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County Hall
Rhadyr
Usk
NP15 1GA

Dydd Mawrth, 12 Medi 2023

Hysbysiad o gyfarfod

Pwyllgor Llywodraethu ac Awdit

Dydd Mercher, 20fed Medi, 2023 at 2.00 pm,
Neuadd Y Sir, Y Rhadyr, Brynbuga, NP15 1GA

AGENDA

Item No	Item	Pages
1.	Ymddiheuriadau am absenoldeb	
2.	Datganiadau o Fuddiant	
3.	Fforwm Agored i'r Cyhoedd Canllawiau Fforwm Agored Cyhoeddus y Pwyllgor Llywodraethu ac Awdit Mae ein cyfarfodydd Pwyllgor Llywodraethu ac Awdit yn cael eu ffrydio'n fyw a bydd dolen i'r llif byw ar gael ar dudalen cyfarfod <u>gwefan</u> Cyngor Sir Fynwy. Os hoffech rannu eich barn ar unrhyw gynigion sy'n cael eu trafod gan y Pwyllgor Llywodraethu ac Awdit, gallwch cyflwyno eich sylwadau <u>drwy'r ffurflen hon</u> . Rhannwch eich barn drwy uwchlwytho ffeil fideo neu sain (uchafswm o 4 munud) neu; Cyflwynwch sylwadau ysgrifenedig (drwy Microsoft Word, uchafswm o 500 gair) Bydd angen i chi gofrestru ar <u>cyfrif Fy Sir Fynwy</u> er mwyn cyflwyno'r sylw neu ddefnyddio'ch manylion mewngofnodi, os ydych wedi cofrestru o'r blaen. Y dyddiad cau ar gyfer cyflwyno sylwadau i'r Cyngor yw 5pm, dri diwrnod gwaith cyn y cyfarfod. Os bydd y sylwadau a dderbynnir yn fwy na 30 munud, bydd detholiad o'r rhain yn seiliedig ar thema yn cael eu rhannu yng nghyfarfod y Pwyllgor Llywodraethu ac Awdit. Bydd yr holl sylwadau a dderbynnir ar gael i Gynghorwyr cyn y cyfarfod.	

Mae faint o amser a roddir i bob aelod o'r cyhoedd i siarad yn ôl disgrisiwn y Cadeirydd, ond er mwyn ein galluogi i ddarparu ar gyfer nifer o siaradwyr, gofynnwn i gyfraniadau beidio â bod yn fwy na 3 munud.

Os hoffech fynychu un o'n cyfarfodydd i siarad o dan y Fforwm Agored i'r Cyhoedd yn y cyfarfod, bydd angen i chi roi tri diwrnod gwaith o rybudd drwy gysylltu â wendybarnard3@monmouthshire.gov.uk

Os hoffech awgrymu pynciau yn y dyfodol i'w craffu gan y Pwyllgor Llywodraethu ac Awdit, danfonwch e-bost at wendybarnard3@monmouthshire.gov.uk

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Paul Matthews
Prif Weithredwr

CYNGOR SIR FYNWY

MAE CYFANSODDIAD Y PWYLLGOR FEL SY'N DILYN:

Andrew Blackmore

Colin Prosser

Martin Veale

Rhodri Guest

County Councillor Ben Callard	Llanfoist & Govilon;	Welsh Labour/Llafur Cymru
County Councillor John Crook	Magor East with Undy;	Welsh Labour/Llafur Cymru
County Councillor Tony Easson	Dewstow;	Welsh Labour/Llafur Cymru
County Councillor David Jones	Crucorney;	Independent Group
County Councillor Malcolm Lane	Mardy;	Welsh Conservative Party
County Councillor Phil Murphy	Caerwent;	Welsh Conservative Party
County Councillor Peter Strong	Rogiet;	Welsh Labour/Llafur Cymru
County Councillor Ann Webb	St Arvans;	Welsh Conservative Party

Gwybodaeth Gyhoeddus

Mynediad i gopiâu papur o agendâu ac adroddiadau

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

Edrych ar y cyfarfod ar-lein

Gellir gweld y cyfarfod ar-lein yn fyw neu'n dilyn y cyfarfod drwy fynd i www.monmouthshire.gov.uk neu drwy ymweld â'n tudalen Youtube drwy chwilio am MonmouthshireCC. Drwy fynd i mewn i'r ystafell gyfarfod, fel aelod o'r cyhoedd neu i

gymryd rhan yn y cyfarfod, rydych yn caniatáu i gael eich ffilmio ac i ddefnydd posibl y delweddau a'r recordiadau sain hynny gan y Cyngor.

Y Gymraeg

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

Nodau a Gwerthoedd Cyngor Sir Fynwy

Ein diben

Adeiladu Cymunedau Cynaliadwy a Chydnerth

Amcanion y gweithiwn tuag atynt

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

Ein Gwerthoedd

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

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

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

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

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

Rôl Cyn-cyfarfod

1. Pam fod y Pwyllgor yn ystyried yr eitem hon ar yr agenda? (perthnasedd a materoldeb)
2. Beth yw rôl y Pwyllgor a pha ganlyniadau y mae Aelodau am eu sicrhau?
3. A oes digon o wybodaeth i gyflawni hyn? Os na, pwy all ddarparu hyn?
4. Beth yw barn gyfrinachol yr archwilwyr ar y materion perthnasol?
 - Trafod barn/pryderon allweddol yr aelodau gyda'r papurau a chytuno ar flaenoriaethau

Cwestiynau / Ystyriaethau Posib ar gyfer y Cyfarfod

Archwilio Mewnol (AM)

1. Beth yw'r model swyddogaethol AM ac a yw'n addas at y diben?
2. A oes gan AM awdurdod a dylanwad digonol ar draws yr Awdurdod?
3. A oes digon o adnoddau gan AM ac a yw wedi'i ymrymuso'n addas? A yw'r cynllun AM blynyddol yn briodol? Ar ba sail ydym yn gwneud y dyfarniad hwn?
4. A yw Prif Swyddogion yn amlwg yn derbyn ac yn hyrwyddo rôl AM? Sut maent yn gwneud hyn?
5. A yw Swyddogion yn gweithredu'n egniol ar ganfyddiadau AM? Sut mae hyn yn cael ei ddangos? A ydyn ni'n herio ac yn dwyn swyddogion i gyfrif yn effeithiol am weithredu canfyddiadau AM?
6. Sut gallwn ni fod yn hyderus bod yr amgylchedd rheolaeth fewnol yn parhau i fod yn briodol?
7. A oes gennym ni hyder mewn effeithiolrwydd cyffredinol AM? Ar beth ydym yn seilio hyn?
8. A yw barn flynyddol/cyfnodol AM yn gredadwy?
9. A oes gennym ddigon o welededd dros waith, allbwn ac effeithiolrwydd y timau AM cysylltiedig, e.e. CBST?

Llywodraethu

1. A oes disgrifiad cydlynus sydd wedi ei amlinellu mewn cod ar gyfer trefniadau llywodraethu cyffredinol CSF? A yw'n addas at y diben?

Archwilio Allanol (AA)

1. A yw'r tîm AA (ariannol a pherfformiad) yn gredadwy?
2. A ydym yn hyderus ynglŷn â'r trefniadau ar gyfer datblygu cynllun gwaith/amserlen waith flynyddol AA ac a yw'n cyd-fynd â'n dealltwriaeth o risgiau allweddol?
3. A yw Prif Swyddogion/uwch swyddogion yn ymgysylltu'n briodol ag AA? Sut mae hyn yn cael ei ddangos?
4. A oes perthynas adeiladol rhwng AM ac AA (ac arolygiaethau eraill)? Beth yw'r dystiolaeth o hyn?
5. A yw swyddogion perthnasol wedi ystyried canlyniadau/casgliadau adroddiadau cenedlaethol a phenodol AA?
6. A oes gennym ni welededd da dros faterion sy'n dod i'r amlwg a nodwyd gan AA?
7. O ran ISA260 ac adroddiadau ariannol cyfatebol gan AA, a yw swyddogion yn dangos yn glir eu bod yn deall y materion a godwyd ac a oes ganddynt gynllun credadwy i ddatrys materion ar gyfer y flwyddyn ariannol nesaf?
8. A oes gan AA hyder yn Swyddogion CSF a threfniadau llywodraethu?

