisal, in 2015/16 reported data shows 54% of staff completed an appraisal, although the actual figure is likely to be higher than this due to the need to further develop the recording process.</p> <p>The reviewed process will help ensure the final outcomes of the process are effective, all staff have the opportunity to undertake an appraisal and their personal objectives are focused on delivering the things that matter most to the people of Monmouthshire. As well as capturing the advice, support and training requirements that are identified that will feed into the wider organisational Training Needs Analysis.</p>	<p>Missed target</p>

What will we do?	Timescale/ milestone	How we will measure success	What have we done?	What difference has it made?	Progress
<p>Put in place an updated three year medium term financial plan.</p>	<p>December 2015</p>	<p>Measure: Delivery of the budget within a parameter of +/- 0.5%.</p>	<p>We have continued to plan our budget as part of our Medium Term Financial Plan model, the most recent effect of the roll forward of the model at February 2016, incorporating revised assumptions and pressures, highlights a gap of £14 million over the period of the plan from 2017/18 for the next 4 years.</p> <p>Work is continuing on the need to address the longer term issue of a reducing resource base. It is recognised however much more work is necessary in order to consider the remaining 3 years of the MTFP and what the future shape of the Authority needs to look like in the light of the emerging financial position.</p>	<p>This work has enabled future budget proposals to be developed for 2016/17, whilst taking into account the medium term position. This approach has also been key to enabling a focus on aligning proposals with the vision of sustainable and resilient communities and maintaining core priorities, as identified within the Administration's Mid Term Report and Continuance Agreement 2015-17,</p> <p>The bottom line situation of the 2015/16 budget is a net revenue outturn underspend of £676,000, an improvement of £878,000 on quarter 3 outturn predictions.</p> <p>The net cost of services pressure is a £166,000 (0.12%) overspend. This includes £702k of reserve funded projects which are now going to be deferred to 2016/17, and also a net £209k additional contributions to reserves which were unbudgeted. Whilst this has no effect on the outturn position overall, it artificially improves the net cost of services by this amount and taking this into account results in an overspend of circa £1.077m. This is still a good result for services considering the financial challenges that have been absorbed.</p>	<p>Met target</p>

What will we do?	Timescale/ milestone	How we will measure success	What have we done?	What difference has it made?	Progress
<p>Deliver the approved budget savings for 2015/16.</p>	<p>March 2016</p>	<p>Measure: Percentage of savings in the budget being delivered</p>	<p>In January 2015 council agreed the Medium Term Financial Plan (MTFP) to set the 2015/16 budget. This includes £4.8million of specific saving initiatives identified for 2015/16.</p> <p>An assessment on the preparedness of services to deliver the 2015/16 budget mandates was completed in March 2015 to mitigate risks and maximise the levels of income or reductions in costs required to deliver approved savings.</p> <p>Further progress against savings is assessed at 4 time intervals throughout the year using a traffic light system to indicate whether savings are likely to be achieved or reasons explaining why the mandate is delayed and next steps. This not only focusses on financial performance but also accounts for operational, people and customer impacts of delivery.</p> <p>A recovery plan for the 2015/16 budget was developed, which included presenting alternative savings, and was agreed by Cabinet in December 2015.</p>	<p>The percentage of mandate savings delivered in 2015/16 is 89% (£4,266,728 of the £4,778,983 identified savings) with £337,255 being deemed as unachievable, a further £200,000 is expected to crystallise in 2016-17. This is behind the 100% target set but an improvement on month 9 data which concluded 83% savings were forecast to be met.</p>	<p>Met target</p>

What will we do?	Timescale/ milestone	How we will measure success	What have we done?	What difference has it made?	Progress
<p>evaluate the effectiveness of the authority's ICT infrastructure and networks, and the associated ICT equipment and access provided to staff.</p>	<p>December 2015</p>	<p>Milestone: Production of an Annual Business Plan for Shared Resource Services (SRS) Milestone: An effective suite of measures in place to track performance of ICT services</p>	<p>Commissioning documents are drawn up on an annual basis that inform the SRS business planning process.</p> <p>The SRS Strategy (2016 – 2020) has been signed off by the SRS board and is focused on consolidating the demand of multiple partners and brokering the supply of single ICT solutions. The strategy is integrated with Monmouthshire's strategy (I County) and the strategies of its partners.</p> <p>Each partner is drawing a systems architecture list which will form a database of systems and inform the replacement programme on a collaborative basis. Linked to the council's Asset Management plan a whole authority review has been undertaken of network infrastructure and will be updated alongside the acquisition or disposal of buildings.</p> <p>MCCs digital business plan details how the council will provide 'the tools to do the job' including the right equipment, connectivity, knowledge and business analysis.</p> <p>The schools infrastructure refresh programme is in progress following a successful business case submission.</p>	<p>The schools infrastructure investment programme will provide a robust network and equipment to build on for 21st century teaching and learning.</p> <p>The SRS undertakes annual external benchmarking to ensure its competitiveness.</p> <p>The SRS internal performance is monitored through a performance board coupled with fortnightly sprint planning meetings for applications, networks, projects and help desk services.</p> <p>MCC systems architecture is being mapped in order to refresh it according to agreed principles and in collaboration with partner organisations in the SRS</p>	<p>Met target</p>

What will we do?	Timescale/ milestone	How we will measure success	What have we done?	What difference has it made?	Progress		
Improve the speed of decision for Housing benefit applicants.	March 2016	Measure: Percentage of housing benefit decisions made within 14 days	New Housing Benefit claims continued to be processed within the target range set in the 2006 Housing Benefit regulations, this states claims should ideally be processed within 14 days of receiving all the information or as soon as practicable thereafter. Currently 98 per cent of new claims are being processed in this time.	This ensures payments are made to those in the community who need them. This performance is maintaining the high rate achieved in 2014/15.  There were 1700 new claims for housing benefits last year. This makes the achievement of 100% of claims, as targeted, very difficult to achieve.	Met target		
Continue to rationalise the council's property portfolio.	March 2016	Measure: Percentage of capital receipts delivered in line with forecasts. Milestone: Complete two Community Asset Transfers	The Asset Management Plan continues to provide a clear strategy and plan for the management of the council's property and land assets.  The approved community Asset transfer policy has enabled Community Groups to make expressions of interests to initiate a transfer, which are then subject to appraisal by the council to assess their feasibility. There have been six approaches in total relating to the policy that are at various stages in the process.	Of the approaches for asset transfer made so far one has been given an in principle decision at Cabinet in July 2015, further work on the financial costings and business plan has been undertaken.  In 2015/16, £1,807,000 million of the £10,235,000 million capital receipts forecast to be received in year as 2015/19 MTFP were achieved. The net reduction in the capital receipts forecast in 15/16 is due to the delay in an LDP receipt & the Coed Glas receipt from 15/16 to 16/17 (£8.1m).	Missed target		
How will we know the difference it has made			2013/14	2014/15	2015/16 Target	2015/16 Actual	Progress
Revenue outturn expenditure against budget and percentage over/underspend			£1.227 million 0.8% underspend	£327k 0.2% overspend	+/- 0.5%.	£166k 0.1% overspend	Met target
Percentage of budget savings delivered			86%	93%	100%	89%	Missed target
Number of working days/shifts per full-time equivalent (FTE) local authority employee lost due to sickness absence <sup>11</sup>			N/A	9.8	9.5	11.6	Declined/ missed target

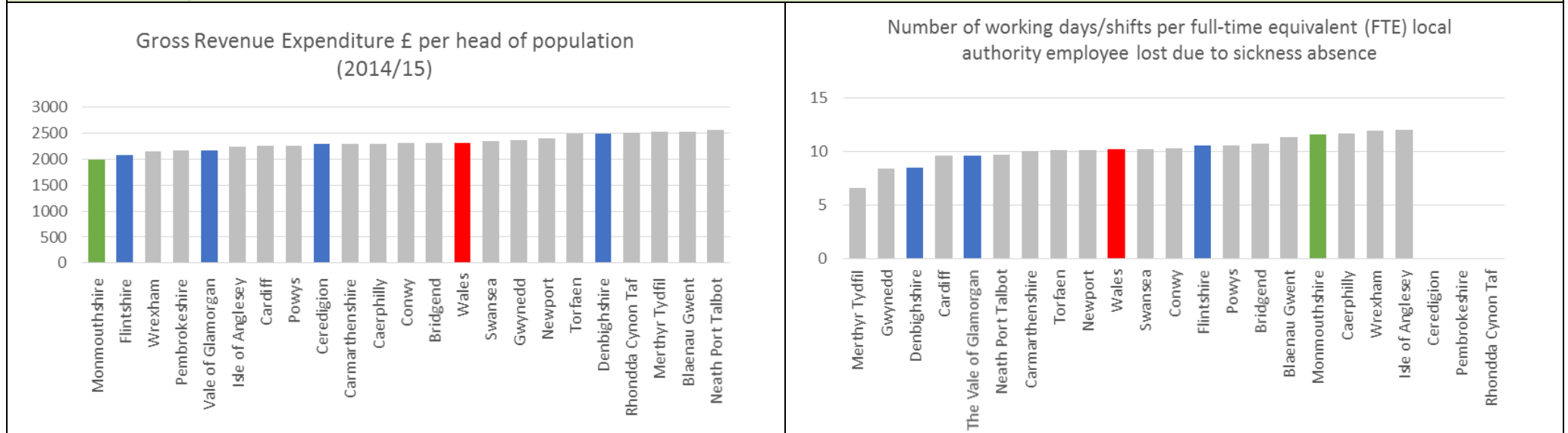


How will we know the difference it has made	2013/14	2014/15	2015/16 Target	2015/16 Actual	Progress
The percentage of capital receipts received in line with forecasts	101.08% of the £2,401,000 forecast	54.2% of the £21,165,000 forecast	100%	17.7% of the £10,235,000 forecast	missed target
Percentage of staff that require a performance appraisal who have completed an appraisal	N/A <sup>12</sup>	84%	100%	54%	Declined/ Missed target
Percentage of new housing benefit claims decided within 14 days	94%	98%	100%	98%	Maintained/ behind with target
Other indicators of our work	2013/14	2014/15	2015/16		
Percentage of people who agree the local authority provides high quality services. <sup>13</sup>	63%	57%	N/A		
Percentage of national performance indicators that are improving or at maximum <sup>14</sup>	70%	84%	45%		
Percentage of national performance indicators that are in the top quartile	32%	44%	35%		

### Partners we are working with?

We are involved in over 100 collaborative projects and partnerships. Details can be found [here](#)

### How do we compare?





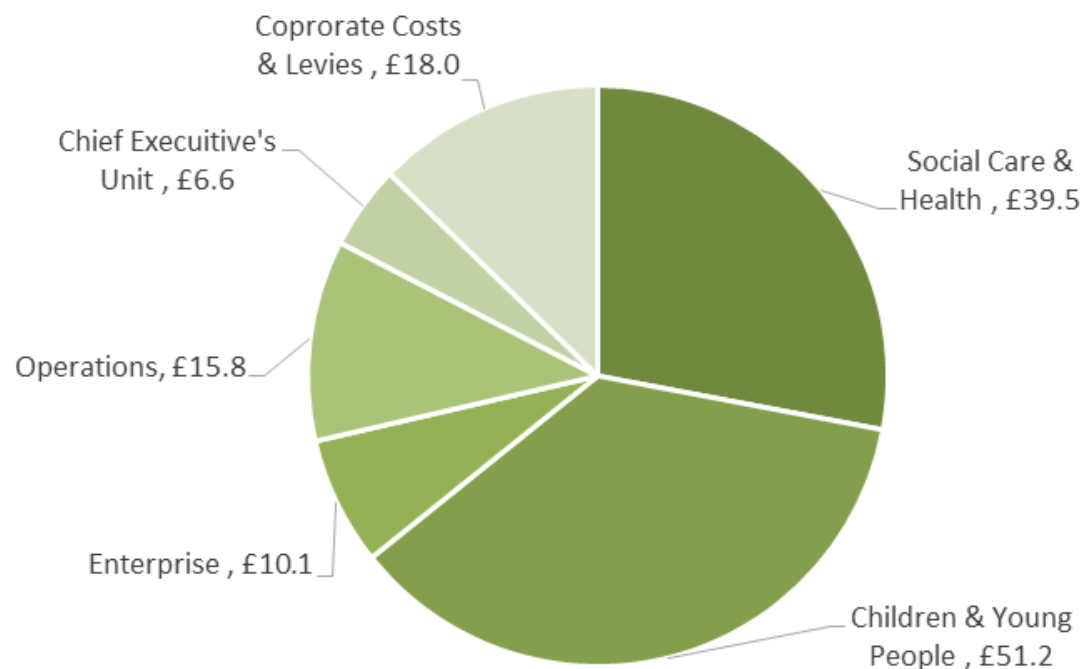
# Finance and Performance in 2015/16

## What we spent in 2015/16

In 2015-16 the council spent £141 million providing services for Monmouthshire residents. Our Medium Term Financial Plan highlights the financial position in both the short and medium term and models different financial scenarios and pressures. This allows us to respond to changing circumstances such as the downturn in the economy and its impact on public sector funding.