Cyllidebu / Risg Ariannol / Cronfeydd Wrth Gefn

1. A oes yna broses ac amserlen sydd wedi'u diffinio, eu llywodraethu a'u gwirio'n glir ar gyfer datblygu cyllideb yr Awdurdod?
2. A oes cyfres briodol o bolisiau sy'n ymwneud â risgiau ariannol? A ydynt yn addas?
3. A yw'r rhagdybiaethau ariannol/gweithredol allweddol yn ddealladwy, yn gredadwy, wedi'u dogfennu ac yn cael eu profi gan

2. A oes eglurder ynghylch llywodraethu'r trefniadau goruchwyllo a chraffu amrywiol ar gyfer (ac effeithiolrwydd) partneriaethau a chydweithrediadau materol?
3. A oes eglurder ynglŷn â dyrannu cyfrifoldebau ac awdurdodau gwneud penderfyniadau?
4. Sut mae achosion o dorri rheolau llywodraethu/rheolaeth yn cael eu nodi a'u hadrodd?
5. A ydym yn hyderus bod y trefniadau ar gyfer gwariant materol (tendro, contractio a chaffael cyfalaf) yn gadarn?
6. A oes gennym ni hyder yn y trefniadau chwythu'r chwiban (a threfniadau tebyg) ar gyfer codi pryderon?

Risgiau Corfforaethol

1. A yw atebolrwydd allweddol ar gyfer adnabod, asesu, monitro a rheoli risgiau wedi'i ddiffinio a'i weithredu'n ddigonol?
2. A yw'r dull o reoli risgiau wedi'i gynllunio a'i weithredu'n effeithiol?
3. Sut y gall y Pwyllgor fod yn hyderus bod y Gofrestr Risgiau Corfforaethol yn cynnwys yr holl risgiau sylweddol sy'n wynebu'r Awdurdod?
4. A yw'r cynlluniau gweithredu lliniaru risgiau yn gredadwy ac yn ddigonol er mwyn sicrhau'r canlyniadau a

straen?

4. A oes gan y swyddogaeth Gyllid alluoedd a chapasiti addas i reoli risg ariannol / cwrdd â gofynion a rhwymedigaethau statudol i'r Cyngor?
5. A ydym yn hyderus bod y broses gyllidebol yn debygol o gynhyrchu cyllideb gredadwy / MTFP?
6. A oes trefniadau addas ar waith i reoli ac adrodd ar berfformiad ariannol cyffredinol?

Datganiadau Ariannol / Risgiau Camddatganiad

1. A oes dealltwriaeth gyffredin o ddiben y Pwyllgor wrth adolygu datganiadau ariannol drafft?
 - a) A yw'r Nodiadau i'r Cyfrifon yn rhesymol?
 - b) A yw'r adroddiadau naratif, gan gynnwys y Datganiad Llywodraethu Blyneddol, yn rhesymol ac yn cyd-fynd â barn y pwyllgor?
2. Ydym ni'n gyfforddus â barn gwaith ac archwilio AA?

ddymunir?

Cwestiynau ar gyfer y Pwyllgor i orffen...

A oes gennym ni'r wybodaeth angenrheidiol i ddod i gasgliadau/gwneud argymhellion / uwchgyfeirio materion i'r Uwch Dîm Gweithredol, y cyngor, y pwyllgor craffu perthnasol?

A oes angen i ni wneud gwaith pellach? Os felly, sut?

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Governance and Audit Committee Action List
29th June 2023

Action	Subject/ Meeting	Officer	Outcome	By	Action Status	Recommended to close Action Yes/No
1	Action List/14 th July 2022	Richard Jones/ Peter Davies/ Jan Furtek	Key Collaborations and Partnerships.	20 th September 2023	OPEN	Yes
2	Action List: Statement of Accounts 2021/22	Jon Davies	Finance Team capacity – verbal update on progress in filling vacancies and further information on which items were being de-prioritised	20 th September 2023	OPEN	No
3	Action List: Audit Wales Work programme: Council progress	Matthew Gatehouse/ Richard Jones/Hannah Carter	a) People Strategy and Asset Management Plan to be reported on separately in future. b) social enterprise (slippage of nearly a decade Wales-wide) – written response to Councillor Easson’s question.	a) 23 rd November 2023 b) 20 th September 2023	a) OPEN b) CLOSED	a) 23 rd November 2023 b) Yes
4	Action List: Whole authority Complaints report	Annette Evans/ Matt Gatehouse	A weighting system to be considered for future reports.	Next Report	OPEN	No
5.	Action List: Review of Strategic Risk Register	Matthew Gatehouse/ Richard Jones/ Hannah Carter/ Chair	Strategic Risk Register: refine the structure and contents of this paper so that it is more fully aligned to the responsibilities of the Committee	23 rd November 2023	OPEN	23 rd November 2023

6	Torfaen Internal Audit: SRS	Chair/ Jan Furtek/ Sian Hayward	How best to ensure that the Committee continued to have visibility over relevant matters pertaining to the Shared Resource Service. Consider as part of deliberations on report on key collaborations and partnerships	20 th September 2023	OPEN	Yes
7	Freedom of Information, Data Protection and Data Subject Access Requests	Kath Evans/ Sian Hayward	<ul style="list-style-type: none"> a) Report of mandatory training completion rates broken down by service area b) Information was requested on governance arrangement for the policies for these areas.as the Committee has not received any policies for review and endorsement. c) Deputy Chief Executive to consider which corporate risk control policies (extending beyond IT and data protection) that the Committee should periodically review and recommend for approval across the authority. 	<ul style="list-style-type: none"> a) 20th September 2023 b) 20th September 2023 c) 20th September 2023 	<ul style="list-style-type: none"> a) CLOSED b) OPEN c) OPEN 	<ul style="list-style-type: none"> a) Yes b) Yes c) Yes
8	IA Annual Report	Jan Furtek	Tintern Old Station: CIA to check if card payments are accepted	20 th September 2023	OPEN	a) Yes
9	Draft Operational Plan	Peter Davies/Jan Furtek	<ul style="list-style-type: none"> a) Committee requested to be consulted on proposed delivery models b) Update on capacity 	<ul style="list-style-type: none"> a) 20th September 2023 b) 20th September 2023 	<ul style="list-style-type: none"> a) OPEN b) OPEN 	<ul style="list-style-type: none"> a) No b) No
10	Draft Annual Governance Statement	Jan Furtek	<ul style="list-style-type: none"> a) Identify potential misconduct - Liaise with HR if there are any instances/examples b) Consider adding observations from Committee Annual Report to Annual Governance Statement 	<ul style="list-style-type: none"> a) 20th September 2023 b) 20th September 2023 	<ul style="list-style-type: none"> a) OPEN b) OPEN 	<ul style="list-style-type: none"> a) Yes b) Yes

11	Governance and Audit Committee Annual Report	Clerk/Jan Furtek	<p>a) Schedule Report to Council</p> <p>b) Make arrangements for the Committee to meet to undertake self-assessment. Jan to liaise with Chair on timescales</p>	<p>a) 21st September 2023 (Council)</p> <p>b) as agreed with the Chair</p>	<p>a) OPEN</p> <p>b) OPEN</p>	<p>a) Yes</p> <p>b) No</p>
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Well-being Objective Setting Examination – Monmouthshire County Council