The proportion of our spending on different services in 2015/16 is shown in the chart below. These services are paid for by a combination of central government grants, council tax, non-domestic rates and a contribution from the Council Fund.

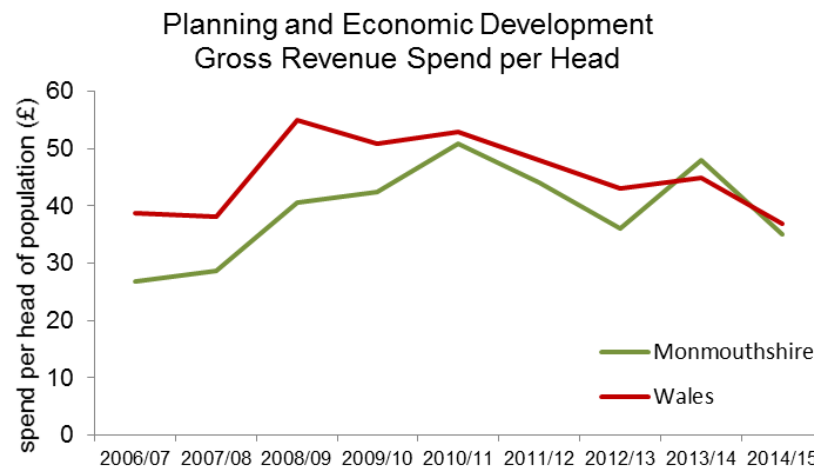
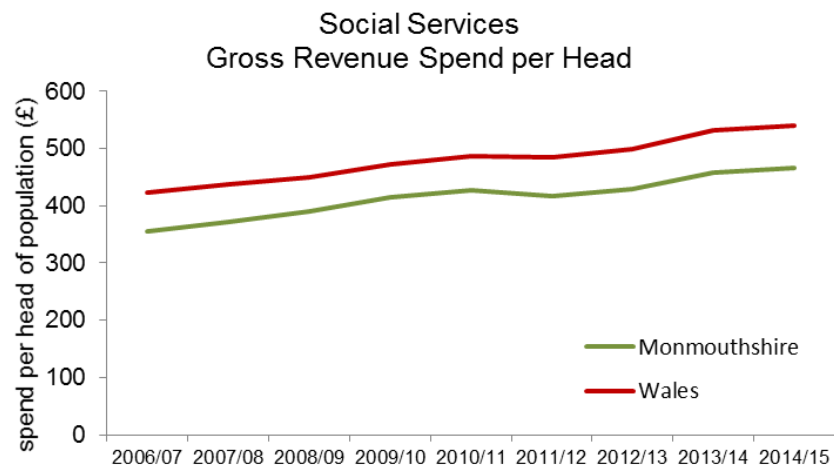
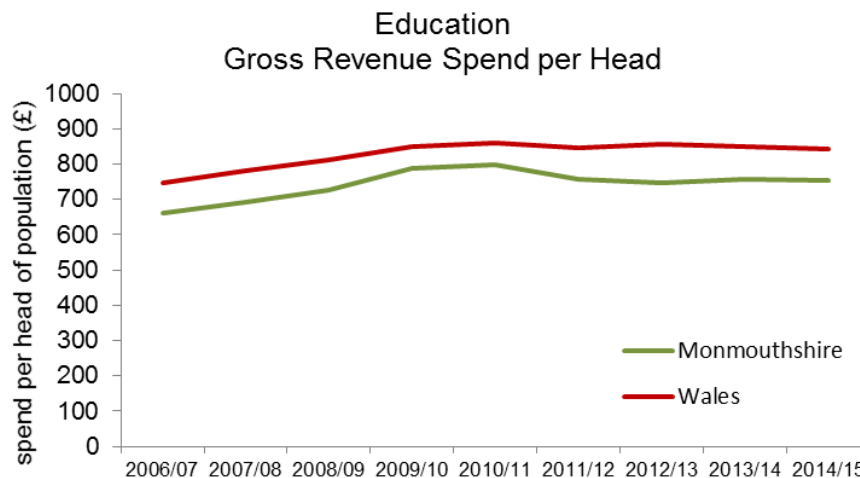
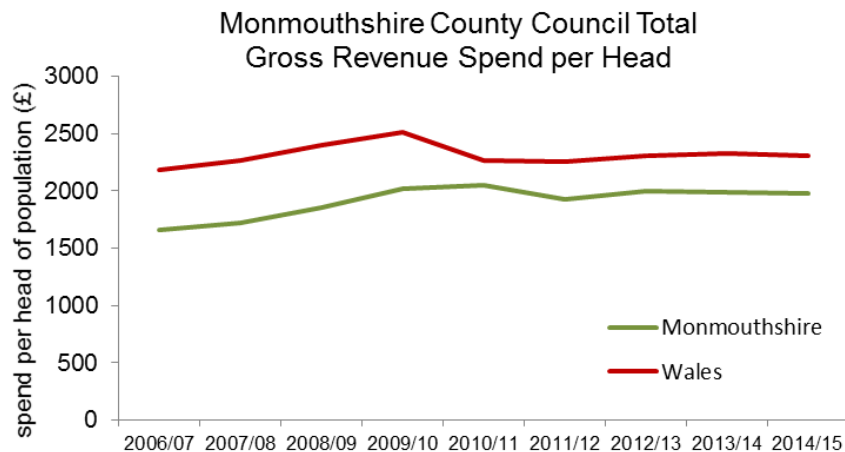
**Cost of providing services in 2015/16 (£ millions)**



(net cost of services)

## How our revenue spend compares with other areas

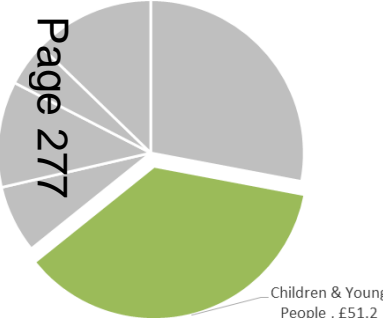
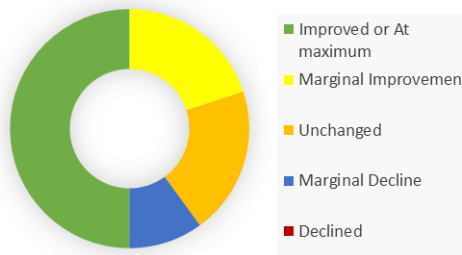
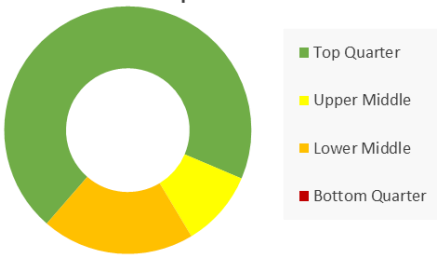
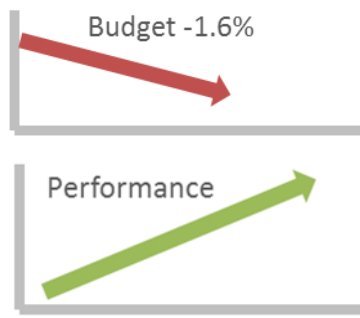
The diagrams below show how much we spend per head of population in on our priority areas. We are spending less on services per head of population than the average for local authorities in Wales and had the lowest gross revenue spend per head of all councils in Wales. However we also work hard to make sure this money goes where it matters. Comparable data is only available up to 2014/15 at time of publication.<sup>15</sup>

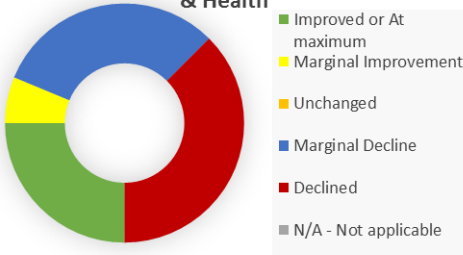
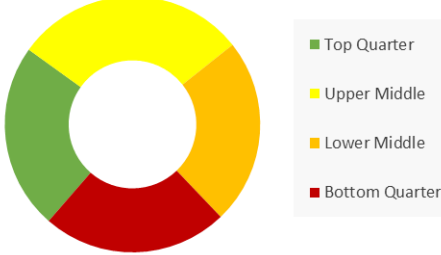
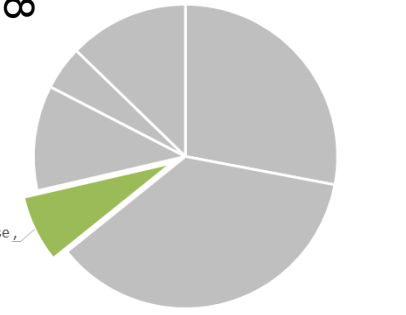
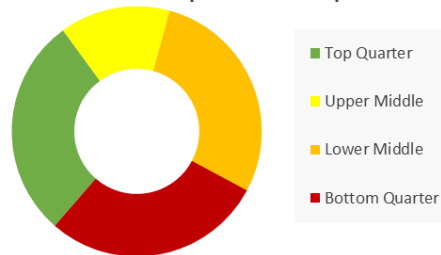
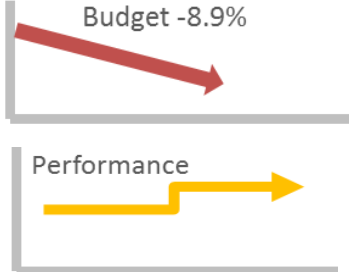


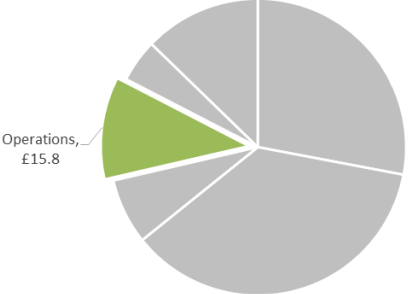
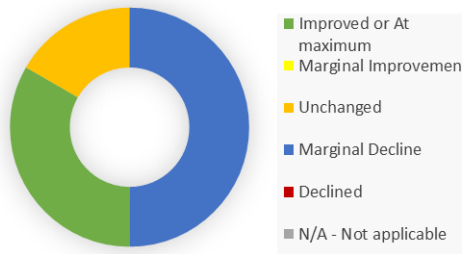
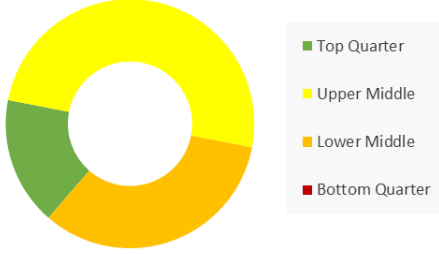
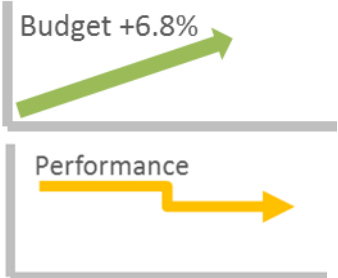
## How what we spend compares to our performance

Our financial settlements over the course of the last four years have seen a reduction of £10.215million or 10.03% compared to the Welsh average of 6.21%. Looking forward, we can expect to have to find a further £14m over the next four years. In parallel – and posing both additional challenges and opportunities – are factors such as rising demand, changing demography and a whole set of complex social and economic changes. We are trying to find ways of continuing as many services as possible but this is not easy and you will see changes. Resources have been prioritised on four areas; *education, the protection of vulnerable people, promoting enterprise and maintaining locally accessible services.*

The next section provides further information on our performance against national performance indicators. Below we have set out the proportion of spend on our service areas (directorates) and our performance against national indicators for services in these areas. We also highlight some of our expectations (targets) for performance in 2016/17 reflecting the performance expectations of the priorities in the partnership continuance agreement, resource pressures and mandated budget savings.

Service area spend 2015/16	Performance indicator trend 2015/16	Performance indicator national comparison 2015/16	Performance expectations 2016/17
<p data-bbox="100 726 145 917">Page 277</p>  <p data-bbox="324 997 459 1045">Children &amp; Young People, £51.2</p> <p data-bbox="44 1061 414 1093"><b>Children &amp; Young People -</b></p> <p data-bbox="44 1125 537 1228">We spent £51.2million, 36% of our services budget on Children &amp; Young People service areas</p> <p data-bbox="44 1260 481 1356">Children &amp; Young People covers services including Education and Youth Service</p>	<p data-bbox="638 726 1019 758">National PI Trend 2015-16 - Education</p>  <ul data-bbox="873 774 1064 997" style="list-style-type: none"> <li>Improved or At maximum</li> <li>Marginal Improvement</li> <li>Unchanged</li> <li>Marginal Decline</li> <li>Declined</li> </ul>	<p data-bbox="1142 726 1512 758">National PI Comparison - Education</p>  <ul data-bbox="1400 790 1556 965" style="list-style-type: none"> <li>Top Quarter</li> <li>Upper Middle</li> <li>Lower Middle</li> <li>Bottom Quarter</li> </ul>	 <p data-bbox="1579 1061 2172 1228">We are reducing net expenditure by 1.6% and targeting improved performance, for example in attainment, or maintenance of already high performance, for example pupil attendance.</p>

Service area spend 2015/16	Performance indicator trend 2015/16	Performance indicator national comparison 2015/16	Performance expectations 2016/17
 <p><b>Social Care &amp; Health</b> We spent £39.5 million, 28% of our services budget on Social Care &amp; Health service areas. Social Care &amp; Health covers service areas including services for older people, mental health, and child protection.</p>	<p><b>National PI Trend 2015-16 - Social Care &amp; Health</b></p>  <ul style="list-style-type: none"> <li>Improved or At maximum</li> <li>Marginal Improvement</li> <li>Unchanged</li> <li>Marginal Decline</li> <li>Declined</li> <li>N/A - Not applicable</li> </ul>	<p><b>National PI Comparison - Social Care &amp; Health</b></p>  <ul style="list-style-type: none"> <li>Top Quarter</li> <li>Upper Middle</li> <li>Lower Middle</li> <li>Bottom Quarter</li> </ul>	 <p>We are increasing net expenditure by 4.7% and targeting improved performance in the majority of adults and Children's social services or in some cases maintenance of already high performance,</p>
 <p><b>Enterprise</b> We spent £10.1million, 7% of our services budget on Enterprise service areas. Enterprise covers services including housing, economic development, planning, and leisure.</p>	<p><b>National PI Trend 2015-16 - Enterprise</b></p>  <ul style="list-style-type: none"> <li>Improved or At maximum</li> <li>Marginal Improvement</li> <li>Unchanged</li> <li>Marginal Decline</li> <li>Declined</li> <li>N/A - Not applicable</li> </ul>	<p><b>National PI Comparison - Enterprise</b></p>  <ul style="list-style-type: none"> <li>Top Quarter</li> <li>Upper Middle</li> <li>Lower Middle</li> <li>Bottom Quarter</li> </ul>	 <p>We are decreasing net expenditure by 8.9% and targeting; improved performance in some indicators, for example Disabled Facilities Grant processing time and to maintain or see limited decline in performance in others for example visits to leisure centres.</p>

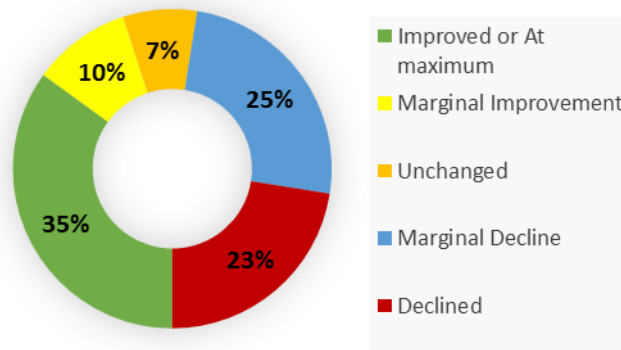
Service area spend 2015/16	Performance indicator trend 2015/16	Performance indicator national comparison 2015/16	Performance expectations 2016/17
 <p><b>Operations</b></p> <p>We spent £15.8 million, 11% of our services budget on Operations service areas. Operations covers services including waste, street cleaning, highways, transport and property services.</p>	<p><b>National PI Trend 2015-16 - Operations</b></p> 	<p><b>National PI Comparison - Operations</b></p> 	 <p>We are increasing net expenditure by 6.8% in 2016/17 due to some identified financial pressures in Operations. We have set targets to improve performance in some areas for example in waste and recycling and maintenance of already high performance in some areas like street services. In some areas we expect there to be a slight decline for example overall road condition, with major (A &amp; B) roads being prioritised for maintenance there will be a less expenditure for minor roads.</p>

## National Performance Indicators 2015/16

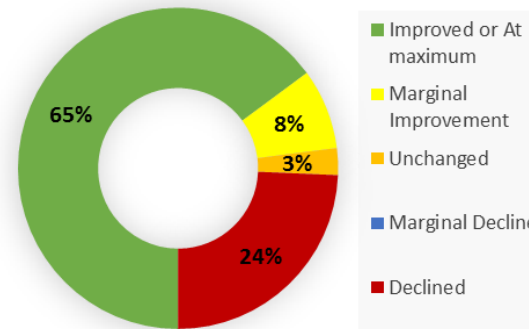
Each year the Welsh Government sets a number of key performance indicators that cover a wide range of services delivered by the council and can be compared across all 22 council's in Wales. The council has seen service performance improve, or remain at the maximum level, in 45% of comparable indicators.

Across the specific service indicators there have been many marginal changes in performance, 42% of indicators have either marginally improved/ declined or were unchanged while there have been a few more significant improvements and declines, we recognise and are already targeting improvements in some of these declining areas. As well as the performance over the last year it's important to look back over a longer period to understand our performance in the context of budget pressures and progress made over time. Over the last four years, 2012/13 to 2015/16, 74% of national performance indicators have improved. Given improvements in performance in recent years some services' performance is now at or near the maximum they can be without further investment and our targets for performance in some service areas reflect that performance will be maintained or be part of a managed decline given significant resource pressures.

National PI Trend 2015-16

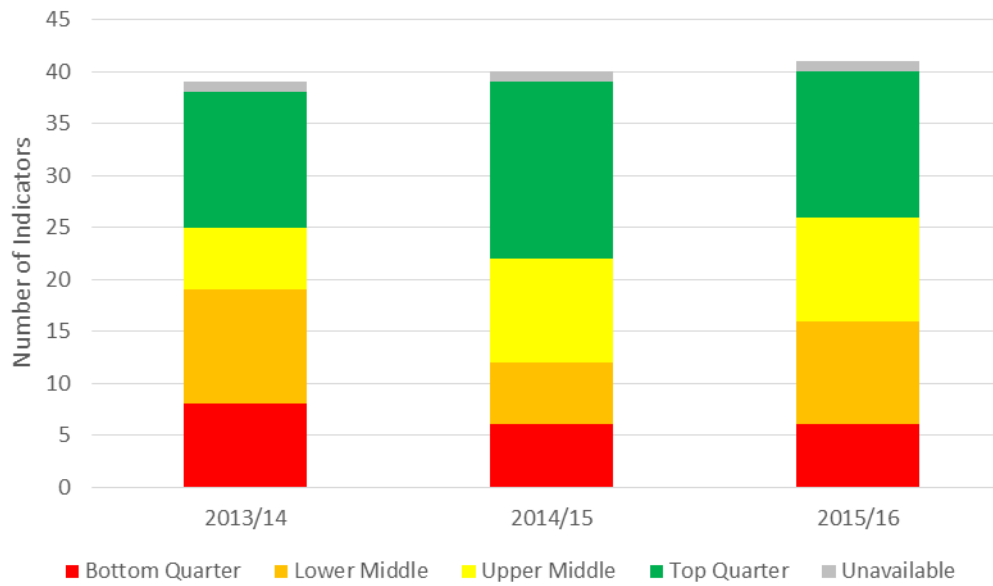


National PI Trend 2012-16



For the past three years we have reported a continuously improving picture and in 2014-15 we were amongst the top performing authorities in Wales measured by the national PIs. The performance from 2015/16 reveals in 2015/16 60% of indicators are in the top or upper middle quartiles, a slight decrease from the 69% in 2014/15 while over the last few years there has been a continued reduction in the percentage of indicators in the bottom quartile, which remained unchanged in 2015/16. Looking at the overall quartiles across all indicators we continue to be amongst the top performing councils in Wales.

National PI Quartile Comparisons 2013/14 - 2015/16



National measures do not always reflect our local priorities or focus on the outcomes of our services, nonetheless they remain an important tool in allowing people to hold the council to account. We have to analyse these against our priorities to allow us to fully assess what we have achieved and where we can improve. Our Improvement objectives in 2015/16 give the full detail on how we evaluate our performance in our priority areas. You can look at the full detail of the individual national performance indicators over the next few pages of this plan, in table 1, or look on-line at [www.mylocalcouncil.info](http://www.mylocalcouncil.info)

However you choose to look at the information we are always interested in your views. You can leave a comment on our website, e-mail us using [improvement@monmouthshire.gov.uk](mailto:improvement@monmouthshire.gov.uk) or tweet us @MonmouthshireCC

Trend	Quartile	Quartile Shift	Position in Wales
Trend information highlights if performance in 2015/16 compared to the previous year and 2015/16 compared to 2012/13 is: <ul style="list-style-type: none"> <li>Improved or At maximum (&gt;2.5% or at Maximum)</li> <li>Marginal Improvement - (0.1% - 2.4%)</li> <li>Unchanged</li> <li>Marginal Decline - (-0.1% - -2.4)</li> <li>Declined - (- &gt;-2.5%)</li> <li>N/A - Not applicable</li> </ul>	Ranking information highlights if performance compared to Welsh local authorities in 2015/16 is in the: Top, Upper Middle, Lower Middle or Bottom quartiles	Highlights if quartile performance in 2015/16 compared to the previous year has: improved, is unchanged or declined and by how many quartiles.	Shows where the authority ranks in comparison to the other 21 local authorities in Wales, 1 being the best and 22 being the worst.