Audit year: 2022-23

Date issued: August 2023

Document reference: 3723A2023

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

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

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The Council has set its well-being objectives in accordance with the sustainable development principle and is aligning its key strategies and business plans to support their delivery, but it could further strengthen its approach by increasing the diversity of citizen involvement in future	6
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Background: Our examinations of the setting of well-being objectives

- 1 The Well-being of Future Generations (Wales) Act 2015 (the Act) places a ‘well-being duty’ on 48 public bodies. The duty requires those bodies to set and publish ‘well-being objectives’ that are designed to maximise their contribution to achieving each of the Act’s seven national well-being goals¹. They must also take all reasonable steps, in exercising their functions, to meet those objectives.
- 2 The Auditor General must carry out examinations to assess the extent to which public bodies have acted in accordance with the sustainable development principle when setting their well-being objectives². We are carrying out a rolling programme of these examinations, up to early 2025³.
- 3 To do something in accordance with the sustainable development principle means acting ‘in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’. To achieve this, a public body must take account of the five ways of working: long term, integration, involvement, collaboration, and prevention⁴.
- 4 We designed an assessment framework to enable us to assess the extent to which public bodies have applied the sustainable development principle when setting their well-being objectives. **Appendix 1** sets out further information on our approach, including a set of ‘positive indicators’ that illustrate what good could look like.
- 5 In designing our approach, we considered what we could reasonably expect from public bodies at this point in time. Public bodies should now be familiar with the sustainable development principle and ways of working and be seeking to apply them in a meaningful way. At the same time, we appreciate that public bodies are still developing their experience in applying the sustainable development principle when setting well-being objectives. Therefore, the examinations include consideration of how public bodies are applying their learning and how they can improve in future.

¹ The seven national well-being goals are: a prosperous Wales, a resilient Wales, a healthier Wales, a more equal Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales.

² Section 15 (1) (a) Well-being of Future Generations (Wales) Act 2015

³ The Auditor General must carry out examinations over the period set out in the Act, which begins one year before a Senedd election and ends one year and one day before the following Senedd election.

⁴ Section 5 Well-being of Future Generations (Wales) Act 2015

Carrying out our examination at Monmouthshire County Council

- 6 The aim of this examination was to:
- explain how the Council applied the sustainable development principle at key points in the process of setting its well-being objectives;
 - provide assurance on the extent that the Council applied the sustainable development principle when setting its well-being objectives; and
 - identify opportunities for the Council to further embed the sustainable development principle when setting well-being objectives in future.
- 7 We set out to answer the overall question ‘to what extent has the Council acted in accordance with the sustainable development principle when setting its new well-being objectives’. We did this by exploring the following questions:
- Was the process the Council put in place to set its well-being objectives underpinned by the sustainable development principle?
 - Has the Council considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?
 - Has the Council put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?
- 8 We discussed the timing of the examination with the Council and we tailored the delivery to reflect its specific circumstances.
- 9 We gathered our evidence in the following ways:
- reviewing key documents; and
 - running a workshop with key people who were involved with setting the well-being objectives.

How and when the Council set its well-being objectives

- 10 The Council commenced work on setting new well-being objectives during 2022 and the new objectives were approved by full Council in April 2023. **Exhibit 1** sets out those well-being objectives.
- 11 The Council published its well-being objectives as part of its Community and Corporate Plan, which included its well-being statement that is required under the Act. The [Community and Corporate Plan](#) can be viewed on the Council’s website.

Exhibit 1: Well-being Objective Setting Examination

A fair place to live where the effects of inequality and poverty have been reduced.

A green place to live and work, with reduced carbon emissions, and making a positive contribution to addressing the climate and nature emergency.

A thriving and ambitious place, where there are vibrant town centres, where businesses can grow and develop.

A safe place to live where people have a home and community where they feel secure.

A connected place where people feel part of a community and are valued.

A learning place where everybody has the opportunity to reach their potential.

What we found

The Council has set its well-being objectives in accordance with the sustainable development principle and is aligning its key strategies and business plans to support their delivery, but it could further strengthen its approach by increasing the diversity of citizen involvement in future

Findings

- 12 We found that the process the Council put in place to set its well-being objectives was underpinned by the sustainable development principle. The Council's well-being objectives are informed by a good understanding of current and future needs, risks and opportunities drawn from a wide range of data sources. However, cabinet members expressed frustration at a lack of national disaggregated data that would provide further insight into inequality amongst different groups of people. Members should work with officers to establish what further data they require and whether this can be acquired.

- 13 The Council also drew on data from existing engagement activity, including views gathered during the 2022 local government election process and consultation for the Public Services Board's (PSB) well-being assessment, to understand what was important for citizens. To build on the data and develop the well-being objectives, the Council then held a series of workshops involving a range of stakeholders. Following the workshops, the Council also sought the views of some service users. For example, visiting schools to get pupils' views on areas of discussion at the education and learning themed workshop.
- 14 But it is not clear from the documentation we saw to what extent the Council considered whether the secondary engagement data was representative of the full population and covered the necessary breadth of issues. Nor if subsequent engagement at workshops and with service users widened the diversity of involvement in the well-being setting process. The Council acknowledges that it needs to do more to increase the diversity of people involved, but it should also consider how it can evidence this. For example, by documenting its consideration of the completeness of engagement activity, how that engagement has helped shape the well-being objectives, and identifying those sections of the population where further work is needed.
- 15 Whilst the well-being objectives are set in the context of a Five-year Plan, the Council recognises the need to look beyond political cycles and the objectives are designed to improve Monmouthshire over the longer term.
- 16 The well-being objectives are cross-cutting in nature and are designed to drive activity across the organisation. The commitments underlying the objectives are also interconnected. This integrated approach encourages shared ownership of the objectives and requires directorates to work together to deliver them.
- 17 There is a high-level understanding of how the well-being objectives relate to what other public bodies are seeking to achieve and of further opportunities to work together. For example, the Council developed its objectives so that they align with and help contribute to the Gwent PSB draft well-being objectives. PSB partners will need to collaborate to deliver the region's collective aims. At the time of writing, the Gwent PSB had not yet published its well-being plan, but the shared focus and policy framework it provides should strengthen the opportunity for collaborative working and learning. A local delivery group is in place to develop and coordinate actions towards cross-cutting objectives in Monmouthshire.
- 18 The Council's well-being objectives also align with the national well-being goals and the 'Marmot Principles', a set of guiding principles that form a framework for reducing health inequalities, which the Gwent PSB and its member bodies have adopted. Understanding and tackling the root causes of inequality are fundamental to the Marmot Principles. This commitment to early intervention and prevention is reflected in the Community and Corporate Plan, with a range of actions designed to address short-term need whilst also seeking to prevent future issues. For example, actions related to supporting pupils from low-income families to achieve

their full potential. The 2023-24 budget also includes examples of the Council funding preventative services.