Table 1

	Description	2012/13	2013/14	2014/15	2015/16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
EDU /002i	The percentage of all pupils in local authority schools, aged 15, that leave compulsory education, training or work based learning without an approved external qualification	0.1	0.4	0.1	0.1	0	✘	Unchanged	Unchanged	Upper Middle	Upper Middle	Unchanged	0.2	11
EDU /002i	The percentage of pupils in local authority care, and in local schools, aged 15, that leave compulsory education, training or work based learning without an approved external qualification.	0	0	0	0	0	✔	At maximum	At maximum	Top	Top	Unchanged	0.5	1



Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
EDU /003	The percentage of pupils assessed at the end of Key Stage 2, in schools maintained by the local authority, achieving the Core Subject Indicator, as determined by Teacher Assessment	86.3	89.3	89.5	92.5	92.2	✓	Improv ed	Improv ed	Top	Top	Unchan ged	88.1	1
EDU /004	The percentage of pupils assessed at the end of Key Stage 3, in schools maintained by the local authority, achieving the Core Subject Indicator, as determined by Teacher Assessment	77.7	80.4	84.2	90.8	88.3	✓	Improv ed	Improv ed	Top	Top	Unchan ged	84.1	2
EDU /006i	The percentage of pupils assessed, in schools maintained by the local authority, receiving a Teacher Assessment in Welsh (first language) at the end of Key Stage 3	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	17.8	N/A
EDU /011	The average point score for pupils aged 15 at the preceding 31 August, in schools maintained by the local authority	463.7	472.6	525.7	516.4	not set	N/A	Margin al Decline	Improv ed	Lower Middle	Lower Middle	Unchan ged	538.6	15
EDU /015 a	The percentage of final statements of special education need issued within 26 weeks including exceptions	55.6	57.1	64.5	75	tbc	N/A	Improv ed	Improv ed	Lower Middle	Lower Middle	Unchan ged	68.1	12

Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
EDU /015 b	The percentage of final statements of special education need issued within 26 weeks excluding exceptions	100	100	100	100	100	✓	At maximum	At maximum	Top	Top	Unchanged	94.5	1
EDU /016 a	Percentage of pupil attendance in primary schools	94.7	94.4	95.8	95.8	95.8	✓	Unchanged	Marginal Improvement	Top	Top	Unchanged	95	1
EDU /016 b	Percentage of pupil attendance in secondary schools	93.2	93.5	94.6	94.8	94.5	✓	Marginal Improvement	Marginal Improvement	Top	Top	Unchanged	93.9	1
EDU /017	The percentage of pupils aged 15 at the preceding 31 August, in schools maintained by the local authority who achieved the Level 2 threshold including a GCSE grade A*-C in English or Welsh first language and mathematics	56.3	57.3	65.6	66.9	70.5	✗	Marginal Improvement	Improved	Top	Top	Unchanged	58.3	1
SCA /001	The rate of delayed transfers of care for social care reasons per 1,000 population aged 75 or over	1.77	1.83	1.38	4.37	2.15	✗	Declined	Declined	Top	Lower Middle	Declined - 2	4.87	13
SCA /019	The percentage of adult protection referrals completed where the risk has been managed	80.37	81.2	100	99.59	100	✗	Marginal Decline	Improved	Top	Upper Middle	Declined - 1	97	10

Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
SCA /002 a	The rate of older people supported in the community per 1,000 population aged 65 or over at 31 March;	60.28	56.56	52.77	53.98	52.77	✘	Margin al Decline	Improv ed	Upper Middle	Upper Middle	Unchan ged	64.12	8
SCA /007	The percentage of clients with a care plan at 31 March whose care plans should have been reviewed that were reviewed during the year	54.4	82.1	84.1	91.3	86.4	✓	Improv ed	Improv ed	Upper Middle	Top	Improv ed +1	83	4
Page 18 285	The percentage of carers of adults who were offered an assessment or review of their needs in their own right during the year	74.2	97.3	99.7	98.8	100	✘	Margin al Decline	Improv ed	Top	Upper Middle	Decline d - 1	91.4	7
SCC /002	The percentage of children looked after who have experienced one or more changes of school while being looked after	10.2	11.0	21.4	20.5	10	✘	Improv ed	Decline d	Bottom	Bottom	Unchan ged	11.9	22
SCC /004	The percentage of children looked after on 31 March who have had three or more placements during the year	2.7	10.7	1.9	8.5	6.0	✘	Decline d	Decline d	Top	Top	Unchan ged	9.8	6

Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
SCC /011 b	The percentage of initial assessments that were completed during the year where there is evidence that the child has been seen alone by the Social worker	22.4	33.2	57.4	52.7	60	✘	Decline d	Improv ed	Top	Upper Middle	Decline d - 1	49.5	10
SCC /025 page 289	The percentage of statutory visits to looked after children due in the year that took place in accordance with regulations	66.9	66.3	84.5	84.2	90	✘	Margin al Decline	Improv ed	Bottom	Lower Middle	Improv ed +1	88.1	14
SCC /033 d	The percentage of young people formerly looked after with whom the authority is in contact at the age of 19	88.9	92.3	88.9	62.5	100	✘	Decline d	Decline d	Bottom	Bottom	Unchan ged	93.2	21
SCC /033 e*	The percentage of young people formerly looked after who are known to be in suitable, non-emergency accommodation at the age of 19	100	91.7	87.5	80	100	✘	Decline d	Decline d	Bottom	Bottom	Unchan ged	93.5	22
SCC /033f *	The percentage of young people formerly looked after who are known to be engaged in education, training or employment at the age of 19	25	58.3	25	40	75	✘	Improv ed	Improv ed	Bottom	Bottom	Unchan ged	60.7	21

Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
SCC /037	The average external qualifications point score for 16 year old looked after children in any local authority maintained learning setting	269	222	308	241	147	✓	Decline d	Decline d	Upper Middle	Lower Middle	Decline d - 1	269	14
SCC /041 a	The percentage of eligible, relevant and former relevant children that have pathway plans as required	68.4	73.3	98	100	98	✓	Improv ed	Improv ed	Lower Middle	Top	Improv ed + 2	93.5	1
SCC /045 Page 287	The percentage of reviews of looked after children, children on the Child Protection Register and children in need carried out in line with the statutory timetable	59.5	86.1	93.9	92.4	95.0	✗	Margin al Decline	Improv ed	Upper Middle	Upper Middle	Unchan ged	90.3	11
STS/ 005b	The percentage of highways and relevant land inspected of a high or acceptable standard of cleanliness	98.4	99.4	99.4	99.1	99	✓	Margin al Decline	Margin al Improv ement	Top	Top	Unchan ged	96.5	3
STS/ 006	The percentage of reported fly tipping incidents cleared within 5 working days	82.12	95.98	97.71	96.68	97.5	✗	Margin al Decline	Improv ed	Upper Middle	Upper Middle	Unchan ged	95.26	11
THS /007	The percentage of adults aged 60 or over who hold a concessionary bus pass	76.6	77.5	79.2	79.2	80	✗	Unchan ged	Improv ed	Bottom	Lower Middle	Improv ed + 1	85.6	16

Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
THS /012	The percentage of principal (A) roads, non-principal (B) roads and non-principal (C) roads that are in overall poor condition	7.8	9.8	9.7	9.2	11	✓	Improv ed	Decline d	Lower Middle	Lower Middle	Unchan ged	11.2	16
WMT/00 4b	The percentage of municipal waste collected by local authorities sent to landfill	42.81	34.23	18.06	13.15	17.5	✓	Improv ed	Improv ed	Upper Middle	Upper Middle	Unchan ged	18.14	7
PPM /006 288	The percentage of municipal waste collected by local authorities and prepared for reuse and/or recycled that are composted or treated biologically in another way	55.5	62.94	63.21	61.87	63	✗	Margin al Decline	Improv ed	Top	Upper Middle	Decline d - 1	60.17	7
PPN /009	The percentage of food establishments which are 'broadly compliant' with food hygiene standards	88.1	91.2	93.9	93.8	93	✓	Margin al Decline	Improv ed	Lower Middle	Lower Middle	Unchan ged	94.22	12
LCL/ 001b	The number of visits to public libraries during the year, per 1,000 population	7279	7270	7434	7478	7450	✓	Margin al Improv ement	Improv ed	Top	Top	Unchan ged	5374	2
LCS/ 002b	The number of visits to local authority sport and leisure centres during the year per 1,000 population where the visitor will be participating in physical activity	6852	8099	7893	8205	7600	✓	Improv ed	Improv ed	Lower Middle	Lower Middle	Unchan ged	8409	12

Ref	Description	2012/ 13	2013/ 14	2014/ 15	2015/ 16	Target 15/16	Target met? 15/16	Trend 14/15 - 15-16	Trend 12/13 - 15/16	Quartile 14/15	Quartile 15/16	Quartile moved 15/16	Wales Av 15/16	Wales Rank 15/16
CHR /002 *	Average sickness days per employee (FTE)	N/A	N/A	9.8	11.6	9.5	✘	Decline d	N/A	Upper Middle	Bottom	Decline d - 2	10.2	16
CAM /037	The percentage change in the average Display Energy Certificate (DEC) score within local authority public buildings over 1,000 square metres	N/A	N/A	N/A	4.1		N/A	Improv ed	N/A	N/A	Upper Middle	N/A	2	11
PSR /002	The average number of calendar days taken to deliver a Disabled Facilities Grant.	236	186	213	251	180	✘	Decline d	Decline d	Upper Middle	Lower Middle	Decline d - 1	241	14
Page 28 PSR /004	The percentage of private sector homes that had been vacant for more than 6 months that were returned to occupation during the year through direct action by the local authority	Not publis hed	4.66	10.27	14.18	11	✓	Improv ed	N/A	Upper Middle	Top	Improv ed + 1	11.08	6
PLA/ 006b	The percentage of all additional housing units provided during the year that were affordable.	101	31	53	25	not set	N/A	Decline d	Decline d	Top	Bottom	Decline d - 3	36	18

# Scrutiny of Council Business

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The scrutiny process should ensure openness, transparency and accountability in the council's decision-making. Support is provided to elected members to enable them to constructively challenge policy and decision-making, assess the impact of the Council's policies on local communities, hold to account for performance and recommend improvement.

In the last few years over 50 scrutiny meetings have been held per year covering a wide range of council business from ongoing work programmed items such as Revenue and Capital Financial monitoring to scrutiny of specific policy and programmes. Specific scrutiny activity in the last year includes:

Scrutiny of budget proposals in the Medium Term Financial Plan for 2016/17 which enabled scrutiny members to engage in decisions early in the budget process. The early consideration of ideas enabled Members to shape the council's budgetary direction and to make recommendations on those proposals.

Ensuring the existing four scrutiny committees play a key role in ensuring that future generations are considered through their scrutiny of policy and decision-making. Council agreed in January 2016 to establish a bespoke scrutiny arrangement to scrutinise the activities of the Public Service Board (PSB). A PSB Select committee has been established and held its first meeting in June 2016.

Introducing quarterly reports for Cabinet detailing scrutiny's recommendations to assist in informing the Executive of the outcome of scrutiny work.

Ensuring collaborative bodies such as Education Achievement Service (EAS) and Shared Resource Service (SRS) are appropriately scrutinised and attend scrutiny committees to account for their performance in delivering our outcomes.

The details of all scrutiny meetings held are available on our [website](#) and are also streamed on the council's [YouTube channel](#).



# What our Citizens said

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Engagement and consultation is essential to improving the way we work. We need to listen more effectively and understand our communities better. We regularly consult on a range of subjects in order to make sure that we listen effectively and we are working towards the National Principles of Engagement in Wales. Some of the most significant work in the year is set out below.

## Monmouthshire Engages Budget 2016/17

During 2015-16 we held a programme of budget of engagement to talk to our communities about the financial challenges facing the authority and some of the ideas we had to make sure we fulfil our priorities and make savings.

We held a variety of public events and undertook a range of digital engagement. You can take a look in more detail at what we did on our [website](#).

In autumn 2014 we used the engagement events to launch a new digital engagement platform called [Monmouthshire Made Open](#). It is another way in which local people can get involved in shaping the future of council services by setting challenges and working together – and with the council – to develop potential solutions.

## Single Integrated Plan

The Single Integrated Plan was built off a platform of extensive consultation and engagement and is subsequently based around the issues people have told us are important in Monmouthshire, there are three priority areas:

- Nobody is left behind
- People are confident, capable and involved
- Our county thrives

In 2015/16 the Local Service Board identified a priority work stream of “closing the gap”.

## Community Governance review

A community governance review has been completed. The review was presented to Cabinet and council to update Members on the findings of the Community Governance Review and the proposed recommendations to develop a more coherent and partnership approach with communities. Council agreed to establish a cross party Member working group which equally represents the four administrative areas. The cross party Member working group on community governance will recommend a revised framework to County Council which; preserves the leadership role of elected members, supports and encourages community participation, oversees the delivery of local community development and considers the Local Government (Wales) Bill.

## Our Monmouthshire engagement

During 2016-2017 Monmouthshire County Council will undertake two substantial assessments of need and wellbeing within the County as a consequence of the Wellbeing of Future Generations Act and the Social Services and Wellbeing Act. The information that is gained during this work will provide a much deeper evidence base to inform the publication of the

council's well-being objectives by 31st March 2017. To do this we need to get a better picture of well-being in communities.

In 2018 Monmouthshire Public Service Board have to publish a long term Well-being plan for the area. Monmouthshire Public Service Board is made up of services including the Police, NHS, council, and Fire and Rescue along with the voluntary sector and housing associations.

Our Well-being Plan needs to reflect the communities that live in Monmouthshire and we are asking residents to help to get a better understanding of the economic, environmental, social and cultural well-being of Monmouthshire. This is really important so that we can create communities that people want to live in now and in the future. In autumn of 2016 we will be asking residents about what's good in their community and what could be better. For more information and to get involved visit [www.monmouthshire.gov.uk/our-monmouthshire](http://www.monmouthshire.gov.uk/our-monmouthshire)

# What our Regulators said

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Regulatory bodies are a key partner for the local authority. Their aim is to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. The council uses the findings of all regulatory reports to target improvement at key areas of work

The main inspectorates are the Wales Audit Office (WAO) who examine our financial and performance management, Estyn in relation to education provision and the Care and Social Services Inspectorate for Wales in relation to the social services. We work with other important agencies too such as the Planning Inspectorate, the Benefits Fraud Agency, the Environment Agency and Health and Safety Executive.

Each year, the Wales Audit Office reports on how well councils are planning improvement in delivering their services. This is published as part of an Annual Improvement Report (AIR). Monmouthshire received its first Corporate Assessment in March 2015. The report found, that it is uncertain whether Monmouthshire will comply with the requirements of the Local Government Measure during 2015-16. A significant factor resulting that uncertain conclusion was the council's education services for children and young people being in special measures at that time. The service has since been removed from special measures following an inspection by Estyn. The report also concluded

*“The council demonstrates ambition in its vision, enthusiasm to deliver and commitment to working collaboratively, but this needs to be supported by a clearly joined-up strategic approach and effective delivery mechanisms.”*

The latest Annual Improvement report (AIR) published in August 2016 summarises the audit work undertaken by WAO since the last report was published in November 2015, the report is available to download on the Wales Audit Office website ([www.audit.wales/publications](http://www.audit.wales/publications)) and concludes:

*“Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the council will comply with the requirements of the measure during 2016-17 provided it continues to maintain the current pace of improvement.”*

As a result of regulatory work conducted by the WAO in the authority over the last few years, the council has a number of proposals for improvement it is addressing. The progress made against these proposals is reported to Audit Committee annually, the last report to [Audit Committee](#) was in December 2015. WAO also make recommendations that may be relevant to the council in local government national reports. Although these have not been issued directly to the council, like the other proposals, we respond to relevant recommendations from the national reports in our updates.

Inspection reports about education and social services are produced by specialist regulators, [Estyn](#) and the [Care and Social Services Inspectorate](#). Their latest reports are available online.

In October 2015 CSSIW published their latest performance evaluation of social services, which can be downloaded from this [link](#). The report stated that the council is making good progress with a transformation in practice agenda and is well placed to meet the requirements as set out in the Social Services and Wellbeing (Wales) Act. It recognised Monmouthshire's work in taking forward an ambitious agenda in adult's services. The report noted that this has been more difficult in children's services where the department has been working hard to deliver an action plan to respond to the findings of the inspection undertaken by CSSIW in children's services in November 2014. CSSIW recognised significant support corporately and from members who have a good understanding of the challenges facing social care.

Following the Estyn Monitoring visit in November 2015, Estyn has judged that Monmouthshire County Council's education services for children and young people has made strong progress in addressing two of the six recommendations arising from the inspection of November 2012, and satisfactory progress in addressing the other four, as detailed below, and concluded that the authority is no longer in need of special measures. The full letter is available [here](#)

Estyn Recommendation	Estyn Judgment November 2015
Recommendation 1: Ensure that safeguarding procedures are robust and underpinned by a clear policy.	The authority has made strong progress in addressing this recommendation.
Recommendation 2: Improve standards of attainment for all groups of pupils, particularly in secondary schools.	The authority has made satisfactory progress in addressing this recommendation.
Recommendation 3: Strengthen the level of challenge to schools and use the full range of powers available to the authority to improve leadership and management in underperforming schools.	The authority has made satisfactory progress in addressing this recommendation.
Recommendation 4: Improve corporate planning to strengthen links between the local authority's priorities and service level targets.	The authority has made strong progress in addressing this recommendation.
Recommendation 5: Improve self-evaluation across all services and make better use of data to plan services strategically and target resources appropriately	The authority has made satisfactory progress in addressing this recommendation.
Recommendation 6: Ensure that performance management is effective and robust and allows elected members and senior officers to identify and address underperformance.	The authority has made satisfactory progress in addressing this recommendation.

# Partnership & Collaboration

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Monmouthshire is committed to working in partnership and has a good track record of delivering jointly with health, the police and voluntary sector amongst others. Fully understanding that no single organisation or community can achieve the level of outcomes required to break the cycle of dependency from one generation to the next.

Under the clear leadership of the Local Service Board (LSB), partners have been able to deliver a range of programmes, activities and interventions that are well evidenced, reflect local need and are co-produced with communities. The Partnership landscape in Monmouthshire fully embraces multi-agency working, with representation from a wide range of partner organisations, including the third sector, who work collaboratively to improve the outcomes for Monmouthshire residents. Collaboration and partnership working forms a key part of the delivery mechanism across the county.

Following the audit and review of the partnership landscape in 2014/15, we have concentrated on shaping the partnership landscape into a structure that is accessible to all partners. Strategic partnership groups were mapped and reviewed and enabled us to understand the complexities of partnership arrangements, the robustness of partnership governance and how they were contributing to improving population outcomes identified in the SIP for Monmouthshire and reporting into the LSB.

Each Single Integrated Plan (SIP) partnership group has reviewed its memberships, Terms of Reference and governance to reflect statutory responsibilities and established an up to date action plan. A SIP performance group has been established to review partnerships delivering under the Local Service Board and SIP. The membership of the group is multiagency and is chaired by ABHB. A set of LSB performance indicators were agreed by the LSB in April 2015. The LSB also identified a priority work stream for 15/16 of “closing the gap”.

In April 2016, the Wellbeing of Future Generations Act came into force and the Monmouthshire Local Service Board transitioned into a statutory Public Service Board with the responsibility of overseeing the remaining year of the Single Integrated Plan, which runs until March 2017

Select Committees have scrutinised the performance of some partnership activity during 2015 - the integrated youth offer and Safer Monmouthshire partnership.

Some of the key service partnership collaborations the council is involved in include the Education Achievement Service (EAS), Project Gwyrdd, and the Shared Resource Service (SRS).

# References

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<sup>1</sup> The audit trail for some of the start-ups included in the 2015/16 data is incomplete, therefore this has been marked as provisional.

<sup>2</sup> Data provided by BT

<sup>3</sup> 2014/15 data revised from 28,846 m<sup>2</sup>

<sup>4</sup> 2014/15 data revised from 100,563 m<sup>2</sup>

<sup>5</sup> ONS, Annual Survey of hours and earnings. Median earnings in pounds for employees who work in Monmouthshire. This based on place of employment not place of residence; therefore this is likely to include a mix of people who live outside as well as inside Monmouthshire. NOMIS Official labour market statistics - [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

<sup>6</sup> Stats Wales, [Active Business Enterprises](#) per 10,000 population by area and year. Data relates to previous calendar year, e.g 2014/15 is 2013 calendar year data.

<sup>7</sup> NOMIS Official labour market statistics, obtained from NOMIS Local authority profile at <https://www.nomisweb.co.uk> , All people - Economically active - Unemployed (Model Based) for Monmouthshire

<sup>8</sup> Stats Wales, [Detailed commuting patterns](#) in Wales by Welsh local authority, Data is in calendar years, e.g 2015/16 is 2015 data.

<sup>9</sup> Based on annual calendar year data produced by STEAM

<sup>10</sup> Based on annual calendar year data produced by STEAM.

<sup>11</sup> This was introduced into the national data set in 2014/15 and previous years trends are not directly applicable.

<sup>12</sup> A new employee performance framework, was introduced in April 2014, therefore previous measurement before April 2014 is not comparable with the new framework.

<sup>13</sup> Welsh Government [National Survey for Wales](#) Data relates to previous calendar year, e.g 2014/15 is 2013 calendar year data.

<sup>14</sup> National performance indicators from the National Strategic Indicators and Public accountability measures set. Only indicators that can be directly compared to the previous year and were published in the year by the council are included.

<sup>15</sup> Data accessed from <https://statswales.wales.gov.uk/Catalogue/Local-Government/Finance/Revenue/Outturn/RevenueOutturnExpenditure-by-Authority>



<b>SUBJECT:</b>	<b>RE-APPOINTMENT OF MONMOUTHSHIRE LOCAL ACCESS FORUM</b>
<b>MEETING:</b>	<b>County Council</b>
<b>DATE:</b>	<b>22 September 2016</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All Wards</b>

## 1. PURPOSE:

- 1.1 To secure the appointment of members to the Monmouthshire Local Access Forum (LAF) for its next 3 year period and consider measures to increase the forum's effectiveness.