- 19 Although Cabinet sought to develop its Community and Corporate Plan and 2023-24 budget in tandem, delays securing Council's approval of the Plan meant the Medium Term Financial Plan (MTFP) and budget were set prior to adoption of its new well-being objectives. The Council is now reviewing its MTFP to ensure it aligns to the commitments set out in the Community and Corporate Plan. Work is also underway to update supporting strategies and service business plans to reflect and support delivery of the new objectives.
- 20 The Council recognises the challenges of delivering the Plan in the context of current economic uncertainty. Demand for services is increasing yet significant savings are needed over the term of the MTFP – this will impact on the resources the Council has available to deliver its well-being objectives. Budget monitoring reports and updates to the MTFP should consider the ongoing impact of the Council's financial position on the well-being objectives so the Council can prioritise its resources accordingly.
- 21 The Council has a range of measures and milestones to monitor progress against its Community and Corporate Plan. The measurement framework which accompanies the Plan includes baseline data and medium-term targets and interim targets are currently in development. These interim targets will be incorporated into service business plans to allow the Council to track progress towards its medium-term targets. The actions in the Community and Corporate Plan currently lack timescales so it is not clear when the Council intends to complete these by. But we would expect further detail on timescales to be reflected in updated business plans.
- 22 Further work is planned to disaggregate some of the measures so that the Council can better understand impact on specific groups of people and target future actions appropriately. The framework also includes other measures which the Council does not directly influence, but which are linked to the objectives, eg healthy life expectancy. Monitoring these measures will provide insight into whether actions being taken by the Council and other bodies are having a broad and positive impact.
- 23 The Council has arrangements in place to monitor its corporate plan and well-being objectives through its annual self-assessment process and business plan monitoring. A Community and Corporate Plan dashboard enables this process. We will be undertaking work later this year to assess the effectiveness of the Council's business planning and performance management arrangements.
- 24 The Council has identified some areas where it could further strengthen the way it sets well-being objectives in future. For example, improving how it involves a greater diversity of the population and allowing additional time for some aspects of the process. The Council would benefit from documenting this learning so it can be used to inform future rounds of well-being objective setting.

Recommendations

Exhibit 2: recommendations

Building on progress to date

- R1 The Council should build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by:
- drawing on the views of the full diversity of the population to inform the objectives and being able to demonstrate more clearly how stakeholder involvement has helped shape the well-being objectives;
 - completing work currently underway to align the MTFP, strategies and business plans to the Community and Corporate Plan so they support delivery of the well-being objectives; and
 - ensuring there is clarity about how savings targets and increased demand for services might affect the delivery of well-being objectives through regular budget monitoring reports and MTFP updates.

Appendix 1

Key questions and what we looked for

The table below sets out the question we sought to answer in carrying out this examination, along with some sub-questions to guide our evidence gathering. They are based on the positive indicators we have previously used in our sustainable development principle examinations, which were developed through engagement with public bodies and informed by advice and guidance from the Future Generations Commissioner for Wales. This list is not a checklist, but rather an illustrative set of characteristics that describe what good could look like.

Exhibit 3: key questions and what we looked for

To what extent has the body acted in accordance with the sustainable development principle when setting its new well-being objectives?

Planning: Was the process the body put in place to set its well-being objectives underpinned by the sustainable development principle?

<p>Has the body used data and other intelligence to understand need, risks and opportunities and how they might change over time?</p>	<ul style="list-style-type: none"> • The body has a clear and balanced assessment of progress against previous well-being objectives that has been used to inform the body's understanding of the 'as is'/ short-term need. • The body has set well-being objectives based on a good understanding of current and future need, risk and opportunities, including analysis of future trends. This is likely to be drawn from a range of local and national sources, such as: <ul style="list-style-type: none"> – Public Services Boards' well-being assessments – Regional Partnership Boards' population assessments – The results of local involvement/consultation exercises – Service monitoring and complaints – Future Trends report – Natural Resources Wales' State of Natural Resources Report (SoNaRR) for Wales and Area Based Assessments • The body has sought to understand the root causes of problems so that it can address negative cycles and intergenerational challenges through its well-being objectives.
<p>Has the body involved others in developing its well-being objectives?</p>	<ul style="list-style-type: none"> • The body uses the results of involvement to help select its well-being objectives. That involvement – whether primary, secondary or a combination – reflects the full diversity of the population. • Involvement reflects good practice and advice from the Future Generations Commissioner.
<p>Has the body considered how the objectives can improve well-being and have a broad impact?</p>	<ul style="list-style-type: none"> • The well-being objectives have been designed to improve well-being in the broadest sense and make a contribution across the seven national well-being goals. • The well-being objectives have been designed to reflect and capitalise on the connections between different areas of work. • There is a well-developed understanding of how the well-being objectives impact on/relate to what other public bodies are trying to achieve and opportunities to work together.

<p>Has the body designed the objectives to deliver longer-term benefits, balanced with meeting short-term needs?</p>	<ul style="list-style-type: none"> • The body has set objectives that are sufficiently ambitious and have been designed to drive activity across the organisation. • The objectives are designed to meet short and longer-term need. Where objectives are set over a short to medium timeframe, they are set in the context of longer-term considerations or ambitions.
<p>Resourcing and delivery: Has the body considered how it will make sure it can deliver its well-being objectives in line with the sustainable development principle?</p>	
<p>Has the body considered how it can resource the well-being objectives?</p>	<ul style="list-style-type: none"> • Resources have been allocated to ensure the objectives can be delivered over the short and medium-term, but the body has also considered longer-term resources, risks and/or how it can resource longer-term objectives. • The body has allocated resources to deliver preventative benefits, where these are described in its well-being objectives.
<p>Has the body considered how it can work with others to deliver their objectives?</p>	<ul style="list-style-type: none"> • The body is drawing on its knowledge of partners' objectives/activity, its relationships and collaborative arrangements to make sure it can deliver on cross-cutting ambitions.

Monitor and review: Has the body put in place arrangements to monitor progress and improve how it applies the sustainable development principle when setting its well-being objectives?	
Has the body developed appropriate measures and monitoring arrangements?	<ul style="list-style-type: none"> • Performance measures are designed to reflect the sustainable development principle, eg by focusing on outcomes that cut across departmental/organisational boundaries and deliver multiple (including preventative) benefits over the longer term. • There is a ‘golden thread’ that will allow the body to clearly and transparently report on progress to meeting the objectives.
Is the body seeking to learn from and improve how it has applied the sustainable development principle to setting its well-being objectives?	<ul style="list-style-type: none"> • The body shows self-awareness and a commitment to improving how it applies the sustainable development principle so that it can do so in a meaningful and impactful way. • The body has learnt from setting previous well-being objectives and from applying the sustainable development principle more generally and has improved the process for setting its new well-being objectives. • The body has or plans to reflect on how it has applied the sustainable development principle in this round of setting well-being objectives.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Organisational response

Report title: Well-Being Objective Setting Examination - Monmouthshire County Council

Completion date: August 2023



Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>The Council should build on the progress it has made in applying the sustainable development principle in the setting of its well-being objectives by:</p> <ul style="list-style-type: none"> drawing on the views of the full diversity of the population to inform the objectives and being able to demonstrate more clearly how stakeholder involvement has helped shape the well-being objectives; 	<p>We have undertaken a number of actions to build connections with traditionally hard to reach groups. We are also using a range of data and analyses to better understand the make-up of our population.</p> <p>The Community and Corporate Plan recognises that people are the experts in their own lives. We will work with and alongside our communities to deliver the plan, empowering people to support each other and come up with long-term solutions. We will evaluate the effectiveness of our stakeholder involvement annually, including assessing how these views are shaping our work and any areas for development. This will be embedded as part of our annual self-assessment methodology and report to demonstrate how effectively these views are being used.</p>	July 2024	Chief Officer, People, Performance & Partnerships
	<ul style="list-style-type: none"> completing work currently underway to align the MTFP, strategies and business plans to the Community and Corporate Plan so they support delivery of the well-being objectives; and 	<p>The enabling strategies that align with and facilitate the delivery of the Community and Corporate Plan are currently under development. The strategic intent for each of the suite of 8 enabling functions will be set out in one integrated report to be considered by Council, this will include the medium term financial strategy. For some of these strategies more detailed plans will subsequently be developed and be presented for approval, as per the relevant legislation.</p>	Autumn 2023	Chief Officer, People, Performance & Partnerships

		<p>Service Business Plans will be quality assessed during Q2 of this year which will assess the standard and alignment of these plans. Guidance and support on aligning plans with the new Community and Corporate Plan and improving the quality of plans is being offered to plan managers.</p>	<p>October 2023</p>	<p>Performance & Data Insight Manager</p>
	<ul style="list-style-type: none"> ensuring there is clarity about how savings targets and increased demand for services might affect the delivery of well-being objectives through regular budget monitoring reports and MTFP updates. 	<p>It is recognised that our resources are affected by external financial pressures such as rising inflation and borrowing costs as well as increasing demand and complexity of support required from council services.</p> <p>We will undertake regular in year budget monitoring and will take a structured approach to in year budget pressures presenting and subsequent in year budget recovery action. We will develop a process for setting next years budget, aligned to the medium term financial strategy, within a set of very challenging financial circumstances for the Council and where robust action is needed to ensure the Council's finances are put on a sustainable footing. This will have regard to any impact on meeting our well-being objectives and wider policy ambition of the Council set out in the Community and Corporate Plan.</p>	<p>March 2024</p>	<p>Deputy Chief Executive & Chief Officer Resources</p>

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AGENDA ITEM TBC

SUBJECT: DRAFT STATEMENT OF ACCOUNTS 2022/23 – MONMOUTHSHIRE COUNTY COUNCIL

MEETING: Governance and Audit Committee

DATE: 20th September 2023

DIVISIONS/WARD AFFECTED: All

1. PURPOSE:

1.1 This report has been prepared to provide Governance and Audit Committee Members with an opportunity to review and provide comment on the draft 2022/23 Statement of Accounts of Monmouthshire County Council under the following terms of reference of the Committee:

- To review and scrutinise the authority's financial affairs;
- To oversee the authority's internal and external audit arrangements; and
- To review financial statements prepared by authority

1.2 Members are asked to note that the figures provided are subject to change during the external audit process and that a final audited statement of accounts will be presented to this committee at a future date.

2. RECOMMENDATIONS:

2.1 That the Governance & Audit Committee:

- Review the 2022/23 draft Statement of Accounts and highlight any queries and comments.
- Note that following the completion of the external audit process, the audited Statement of accounts for 2022/23, alongside the outcome of the external audit process, will be presented to this Committee.

3. KEY ISSUES

3.1 Under current legislation for Wales, the draft statement of accounts are to be produced and published by the Authority by the 31st May following the financial year they relate to.

3.2 Welsh Government, in recognising the continued pressure on Council finance teams operating in the post-pandemic period, continue to allow the Council the flexibility to publish the statement of accounts after the statutory deadline subject to providing a statutory notice as per paragraph 10(4) of the regulations detailing the reasons for not meeting the deadline. This notice was made by the Council on the 1st June 2023.

- 3.3 The draft Statement of Accounts were subsequently signed by the Responsible Finance Officer on the 19th July 2023, published on the Council's website, and will be subject to external audit and public inspection period.
- 3.4 The production of the draft accounts was completed a full three weeks earlier than in the previous financial year, and broadly in line with the timetable communicated to Audit Wales at the start of the process.
- 3.5 This is a pleasing outcome in light of the additional pressures placed upon finance teams during the period in dealing with increased financial reporting requirements. As we look forward, there is clearly further significant improvement to be made to move towards meeting the statutory deadline of 31st May, and this will rely upon a suitable additional resource being embedded within finance teams as part of the approved restructure plans.
- 3.6 The high-level timetable for completion of the final accounts is as follows:

Draft accounts published	19th July 2023
Public Inspection period	21st August to 17th September 2023
External audit process	July to November 2023
Final accounts / ISA 260 Report to G&AC	November 2023

Statement of accounts

- 3.7 The Statement of Accounts, shown in **Appendix 1**, is a highly technical document and its form and content are heavily regulated. The main regulations come through the:
- Code of Practice on Local Authority Accounting in the United Kingdom;
 - Service Reporting Code of Practice; and
 - Supported by International Financial Reporting Standards (IFRS).
- 3.8 In complying with these Standards, the accounts do not always make easy reading. With this in mind a summary of the main financial statements has been prepared at **Appendix 2** to assist with the scrutiny process of the primary statements.
- 3.9 Alongside this, the guide produced by CIPFA – **Understanding Local Authority Financial Statements** has been provided as a background paper which may assist members of the Governance and Audit Committee and other users to understand the format of the accounts.
- 3.10 The formal Statement of Accounts at **Appendix 1** include the following statutory primary statements:
- Movement in Reserves Statement
 - Income & Expenditure Statement
 - Balance Sheet
 - Cashflow Statement
- 3.11 Supporting explanatory notes are also included in sections 10 to 17 which aim to give further information on the amounts included in the primary statements.

4. REASONS

- 4.1 To provide Governance and Audit Committee Members with an opportunity to review and provide comment on the draft 2022/23 Statement of Accounts of Monmouthshire County Council.

5. BACKGROUND PAPERS

Appendix 1 - Draft 2022/23 Statement of Accounts – Monmouthshire County Council

Appendix 2 – Summary of 2022/23 primary financial statements

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

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MONMOUTHSHIRE COUNTY COUNCIL

DRAFT STATEMENT OF ACCOUNTS

2022/23



monmouthshire
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1 NARRATIVE REPORT

1.1 Introduction

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

Key facts about Monmouthshire



Monmouthshire is the most South Eastern County in Wales covering the area from the main towns of Abergavenny & Monmouth in the North to Chepstow & Caldicot in the South. It is a predominantly rural County covering an area of 880sq miles and serving a resident population of just over 94,000.

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

Political and management structure

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

Following the Local Government elections in May 2022, there are 46 locally elected councillors representing 39 Monmouthshire wards who sit on the various committees of the Council, with the current political make-up of the Council being 22 Labour; 18 Conservative; 4 Independent; 2 Green Independent.