## 2. RECOMMENDATIONS:

- a) That the following retiring members of the Monmouthshire Local Access Forum be re-appointed: - Mr John Askew, Mrs Pat Benson; Mrs Irene Brooke and Ms Anne Underwood;
- b) That the following individuals be shortlisted for appointment as members of the Monmouthshire Local Access Forum: - Mrs Anthea Fairey, Mrs Sheila Hampshire; Ms Elizabeth Hepburn; Ms Gwyneth Jones; Mr Richard Micklethwait; Mr Philip Mundell; Mr David Smith; Mr David Steere and Mr Mark Storey;
- c) That a selection panel of three appropriate Members be established and delegated authority to select and appoint members from the shortlist and to appoint further members should the Forum after its first meeting ask the County Council to seek additional members to reflect any specific interests felt not to be appropriately represented;
- d) That the County Council nominate its representative to serve on the Local Access Forum;
- e) That the retiring members of the Forum, including the past Chairman, be thanked for their valuable contribution.
- f) Consideration be given to the LAF Chair reporting annually to the appropriate Select Committee and/or Cabinet.

## 3. KEY ISSUES:

- 3.1 The Monmouthshire Local Access Forum is a statutory body set up to provide advice to the local authority and other agencies on the improvement of public access to land in the area for the purposes of open-air recreation and the enjoyment of the area. These bodies have a statutory duty to have regard to relevant advice given by the Local Access Forum. The forum is required to meet at least twice a year. The Council, as appointing authority,

is required to establish and maintain membership of the forum, of between 12 and 22 members, in accordance with regulations.

- 3.2 The regulations only allow members to continue until 3 years from the first meeting of each term, i.e. to 11 November 2016 (regardless of when an individual was appointed) and so all members are due for re-appointment.
- 3.3 Following the publication of statutory notices and other publicity applications have been received from 13 individuals. Details of these are appended as Appendix 1. The County Council is required to achieve a well-balanced membership reflecting all relevant interests, made up of individuals who meet the suggested criteria for appointment. The guidance allows for interviews to take place, where deemed necessary, to decide upon the persons to be invited to become members.
- 3.4 Having assessed all of the applications it is recommended that the following former Local Access Forum members be re-appointed: - Mr John Askew, Mrs Pat Benson; Mrs Irene Brooke and Ms Anne Underwood. It is further recommended that the following new applicants be shortlisted for appointment as members of the Local Access Forum: - Mrs Anthea Fairey, Mrs Sheila Hampshire; Ms Elizabeth Hepburn; Ms Gwyneth Jones; Mr Richard Micklethwait; Mr Philip Mundell; Mr David Smith; Mr David Steere and Mr Mark Storey and, as on previous occasions, the final selection be delegated to a nominated panel comprising of three appropriate Members. The selection panel will be guided by the relevant regulations and guidance notes.
- 3.5 Regulation 6(1) states that the appointing authority must appoint one member (but no more than one) who is either a member or officer of the authority. The previous representative was County Councillor A. Webb. It is therefore recommended that the County Council appoint a representative to serve on the forum until May 2017.
- 3.6 The current number of potential members meets the statutory minimum size. Once appointed and after its initial meeting the Forum may wish to ask the County Council, as appointing authority, to advertise for further individuals to serve on the forum reflecting any specific interests felt not to be appropriately represented. This will be a matter for the Forum to consider and decide, but should it do so it is recommended that the selection panel also consider and determine any subsequent applications arising from any further advertisement.
- 3.7 Following a review of the governance of Local Access Forums undertaken with Natural Resources Wales the National LAF Chairs have made a number of representations to Welsh Government to increase the effectiveness of LAFs. These are summarised in Appendix 2. The proposed actions in response were endorsed by the LAF at its meeting in January 2016. Specifically it is recommended that consideration be given to the LAF Chair reporting annually to the appropriate Select Committee and/or Cabinet.

#### **4. REASONS:**



4.1 To meet the requirements of the Countryside Access (Local Access Forums) (Wales) Regulations 2001 and reflect the recommendations of the LAF National Chairs.

**5. RESOURCE IMPLICATIONS:**

5.1 Members of the Local Access Forum are able to claim reasonable expenses from the County Council in respect of meetings

**6. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:**

6.1 The County Council is required by Regulations and guidance to achieve a well-balanced membership reflecting all relevant interests, made up of individuals who meet the suggested criteria for appointment. In particular this includes that the membership of the forum achieves a reasonable balance between the interests of users of countryside access and of owners and occupiers of access land or land over which local rights of way exist and must have regard to the need to ensure, so far as is reasonably practicable, a fair balance between persons of different genders, races, ages, disabilities and other characteristics.

6.2 Once in place the forum will be given the opportunity to review its composition and the interests reflected and to identify to the appointing authority if specific interests are under-represented and seek assistance in finding further members to reflect this.

**7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

7.1 There are no direct safeguarding and corporate parenting implications.

**8. CONSULTEES:**

Cabinet, SLT; Legal, Democratic Services, Scrutiny Manager

**9. BACKGROUND PAPERS:**

9.1 Local Access Forum Guidance 1: CCW/WAG  
Appendix 1: Individual applications to serve on the Local Access Forum  
Appendix 2: Response to measures to increase the LAFs effectiveness

**10. AUTHOR:**

Matthew Lewis,  
Green Infrastructure and Countryside Manager  
Tel: 01633 344855 E-mail: [matthewlewis@monmouthshire.gov.uk](mailto:matthewlewis@monmouthshire.gov.uk)

## **Appendix 1: Individual applications to serve on the Local Access Forum**

### John Askew:

Continue to assist with motorised vehicle usage issues and protection of green lane network. Assist with volunteer repair projects & knowledge/skills. Build upon existing relationships with Highways and RoW established over the last 3 years.

### Pat Benson

I have been a member of the LAF for many years and have become very aware of demands for access to the countryside. Living on a restricted byway I have lots of interaction with walkers, cyclists and horse riders and the overwhelming feedback I get points to the health and wellbeing benefits of countryside access. As a "commoner" I am interested in commons and also a member of many organisations (RSPB, GWT, Plantlife etc.)

### Irene Brooke

I would like to apply to continue to be a member of Monmouthshire Local Access Forum and I remain committed to the essential functions of the forum.

My family has been working farmers in the Wye Valley AONB for nearly 40 years. It is a mixed farm with dairy and arable enterprises.

There is a concentrated network of public rights of way over the farm and it is surrounded by Natural Resources Wales land much of which has open access.

I am therefore able to offer a balanced insight into the issues surrounding land ownership, land management and public access in Monmouthshire.

I am a regular recreational walker, dog walker and occasional horse rider with a keen interest in the biodiversity of the Wye Valley.

My interest include a desire to maintain and improve public access so that the Monmouthshire countryside can be enjoyed by all.

I have regularly attended the LAF meetings over the last three years and have contributed to a number of consultations particularly to dog walking, Glastir applications, 4WD use of green lanes and the M4 relief road proposal. I look forward to the challenges ahead with the renewal of the Monmouthshire's ROWIP plan.

As a member of the CLA and NFU I am ideally placed to liaise with these organisations as well as other groups such as parish councils with regard to LAF matters.

### Anthea Fairey

I offer the following in support of my application to the Local Access Forum:

- Chair elect of Friends of Castle Meadows, Abergavenny which works together with Monmouthshire County Council (MCC) to encourage access for all into the Meadows and to encourage various groups and individuals to participate in the enhancement and conservation of this unique habitat.
- As a member of Llais y Goedwig I represented Friends of Castle Meadows and the former organisation at the Royal Foresters Conference 2016 and then prepared a blog, available to all, highlighting issues concerning forests and woodlands.
- Have led workshops at the Llais Y Goedwig annual gathering in Abergavenny in 2015 and Bangor 2016.

- Represented Friends of Castle Meadows at the Royal Welsh Show 2015/2016 promoting Castle Meadows as an area which can be enjoyed by all and highlighting the achievements of the “Friends” and MCC.
- Currently engaged on a project to improve access for all in a neglected copse adjacent to Castle Meadows.
- Developing a project which will encourage 0-11 year olds and their parents/guardians to visit and enjoy the Meadows.
- Experience of working with schools and voluntary groups to visit and discover the various habitats within Castle Meadows.
- Completion of Level 3 RHS in Horticulture (2016), part of which included the study of how open spaces can be made accessible to disabled individuals. I have worked with individuals with disabilities to see how the Meadows to see how this might be achieved.
- A background in teaching Environmental Science and Biology which has given me a sound basis for involvement in conservation and encouraging others to be involved.
- Experience of working with international groups to develop environmental programmes within the European Community.
- The preparation of applications for grants has resulted in my liaison with a number of groups. To date these have included: Green Valleys CiC, GAVO, Keep Wales Tidy, University of South Wales, Glyndwr University, University of Aberystwyth, Wye and Usk Foundation, National Flood plain Meadows Partnership, Friends groups within the Gwent, Torfaen and Blaenau Gwent with similar habitats, Imperial College Open Laboratories, Black Poplar steering group for SE Wales, Farming and Wildlife Advisory group.

### Sheila Hampshire

As local landowners we have the prestigious Usk Valley Walk crossing our land, and are aware of the many issues arising. I am keen to promote safe and responsible access for walkers, horse riders and where appropriate bikes, with the interests of all parties at heart. I have knowledge of the local area having lived here for 40 years and enjoyed walks and horse riding myself, as well as having a keen interest in the needs of wildlife.

### Elizabeth Hepburn

I have been a resident of Monmouthshire for the past 33 years and am pleased that local people have the opportunity to express their views and opinions about how to improve and develop public access in their surrounding areas.

I realise that an important aspect of the forum is to understand the needs and interests of different groups of people in Monmouthshire and to be sure that these are well represented.

Before I retired I was a Deputy Headteacher in a Monmouthshire Primary School and so have a good understanding of what younger members of our community may need. In my management role I had to work alongside different outside agencies and so understand the importance of good communications skills and the ability to liaise with different groups of people.

Since retiring I have worked with people who have multiple health issues and so have some knowledge of what they may also require to gain good access to their local area.

On a personal level I have always appreciated the opportunities that Monmouthshire provides for outdoor leisure activities and would be interested in helping to further develop these in the future.

### Gwyneth Jones

I have lived in Monmouthshire for most of my adult life, raised my family here, and am involved in a local business in the hospitality sector. I would like to contribute something towards the community, and I

consider access throughout the county to be an important issue; one that is integral to our local enjoyment of the environment, and to the promotion of Monmouthshire as a destination for tourism and leisure.

I think, as yet, I know only small pockets of Monmouthshire really well, and I am always keen to explore further. I walk a lot, with an excitable Lakeland Terrier for company. As an explorer (albeit close to home) I have an interest in signage and information, along with an appreciation of the work that goes into producing it.

My family connections and business interests give me some insight into the pleasures and frustrations of various forms of off-road motorcycling; trials, enduro, motocross, etc. where access is frequently a vexed issue.

I am in the process of expanding my knowledge of the Monmouthshire & Brecon canal. Having enjoyed walking along the towpath for many years, I have recently taken to the water and now have a small boat moored at Goytre Wharf. I am a member of the Inland Waterways Association and the Monmouthshire, Brecon & Abergavenny Canals Trust.