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

Social Care, Health & Safeguarding

£58.7m

- Adult services
- Children's services
- Public protection
- Resources & support

Children & Young People

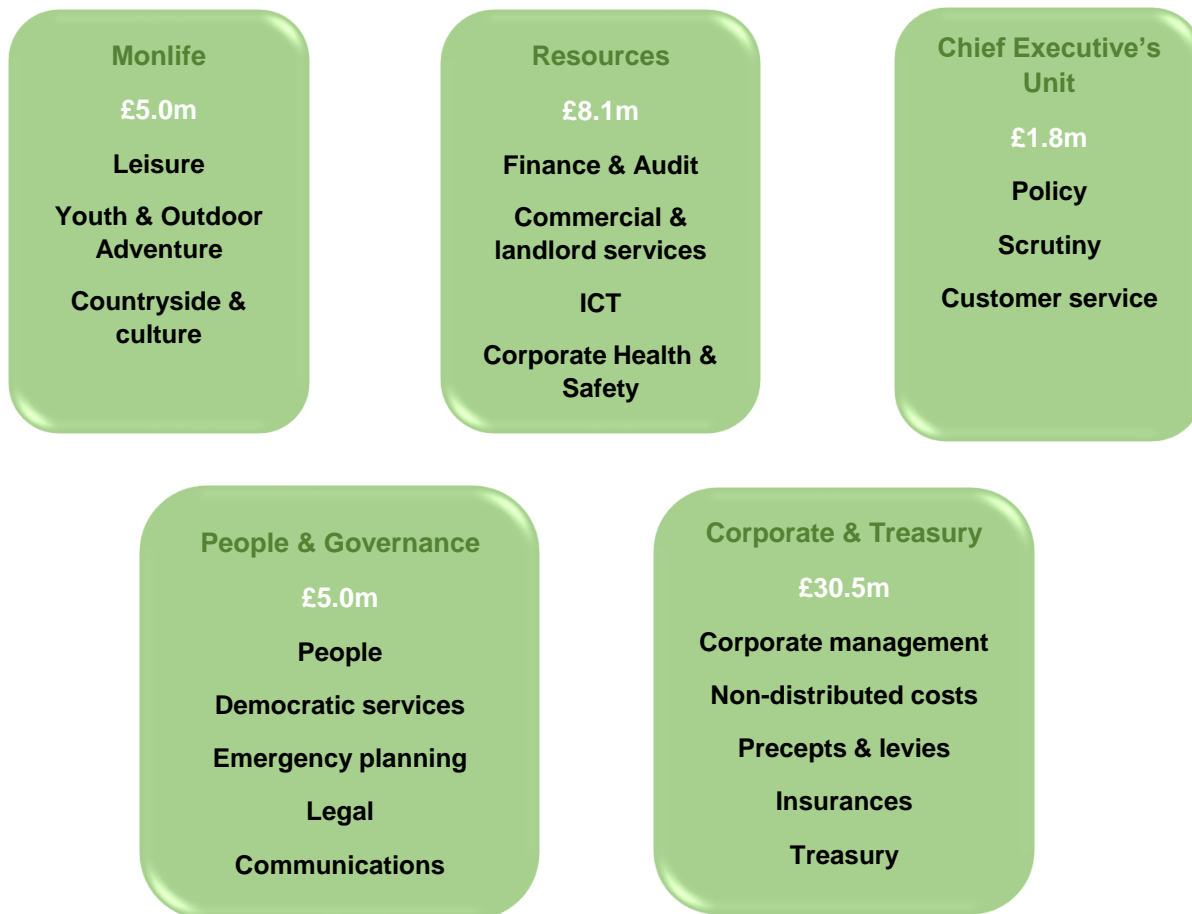
£59.3m

- Schools and Early Years provision
- Standards
- Resources

Communities & Place

£24.3m

- Business growth & enterprise
- Facilities & Fleet
- Neighbourhood services
- Planning & housing
- Highways & Flooding



1.2 Operational Performance for the Year

2022/23 saw local elections in May 2022 returning a new political administration in Monmouthshire, with a newly formed Labour Cabinet led by Council Leader Mary-Ann Brocklesby. Following the election, the new Cabinet began to articulate the biggest challenges and opportunities facing the County, culminating in the development of a new Community & Corporate plan which was finally adopted by Council in April 2023.

The ambition outlined in the Plan looks to the long-term and is focused on the well-being of current and future generations. The actions cover the first steps of the journey and will continue to shape the development of the council's medium-term financial strategy to ensure that our spending follows clear priorities.

The Community and Corporate Plan establishes a clear purpose to become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life. This is supported by six well-being objectives, with the progress made against these during 2022/23 outlined below:

A Safe Place to live

- The number of homeless households in temporary accommodation has decreased to 117 in 22/23, lower than last year's figure of 200, however this remains high. We have an ambition to decrease this number by 26/27
- The number of homeless applications who are successfully prevented from becoming homeless has remained at 50%
- The number of homeless households in Bed & Breakfast accommodation remains high at 92. We want to decrease this by the year 26/27

A Green Place to live

- We have achieved above-target recycling rates. During 22/23, the provisional percentage of municipal waste sent for recycling, reuse or composting was 69.5%, 5.5% points above the statutory target of 64%
- The amount of waste produced per person in Monmouthshire is decreasing; the annual residual waste produced per person in the county has decreased from 143kg in 21/22 to a provisional 125kg in 22/23
- We continue to expand our network of active travel routes; the number of active travel routes created or enhanced during 22/23 was 16

A Thriving & Ambitious place

- The number of working age people supported into employment through the Council's action is above the 100 we targeted to support, increasing from 100 in 21/22 to 142 in 22/23
- Only 2% of our school leavers are Not in Education Employment or Training (NEET). We want to decrease this to 1% by 26/27

A Fair place to live

- The number of primary school children who are receiving universal free school meals is 2,583. We will be implementing this for all primary school children
- Latest survey results show 33% of people feel they are able to influence decisions in their local area

A Connected Place where people care

- The percentage of child assessments completed within statutory timescales exceeded the target of 92% in 22/23 at 92.3%, we will look to maintain this over the coming years
- 83.5% of adult service users were happy with the care and support they received in 2022/23, below levels in previous years. We aim to increase and maintain this to 90% and above

A Learning Place

- The percentage of pupil attendance at primary school was 91.8% and 88.4% at secondary school, which is significantly lower than pre-pandemic levels. The Council has committed to supporting pupils and developing strategies to address the lower attendance presenting post-pandemic, particularly in secondary schools.
- The number of permanent exclusions across primary and secondary schools was 5. We will aim to decrease this by 2026/27.

1.3 Financial Performance for the Year

Revenue Budget for 2022/23

The 2022/23 financial year was a significantly challenging one for the Council. Although the immediate responsive impact of the COVID-19 pandemic abated, the legacy impact in the form of the cost of living crisis and high inflationary environment emerged. This directly impacted the Council by way of significantly increased costs for key supplies and materials, as well as higher than anticipated increases in employee pay. Partners and providers also experienced those same challenges, which resulted in further pressure on the Council's budget as those costs increased the price the Council pays for services procured externally or provided for on its behalf.

As well as high inflation, the demand for supportive Council services, such as Housing, Social care and Additional learning needs increased rapidly, and demand became more complex as a consequence of the legacy impact of the pandemic.

Despite in-year budget forecasts demonstrating a budgetary pressure of over £9m as a result of these unprecedented financial challenges, the Council was able to mitigate the overall impact through in-year budget recovery action, culminating in a revenue budget over spend at year-end of £3.5m, which was met from earmarked reserves.

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

	Revised Budget	Actual	Variance
	£000	£000	£000
Net Expenditure:			
Net cost of services (as per internal management reporting)	185,741	190,244	4,502
Interest and Investment Income	(100)	(1,056)	(956)
Interest Payable and Similar Charges	3,956	4,748	792
Charges Required Under Regulation	6,714	6,664	(50)
Borrowing Cost Recoupment	(3,520)	(3,969)	(449)
Capital Expenditure Financing	133	133	0
Earmarked Contributions to/(from) Reserves	(226)	(226)	0
Net Revenue Budget	192,698	196,537	3,839
Financed by:			
General government grants	(77,524)	(77,524)	0
Non-domestic rates	(34,753)	(34,753)	-
Council tax	(87,785)	(87,886)	(101)
Council Tax Benefit Support (included in NCS)	7,363	7,129	(234)
Net Financing Budget	(192,698)	(193,034)	(336)
Year-end Deficit	0	3,503	3,503
Year-end Transfer from Earmarked Reserves	0	(3,503)	(3,503)
Year-end Reserves adjustment - Earmarked reserves to Council Fund	0	(577)	(577)
Council Fund (surplus)/deficit	0	(577)	(577)
Council Fund (surplus)/deficit - Schools	0	2,699	2,699
Council Fund (surplus)/deficit - Total	0	2,122	2,122

The net cost of services in the table above of £190.24m is reported on a management accounting basis, i.e. the same basis as the budget reports to Cabinet during the year. The figure for the net cost of services in the Comprehensive Income and Expenditure (CIES) of £198.59m is different because it is prepared on a financial accounting basis, which is specified by accounting guidelines.

Note 11.1 to the accounts shows how these figures reconcile.

Level of general and specific reserves/balances

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

Reserves & balances	2020/21	2021/22	2022/23
	£000	£000	£000
Council Fund Balance	8,906	10,528	11,105
School Balances	3,418	6,955	4,256
Earmarked Reserves	10,671	16,115	11,549
Total Usable Reserves & balances available for Revenue Purposes	22,996	33,598	26,910

Schools: Schools received significant one-off Welsh Government funding support during the pandemic period in order to deal with the impacts of the Covid pandemic, and the recovery in learning required post-pandemic. Schools made significant investment from their accumulated balances during 2022/23 in order to aid in this recovery.

The following table summarises the schools year-end balances position by school type:

School Balances	2020/21 £000	2021/22 £000	2022/23 £000
Comprehensives	554	2,253	1,259
Primaries	2,838	4,622	3,027
Other	26	79	(31)
Total	3,418	6,955	4,256

Capital expenditure & financing

In addition to revenue spending, the Council spent £45.67m on its assets which is detailed below along with the corresponding finance streams:

2021/22 £000		2022/23 £000
	Expenditure	
1,328	Schools modernisation programme	12,258
11,599	Infrastructure	12,168
3,036	Asset management schemes	3,211
954	Inclusion schemes	2,832
644	ICT schemes	979
4,088	Regeneration schemes	6,910
1,809	Vehicles	1,977
1,752	Other	5,336
25,210	Total Expenditure	45,670
	Financing	
(3,448)	Capital receipts	(4,128)
(6,503)	Borrowing and Finance Lease Commitments	(10,608)
(15,025)	Grants and Contributions	(30,541)
(234)	Revenue and Reserve Contributions	(393)
(25,210)	Total Financing	(45,670)

Significant capital receipts

The most significant capital receipts received in 2022/23 were £7m for the disposal of Rockfield Development Site. All other receipts totalled £0.8m. The Council currently ring fences all capital receipts to support ongoing capital investment priorities in line with its Community & Corporate plan.

Revaluation and disposals of non-current assets

The Council has a policy of revaluing all Land & Building assets every five years on a rolling programme. During 2022/23 the valuations included Primary Schools, Nurseries & Playgroups and Recreational Spaces. The programme for subsequent years is as follows:

- 2023/24 – Primary Schools, Recreational Spaces, Nurseries & Playgroups and Cemeteries
- 2024/25 – Comprehensive Schools, Corporate Facilities Car Parks and Community Centres

In addition to the assets individually revalued a program of indexation has been undertaken on the remaining Land & Building assets to uplift values. Significant inflation in recent years increases the risk of that the carrying values of non-revalued assets may be materially different to the current value. This has been addressed by uplifted asset values in line with the relevant movements in the BCIS' All In Tender Price Index.

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

During the year the value of our non-current assets has increased from £412.4m to £475.7m, arising from recognising the in-year asset expenditure of £38.8m; the rolling programme of revaluations increasing their held value by £44.3m, additional Land & Building uplift of £3.0m; depreciation of £(14.4)m; impairment of £(4.3)m; and book value of disposals of £(4.1)m.

Borrowing arrangements and sources of funds

The Council's overall borrowing, on a principal valuation basis, totalled £200.2m as at 31st March 2023 (£176.2m as at 31st March 2022), comprising of the following:

31st March 2022		31st March 2023
£000		£000
87,358	Public Works Loan Board	120,792
13,812	Market Loans & Bank loans	13,811
6,031	Welsh Government	5,251
66,025	Local Government bodies	57,370
3,000	Special Purpose Vehicle	3,000
176,226	Total borrowing	200,224

Further information on borrowing arrangements is disclosed in notes 13.3 and 13.4 to the accounts. The increase in borrowing during 2022/23 was to support the Council's ongoing Capital investment programme. The Council continues to operate within its limits as set according to the Local Government Act 2003 and the CIPFA Prudential Code.

Collection of Council Tax and Non-Domestic Rates

The Council Tax bill for Monmouthshire County Council in 2022/23 (including amounts raised for Police and Community Councils) was £1,847.25 (£1,785.68 in 2021/22) for properties in valuation Band D. We collected 96.4% in year of the total due (97.4% 2021/22). Our in-year collection rate for Non-Domestic Rates was 94.3% in 2022/23 (99.1% in 2021/22). During the year £58,000 Council Tax and £158,000 Non-Domestic Rates' debts were written off (£80,000 and £11,000 in 2021/22).

Pension Liabilities

We are required to state the cost of paying retirement pensions when we become committed to the costs, not when we actually pay them. An Actuary is used to estimate this figure for Monmouthshire and for 2022/23 this shows a net liability of £56,576,000 (£259,212,000 in 2021/22).

There is a decrease in the combined net liability of the Greater Gwent pension funds of £202,636,000 from 1 April 2022 to 31 March 2023. This has resulted from a decrease in the value of scheme liabilities of £204.66m offset by a reduction in the value of scheme assets. The decrease in liabilities is due to changes in financial assumptions (e.g. increased inflation, decreased discount rate, increased longevity/age presumptions).

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

1.4 The Financial Outlook

2023/24

The revenue budget setting process for 2023/24 was one of the most challenging budgets to date for the Council. The impact of inflation resulting in price rises on goods and services was significant, combined with soaring energy costs, increased borrowing costs, and increased pay costs. The legacy impact of the pandemic, and consequential cost of living crisis has increased demand for supportive Council services such as Social care, Homelessness, and Additional learning needs.

The size of the budget challenge, prior to any intervention, was over £26m with the cost of delivering existing services increasing by 14%. Income and funding increased by 9% (£16m) to meet some of these costs, but the Council has still been left to find savings of 5% (£10m) from services.

The Council was required to make difficult choices balancing the levels of service delivery, fees and charges, reserve usage, and Council Tax levels. As part of the process the Council approved an annual Council Tax increase of 5.95%, which increased the annual band D charge by £87.87 to £1,564.66 (excluding amounts raised for Police and Community Councils). Cabinet resolved to double its efforts to ensure that individuals and households eligible for council tax exemptions or reductions claim the benefit available to them. Take-up will be monitored through the year.

In respect of the Council's forward capital programme this has been constructed to principally support the Schools modernisation programme, Disabled Facilities Grants, Asset management and Infrastructure, with £45.7m (including contributions to the Cardiff Capital Region City Deal (CCRCD) initiative) budgeted to be spent in 2023/24.

The Medium Term

The medium term prognosis is of significant concern with the current Medium Term Financial Plan indicating a funding gap of £23.5m over the next three years based on indicative Welsh Government funding settlements, and prior to recognising new responsibilities and demands upon services. We are seeing rises in the demand for supportive services, and higher complexity needs in areas such as Children's services, Adult Social Care, Homelessness, and Children's additional learning.

Alongside this, the risks presenting in the wider economic environment around inflation, interest rates, and the labour market, are expected to place upward pressure on budgets over the medium term.

At a local level, it is important to recognise the impact that the current economic environment is having on our communities, with the ongoing cost of living crisis, driven by the legacy impact of the pandemic and ongoing conflict in Ukraine, having a significant impact upon disposable incomes and economic growth across the region.

The Council is not blessed with significant levels of reserves, and therefore difficult choices will need to be made in future budget rounds to balance the needs of service delivery and the aspirations of the Council's Community & Corporate Plan, with available funding. It is clear that a level of service transformation that looks to redefine the shape and size of our services will be required over the medium term, in order to arrive at a financially sustainable path for the Council. The Council's upcoming Medium Term Financial Strategy will be a key tool in delivering this change over time.

Cardiff Capital Region City Deal (CCRCD)

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

The revenue contribution required during the year was £74,826 (£71,263 in 2021/22). The capital contribution to the project was not required during 2022/23, as was the case in 2021/22, due to reprofiling of the investment pipeline.

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

1.5 The Accounting Statements

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

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations. This may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories:

- The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Notes to the Accounts

The core financial statements outlined above are supported by notes to further assist the reader in interpreting the Authority's financial position for the year ended 31st March 2023. The notes are sectioned to aid the user of the accounts to navigate the extensive supporting notes.

Peter Davies
Deputy Chief Executive (S151 Officer)

Date

2 STATEMENT OF RESPONSIBILITIES

2.1 The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

2.2 The Section 151 Officer's Responsibilities

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

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

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

The Section 151 Officer has also:

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

APPROVAL OF STATEMENT OF ACCOUNTS

I certify that the accounts set out within sections 5 to 17 gives a true and fair view of the financial position of the Council as at the 31st March 2023 and its income and expenditure for the year ended 31st March 2023.