My experience of forums such as this is limited and ancient (e.g. several years as secretary of Goytre Fawr Primary PTA) but yet I believe I have something to offer.

I am independent, resourceful, and articulate. I am analytical, with the ability to weigh up both sides of an argument, and where necessary, to play 'devil's advocate'. Furthermore, I am an all-rounder with a strong entrepreneurial streak, an eye for detail, and (some) time and energy to spare.

#### Richard Micklethwaite

I have a clear idea of the conflicts arising between the public and the realities of livestock farming and the problems of the CAP.

My daughter and son in law now own and manage this 400acre farm.

#### Philip Mundell

My reason for believing I could be an effective member of this forum is based on my experience of walking and working in the Monmouthshire countryside. I have been able to observe, at first hand, some of the issues that arise from problems associated with rights of way and access.

I have been a volunteer with Monmouthshire County Council Countryside section for the past nine years. During this time I have acted as a volunteer Path Warden with particular responsibility for two routes: Piercefield (Promoted route No. 6) and Devauden/Chepstow Park Wood. In addition I am a regular walk leader of weekend walks organised by Mark Langley. During this period I have received training from the County Council in Path Surveying, Walk Leading, and Emergency First Aid.

I am particularly proud of my involvement with the Fit4Life scheme and was part of the team that initiated both the Abergavenny and Chepstow groups. I am now an active member of the Chepstow team. The scheme has been running for between four and five years and has made a positive contribution to the health and wellbeing of its members. The physical limitations of this group of walkers mean that care has to be taken in the selection of walks including the safety of the terrain and furniture.

I am also a walk leader with the MonDean Walking Festival, the Chepstow Walking Festival and with Secret Hills Walking Company (a holiday company running commercial walks in the Wye Valley and Forest of Dean). I have recently agreed to take on the role of Path Care Officer with Chepstow Walkers are Welcome and although this venture is in its early stages we have already undertaken a number of path care exercises in both Monmouthshire and Gloucestershire.

Apart from my interest in countryside matters I have a long standing interest in art history and have recently obtained an MA in Art History through the Open University. I am a past member of Chepstow and District Round Table, serving as both Chairman and President and a current member of Chepstow Offa's Dyke 41 Club, where I am a past Chairman.

### David Smith

I was a senior academic (Professor and Associate Dean) in the University of Wales, Newport (and subsequently University of South Wales) until my retirement, and I was responsible for the management and development of a substantial research portfolio in a major School of Art, Media and Design. This aspect of my work involved direct management and also coordination and negotiation with a range of private and public-sector bodies stakeholders. In addition, I represented the University on bodies such as Cynnal Cymru and Hub Cymru, reflecting my own specific research interest in Sustainable International Development.

Since my retirement, I have been a rights of way volunteer in the Monmouthshire countryside service. This has involved repairing and maintaining public rights of way, as well as undertaking periodic path condition surveys. I lead guided walks in the Monmouthshire walking programme and help with activities such as "Moths and Bats Evenings". I hold a current certificate in Rescue First Aid.

I am also a Trustee and member of the management committee of the Blaenafon World Heritage Environment Group (BWHEG), for whom I also undertake rights of way maintenance work. I have represented BWHEG at various events and discussion fora. I have also undertaken training in the conservation of bats and of reptiles and amphibians.

I am the senior leader of a group of RSPB Wildlife Explorers (for children aged 7 - 12), based at Newport Wetlands. As a condition of this role, I underwent safeguarding training and a full CRB check.

I am a member of Achille Ratti Climbing Club, the Ramblers' Association and Sustrans. However, I do not represent any specific special interest group. Instead, I regard myself as typical of a broad spectrum of people who love the Monmouthshire countryside and who are committed to maintaining its diversity and supporting the broadest possible accessibility to its beautiful and historic places. I have derived enormous personal benefit and pleasure over the years as a result of other people's work in the countryside, and I see my current volunteering activities as a form of "payback".

I believe that it is vitally important to sustain and improve the network of public rights of way. We cannot know what the leisure and agricultural demands of the future will be, and we must consider our legacy with due attention to all current and potential stakeholders, without reverting to unnecessary confrontation.

Wedi dysgi Cymraeg fel oedolyn, rydw i'n siarad, darllen ac ysgrifennu'r iaith.

### David Steere

I am a senior member of Longtown mountain rescue team (LMRT) whose area remit includes Monmouthshire. I am also the team's press officer and have been press spokesman for the South Wales Search & Rescue Association.

I am a keen walker around South Wales and have been involved with footpath clearance and maintenance with the BBNP and RoW survey work with the Ridgeway Trust.

I live on a smallholding in Llanellen, Abergavenny and speak to farmers and graziers on a daily basis. I believe this combination allows me to see access issues from several viewpoints. As a walker I am always keen to increase access but as a mountain rescue member I can also see the importance of balancing this with safety. Then as a landowner I also share in some of the concerns about problems caused by access.

I have an enthusiastic interest in the area's history and environment – I studied for an Msc. in Environmental Conservation Management – and whilst keen to improve access, am very aware of the detrimental effect this can sometimes have on the environment and archaeology.

My work as a writer means I can offer my skills as a communicator to raise awareness of the LAF through articles, press releases and interviews.

It is my duty as a journalist to be able to look at a story from all points of view and present it in a balanced way. I have my own interests and concerns but I know the importance of seeing the bigger picture. I feel advice from the LAF must be balanced and informed so that it is listened to, respected, and acted upon by those receiving it.

I am used to analysing proposals, minutes and strategies and translating them into layman's terms in my writing work. This can enable me to present them to interested parties, listen to their views and then take them to the Forum.

In addition, I have close links to the local flying and cycling communities and as my partner has her own horse I am very aware of access issues affecting riders.

I feel I could make a useful contribution to the LAF and would hope my application is successful.

### Mark Storey

- I have served on management committees (voluntary) in the past, so I'm familiar with procedure (assuming the LAF works in a similar manner).
- Local resident, living in the Wye Valley AONB.
- Walker cyclist and climber (BMC member).
- Some familiarity with local rights of way issues and some understanding of the CROW act.
- I am a reasonable communicator and willing to promote the work of the LAF as required.
- Self-employed, so flexible as regards meeting times etc.

### Anne Underwood

I have been a member of past Monmouthshire LAFs and also Newport LAF. I have been riding horses and walking in Monmouthshire's countryside for over 40 years. I am the British Horse Society's Access and Bridleways Officer for Newport & Monmouthshire. I am also a member of and a walk leader for Lower Wye Ramblers.

As a former Health Service professional, I have an interest in respecting and providing for the needs of the less able.

## Appendix 2: Response to measures to increase the LAFs effectiveness

Key recommendations from National LAF Chairs Recommendations to Welsh Government (Sept 2014) and National LAF Chairs response to the Green Paper on Countryside Access (Oct 2015)	Actions Proposed
<p>A Forum which can make a real contribution to meeting its remit as set out under the CROW Act needs a close relationship not only with its Appointing Authority but also with the other bodies which have a statutory duty to have regard to advice given by a Local Access Forum. LAFs seem to have been unclear about the way they relate to the bodies other than for the Appointing Authority itself. It appears to be the case that at some levels the bodies themselves are unclear about their connection with LAFs. There is a need to raise the awareness of these bodies or the components of them which are now amalgamated into NRW. Extending the LAF remit or the further development of LAF functions could lead to additional bodies having a statutory requirement to have regard to the advice of a LAF (.. the report goes on to recommend various statutory changes)</p>	<p>In advance of any statutory changes in role the LAF has identified the need to increase engagement across the various NRW functions. NRW have identified a representative and, when appropriate, closer engagement with operational managers / in local decisions.</p> <p>The intention is that once the new LAF is appointed further engagement will also take place with other bodies managing countryside access provision e.g. Woodland Trust, Canal and River Trust.</p>
<p>One role of the LAF should be to continuously monitor the Rights of Way Improvement Plan (ROWIP) to assess the extent to which targets are being met and annually to formally report on the result.</p>	<p>This is already our practice and the new LAF will be closely involved in the forthcoming review of the ROWIP.</p>
<p>We strongly recommend that the formal remit of Local Access forums be extended to include access for the purpose of active travel and for health and wellbeing. Thus in legislation there is a need to:</p> <ol style="list-style-type: none"> <li>Clearly reflect in the broader remit ...</li> <li>Extend the legal remit to cover health and well-being.</li> <li>Extend the legal remit to cover access provision and activity under the Active Travel Wales Act 2013</li> </ol>	<p>In advance of any change in the statutory remit we have already recognised that health and well-being, and the active travel process are legitimate areas for the LAF's involvement (as reflected in the existing ROWIP) and we will continue to involve and report to the LAF.</p>
<p>That a LAF reports to an appropriate Scrutiny Committee of the Appointing Authority on at least an annual basis.</p>	<p>It is recommended that consideration be given to inviting the LAF Chair to report to the appropriate Select Committee and/or Cabinet on an annual basis.</p>
<p>That the LAF Chair and Secretary, and others who may be determined by a Forum, make each year an oral presentation of the LAF Annual Report to the Appointing Authority's Cabinet or a Cabinet Sub Committee (as determined by the Authority)</p>	
<p>Notwithstanding the current Regulations allowing of the appointment of a member of the Appointing Authority (AA) as a LAF member, legislation is required that a local authority's Cabinet Member whose portfolio includes access and related matters be an ex officio member of the LAF.</p>	<p>As currently there can be only one member from the AA it will be recommended to the new LAF Chair that the Cabinet Member be invited to participate as an observer (as previously).</p>
<p>We recommend that the guidelines on the formation and governance of local access forums be revised to overcome some of the difficulties that have been experienced in recent years. Areas of particular concern include:</p> <ol style="list-style-type: none"> <li>The long delays experienced in some areas in the formation of a new forum after the expiry of the term of office of the previous one.</li> <li>The balance of interest and knowledge among forum members has not always been as comprehensive as would be desired to provide informed advice on some issues.</li> <li>The present term of office of three years does not take full advantage of the experience and knowledge that a forum builds over the length of its tenure and could with advantage be lengthened to 4 or 5 years.</li> </ol>	<ol style="list-style-type: none"> <li>We are on target to recruit a new LAF without any significant delay or interregnum</li> <li>We have sought to attract a wide range of applicants and the LAF will be given an early opportunity to identify any further interests that need to be represented.</li> <li>Requires statutory change but as in previous years we are seeking to retain the experience of those existing members who wish to put themselves forward again.</li> </ol>

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**SUBJECT: CARDIFF CAPITAL REGION CITY DEAL - INTERIM GOVERNANCE ARRANGEMENTS AND FINANCIAL SUPPORT**

**MEETING: COUNCIL**

**DATE: 22 SEPTEMBER 2016**

**DIVISION/WARDS AFFECTED: ALL**

**1. PURPOSE:**

- 1.1 To set out interim governance arrangements to take forward the provisions of the Cardiff Capital Region (CCR) City Deal Agreement, signed by Leaders of the 10 Local Authorities in March 2016. To approve the use of Invest to Redesign reserve (16/17) totalling £30,835 as Monmouthshire's contribution to the central resource fund to enable the continuation of work on the programme, leading up to final agreement of the City Deal.

**2. RECOMMENDATIONS:**

- 2.1 For delegated authority to be given to the Leader of the Council to make and take such decisions as are necessary in respect of the following:-
- a) To continue the interim governance arrangements subject to the Project Board (current membership being 10 LA Leaders) being renamed the "Cardiff Capital Region City Deal Shadow Joint Cabinet".
  - b) The establishment of the following new bodies:-
    - (i) Non Statutory Regional Transport Authority,
    - (ii) Cardiff Capital Region Skills and Employment Board,
    - (iii) Cardiff Capital Region Business Organisation,
    - (iv) Cardiff Capital Region Economic Growth Partnership,
    - (v) Independent Growth and Competitiveness Commission.
  - c) To appoint a Programme Director.
  - d) To agree shadow joint cabinet members portfolios.
  - e) To seek agreement to procure and appoint specialist legal advisors to draft all appropriate documents for the Cardiff Capital Region City Deal including but not limited to the "Joint Agreement" from the Crown Commercial Services Framework Agreement rather than the National Procurement Services Framework.
- 2.2 To approve use of Invest to Redesign reserve (16/17) totalling £30,835 as Monmouthshire's contribution to the central resource fund to enable the continuation of work on the programme, leading up to final agreement of the City Deal.

### 3. KEY ISSUES:

- 3.1 In March 2016, Cabinet Committee approved to provide delegated authority to the Leader of the Council, to sign the City Deal Document, on behalf of Monmouthshire County Council and along with the nine partner local authorities comprising the CCR. This has enabled the Council to work with the CCR partner local authorities, UK and Welsh Government in continuing to develop the content and structure of the final City Deal Agreement.
- 3.2 A £1.2bn City Deal for the CCR represents a significant opportunity for the region as a whole and Monmouthshire. It will mean the CCR is able to make strategic investments in programmes that will have a material and measurable impact on the city-region economy, as well as enable the implementation of devolved powers which will allow the region to exert greater influence over its economic future.
- 3.3 Work on the Deal is advancing towards a final City Deal Agreement between the 10 local authorities, central and Welsh Governments. A key stage on the way to achieving this significant outcome is developing appropriate governance arrangements through which to guide programme implementation, activity and provide the parameters in which the key stakeholders are able to enact the City Deal mandate.
- 3.4 Interim governance arrangements are already in place and these have facilitated the initial work on the City Deal proposal. These initial arrangements have included the establishment of:-
- (i) Cardiff Capital Region City Deal Project Board (membership 10 LA Leaders),
  - (ii) Cardiff Capital Region City Deal Chief Executives' Board,
  - (iii) Cardiff Capital Region City Deal Project Officer Group,
  - (iv) Specialist working groups.
- 3.5 The Cardiff Capital Region City Deal Project Board also agreed that individual Leaders would take responsibility for a "theme" of the proposed deal. In order to regularise this position it is proposed that these roles be formalised with the Leader of the Council, in conjunction with the Leader of Torfaen Council leading on the Innovation, Digital and Business Engagement theme.
- 3.6 It is proposed that these interim arrangements continue but with the Project Board being renamed the 'Cardiff Capital Region City Deal Shadow Joint Cabinet'. It is important to note, as at present, decision making rests with each authority. The Shadow Joint Committee would not be a decision making body save for those powers delegated to each LA Leader in accordance with this report. It is further proposed the working groups are recognised as non-statutory bodies for regional transport, skills and employment, a representative business organisation and a an economic growth partnership.
- 3.7 An Independent Commission for Economic Growth and Competitiveness has now been established as a means of providing key insights and intelligence into the sectors, skills

and stakeholders needed to develop a credible economic strategy for the region. The Commission is expected to publish its findings in November / December 2016.

- 3.8 External legal advice for the preparation of the Joint Agreement necessary to deliver the Cardiff Capital Region City Deal will be required and given that further agreements are needed, it is proposed that the Crown Commercial Services Framework Agreement rather than the NPS Framework be used to procure this specialist advice given the complexity, size and scale of the City Deal.
- 3.9 In order to advance progress being made on the Deal and to support the costs involved in setting up the bodies, structures and arrangements detailed in 2 above, a further contribution to the CCR central resource fund is required of £30,835.
- 3.10 A Programme Director and Programme Manager have been appointed to provide necessary support to the programme. The appointments are initially on secondment basis making them easy to unwind in the event that the City Deal does not proceed.

#### **4. REASONS:**

- 4.1 To maintain the momentum of the development of the City Deal proposal, it is necessary for the Leader of the Council to be given delegated authority to make the decisions detailed in the section 2 of the report.

#### **5. RESOURCE IMPLICATIONS:**

- 5.1 An amount totalling £30,835 is required as Monmouthshire County Council's contribution to a regional funding total of £500,000 to take forward the City Deal to be sourced from the Invest to Redesign Reserve. This has already been provided for as part of the Revenue and Capital Monitoring 2015/16 Outturn Statement Report and is set out again in this report, for completeness.

#### **6. FUTURE GENERATIONS AND EQUALITY IMPLICATIONS:**

#### **7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS: NONE**

#### **8. CONSULTEES:**

- Cabinet
- SLT
- CCR Councils

#### **9. BACKGROUND PAPERS:**

'IN PRINCIPLE ENDORSEMENT OF A CITY DEAL FOR THE CARDIFF CAPITAL REGION' – Cabinet Report 24 February 2016

10. **AUTHOR:** Kellie Beirne, Chief Officer Innovation and Enterprise

11. **CONTACT DETAILS:**

**Tel:** 07826 919286

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<b>SUBJECT:</b>	<b>IN PRINCIPLE ENDORSEMENT OF A CITY DEAL FOR THE CARDIFF CAPITAL REGION</b>
<b>MEETING:</b>	<b>Cabinet</b>
<b>DATE:</b>	<b>24 FEBRUARY 2016</b>
<b>DIVISION/WARDS AFFECTED:</b>	<b>All</b>

**1. PURPOSE:**

- 1.1 To delegate authority to the Leader of the Council to endorse an 'in principle' commitment to a City Deal for the Cardiff Capital Region (CCR) on behalf of Monmouthshire County Council. This will allow Monmouthshire County Council, along with the other nine local authorities comprising the CCR, to engage in the detailed discussions and negotiations required prior to committing to a City Deal in the forthcoming months.

**2. RECOMMENDATIONS:**

- 1.1 Provide delegated authority to the Leader of the Council, to sign the City Deal Document (referenced in para 3.3), on behalf of Monmouthshire County Council and along with the nine partner local authorities comprising the Cardiff Capital Region (CCR). This will be clearly predicated on the understanding that the City Deal Document sets out endorsements at this stage, are subject to final agreement of Full Council.
- 1.2 Pursuant to the City Deal Document, the Council continues to work with the CCR partner local authorities, UK and Welsh Government to develop the final City Deal Agreements.
- 1.3 Further reports on this matter are submitted to Council as appropriate to keep members apprised of developments.

**3. KEY ISSUES:**

- 3.1 Following the reports to Cabinet and Council entitled 'A City Deal for the Cardiff Capital Region' in June 2015, an announcement was made by the Chancellor of the Exchequer in the November 2015 Comprehensive Spending Review that in principle backing would be given to delivering an estimated £1.2bn City Deal for the south-east Wales region. The support was given on the basis that the CCR would work with Central and Welsh Government's to set out the headline terms of a high-level Deal early 2016.

- 3.2 A £1.2bn City Deal means that the CCR is able to make strategic investments in programmes that will have a material and measurable impact on the city-region economy, as well as implement a range of devolved powers which will allow the region to exert greater influence over its economic future. Whilst agreeing the exact nature of the programmes and projects that will comprise the Deal is some way off and further work is required to establish the full nature of the Deal and commit fully to it, UK Government has now signalled its intention to set-out and approve the head terms of a City Deal for the CCR, in March 2016, in order for it to be formally agreed and announced in the Chancellor's budget later on in the month.
- 3.3 This timescale identifies a critical point in the development of the City Deal - as the initial signing of a high level agreement ('The City Deal Document'). This document will take the form of a 'Heads of Terms' that outlines the proposed structure of the City Deal in terms of governance, scale of funding and key areas of intervention. The City Deal Document will provide the basis for more detailed work in developing a final programme of investment and detailed governance arrangements. The document is currently being developed by the UK Government in consultation with Cardiff Capital Region partners and the Welsh Government. In the event that the City Deal Document is agreed, it will commit the participating authorities to exploring ways of delivering the City Deal principles and strategic objectives.
- 3.4 The timescale for the City Deal over the forthcoming months is thus, set out:
- **March** – Chancellor's Budget and agreement of City Deal Document
  - **April – June** – Development of economic model (with WG), project prioritisation and development of programme
  - **June – August** – Programme optimisation, and agreement of funding and financing details between CCR partners and UK and Welsh Governments
  - **Late summer** – Finalisation of programme financial, governance and delivery arrangements
- 3.5 Discussions have outlined that the City Deal Document will include proposals for the establishment of an Infrastructure Investment Fund of up to £1.28 billion for the Cardiff Capital Region, including a capital contribution of circa £120 million from participating local authorities. It will also include proposals to establish a Joint Cabinet Committee (to be known as a Joint Cabinet) formed of the Leaders of the participating local authorities to oversee the delivering of the Infrastructure Investment Fund. The City Deal will also explore proposals for regional working, including pooling appropriate resources in areas of planning, transport and economic development, the retention of elements of growth of business rates within the region and the establishment of a Regional Skills and Employment Board.
- 3.6 The City Deal Document detailing the above requires 'in principle' approval of all ten participating Local Authorities. This report therefore seeks to provide delegated authority to the Leader of the Council to sign the City Deal Document. This will commit Monmouthshire County Council to working with the other nine local authorities, Welsh and UK governments to finalise all elements of the

proposed City Deal. This includes detailed consideration of the governance structure, financial contributions, a robust assurance framework for project identification and the overall agreement of the infrastructure investment programme. There will also need to be agreement on how the local contribution to the Fund will be allocated as between the ten authorities. Consideration of these further details will be brought to Council in due course. Based on experience from other City Deals it is expected that it will take between 6 and 18 months for the full programme to be agreed and the detailed legal agreements to be finalised.

- 3.7 In developing the overall City Deal governance and investment programme it is also anticipated that a dedicated team will be put in place. It is proposed that local authorities make a contribution to the costs of putting this team in place. Again, the detail of this will be reported at the appropriate juncture.

**4. REASONS:**

- 4.1 The timescales for the UK Budget requires that the ten participating local authorities in the CCR, provide an 'in principle' commitment via signing of the City Deal Document.

**5. RESOURCE IMPLICATIONS:**

- 5.1 Notwithstanding the c£120m contribution stated as being required from the ten participating local authorities, these costs are estimates at this time and remain subject to further negotiation and consideration – a process in which s151 officers for the city-region are currently engaged. As shown above, the final decision as to whether to commit to a City Deal for the CCR is several months away. The action by the Leader of the Council to sign the City Deal Document will see Monmouthshire County Council remain in the Deal process and will not commit us to any financial outlay at this point in time.

**6. FUTURE GENERATIONS AND EQUALITY IMPLICATIONS:**

- 6.1 This report seeks approval to remain in a City Deal process that could secure the investment, freedoms and flexibilities and delivery vehicles that allow the city-region to exert more direct influence and control over regional economic productivity – providing a more prosperous future for generations to come. Given this is an in principle decision at this time, allowing the Leader to continue his part in negotiations and finalisation of agreements, a full Wellbeing of Future Generation Assessment will be carried out at the time of approval

**7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS**

There are no safeguarding implications associated with this report.

**8. CONSULTEES:**

SLT  
CCR  
Cabinet Members

**9. BACKGROUND PAPERS:**

**10. AUTHORS:**

**Kellie Beirne, Chief Officer, Enterprise**  
**kelliebeirne@monmouthshire.gov.uk**