P. Davies

Peter Davies
Deputy Chief Executive (S151 Officer)

19th July 2023

Date



monmouthshire
sir fynwy

ANNUAL GOVERNANCE STATEMENT

2022/23

Executive Summary

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

The Council has managed to maintain the majority of its governance arrangements this year and has sound and effective arrangements in place in the services it delivers. The Code of Corporate Governance was presented to the Council's former Audit Committee in June 2020 and approved by Cabinet in September 2021.

Audit Wales's review of Good Governance (2017) concluded that the Council has a clear strategic approach for significant changes, although better information would help Members when deciding the future shape of the Council. This has been addressed.

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

- 1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Government Framework 2016' and Delivering Good Governance in Local Government Guidance Notes for Welsh Authorities 2016'. It embraces the elements of internal financial control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.
- 2 The Statement itself demonstrates that Monmouthshire has governance arrangements in place to meet the challenges of the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. We have demonstrated that in most areas we have effective governance arrangements in place which are continually improving, but also recognise that there is further work to do. Progress against the 2021/22 Action Plan is shown on page 30.

Scope of Responsibility

- 3 Monmouthshire County Council (the Council) (MCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation.
- 4 In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 5 The Council's financial management arrangements conform to the governance requirements of the 'CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)'.
- 6 The **Code of Corporate Governance**, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government', was initially approved by Council in July 2011; the Code was revised and updated again in June 2020, approved by Cabinet in September 2021. A copy of the Code is available from the Chief Internal Auditor. This statement explains how the Council has complied with the revised Framework and Guidance (2016) and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014. The revised Code sets out what governance arrangements are in place within Monmouthshire CC for each of the Governance Principles. The Council plan to review the Code of Corporate Governance during the 2023/24 financial year as an area for future improvement (action 2).

The Purpose of the Governance Framework

- 7 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads in the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 8 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, outcomes and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. Appropriate internal controls also ensure the Council's resources are utilised, and services are delivered efficiently, effectively and economically.
- 9 The governance framework has been in place at the Council for a number of years and continued to be in place for the year ended 31st March 2023 and up to the date of approval of the statement of accounts.

The Governance Framework

- 10 The Council's Code of Corporate Governance is in line with the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government' principles:

Overarching requirements for acting in the public interest:

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

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

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

Wellbeing of Future Generations (Wales) Act 2015

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

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

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

- Long Term
- Prevention
- Integration
- Collaboration
- Involvement

- 12 The key elements of the Council's governance arrangements are set out in its Corporate Plan 2017-2022, "A Monmouthshire that works for everyone" which was approved by Council in February 2018. A mid-term refresh was presented to Council in March 2020.

- 13 Since the Local Government elections in May 2022, a new administration and new Leader of the Council were elected. The administration has been working without a majority. Over the course of the year this administration, along with officers, developed a Community and Corporate Plan 2022-28. This was approved by Council on 20th April 2023.

- 14 As part of the requirements of the Well-being of Future Generations (Wales) Act 2015 the Public Service Board (PSB) is focused on improving social, economic, environmental and cultural wellbeing, in accordance with the sustainable development principle. Public Service Boards have a planning responsibility to prepare and publish an assessment of local well-being, produce a local well-being plan and report annually on its progress.
- 15 During 2021/22 Monmouthshire PSB merged with other local PSBs to form the Gwent PSB. The PSB presented its annual report 2021/22 in July 2022 to the Public Services Scrutiny Committee.
- 16 Over the course of the 2022/23 financial year, the Gwent PSB 'Draft Gwent Wellbeing Plan' was considered twice by the Public Services Scrutiny Committee. The Committee raised a number of concerns regarding the draft plan and questioned the efficacy of the pre-decision scrutiny of the plan. The Committee agreed to write to the Leader of the Council to highlight their concerns.

Review of Effectiveness

- 17 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Strategic Leadership Team within the Authority which has responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 18 The review of effectiveness has been completed using a six point scale which is used within Monmouthshire County Council to assess the performance framework and progress with the Community and Corporate Plan.

Level	Definition	Description
6	Excellent	Excellent or outstanding – All performance measures have achieved the target set and all actions 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 the successes are greater than the areas that have not been achieved.
3	Adequate	Strengths just outweigh weaknesses – The evidence of success marginally outweighs areas that 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

- 19 The governance arrangements continue to be regarded as fit for purpose.

Chief Internal Auditor Statement and Annual Opinion

- 20 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion based upon and limited to the work performed on the overall adequacy and effectiveness of Monmouthshire County Council's framework of governance, risk management and internal control. This is achieved through a risk-based plan of work, agreed with management, which should provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

The Internal Audit team has completed its internal audit work for the year based upon the Operational Audit Plan approved by the Governance & Audit Committee in June 2022. The Plan was designed to ensure adequate coverage over the Council's financial and operational systems using a risk based assessment methodology.

The audit work included reviews, on a sample basis, of each of these systems/establishments sufficient to discharge the Authority's responsibilities for Internal Audit under section 151 of the Local Government Act 1972 and The Accounts and Audit (Wales) Regulations 2014. The opinion is based upon the work undertaken. Work was planned in order to provide sufficient evidence to give me reasonable assurance of the internal control environments tested.

The 2022/23 Audit opinion is partially reliant on previous work undertaken by the team where Reasonable Assurance opinions were issued; there have been no significant changes to the organisation's systems or key personnel and no major frauds were identified.

Internal Audit opinions on the work undertaken at the Shared Resource Service by Torfaen Internal Audit team were also taken into consideration.

Based on the planned work undertaken during the year, in my view the internal controls in operation give **Reasonable Assurance**; *Adequately controlled, although some risks identified which could compromise the overall control environment. Improvements required.*

The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Jan Furtek
Audit Manager (Acting Chief Internal Auditor)
June 2023

It is worth noting that the following changes to key Governance positions have occurred within Monmouthshire County Council between the end of the 2022/23 financial year and the date of publication of the Annual Statement of Accounts.

- The Chief Internal Auditor left the Authority in April 2023. The duties of this position are being fulfilled by the Audit Manager who is suitably qualified to undertake this role.
- The Chief Officer People & Governance is due to leave the Council in July 2023. A recruitment process is currently on-going to appoint into this key position which will be redesignated as the Chief Officer for Law & Governance.

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

6 Excellent	5 Very Good	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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The Council is accountable not only for how much it spends, but also for how we use the resources under our stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes we have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement																
Behaving with integrity Page 44	<ul style="list-style-type: none"> ▪ Members Code of Conduct in Constitution which reflects Local Authorities (Model Code of Conduct) (Wales) Order 2016 ▪ Officers Code of Conduct in Constitution ▪ Registers of interests / hospitality ▪ Induction training ▪ Member/Officer Protocol in Constitution ▪ Member led Authority principles/document ▪ Member training programme ▪ Council Values — Openness, Fairness, Flexibility, Teamwork, Kindness ▪ Whistleblowing Policy ▪ Anti-Fraud, Bribery and Corruption Policy ▪ Standards Committee ▪ Standards Committee Annual Report presented to Council ▪ Member Dispute Resolution ▪ Complaints procedure 	<ul style="list-style-type: none"> ▪ The Code of Conduct for Members and the protocol on Member / Officer relationships are set out in the Constitution, was updated in May 2022. ▪ The Standards Committee, which includes a majority of independent representatives, advises on and monitors the Members' Code of Conduct, the Protocol for Member/Officer Relations, and any other Codes relating to the conduct of Members. The Standards Committee met 2 times during 2022/23. ▪ Public Service Ombudsman Wales Annual Report (2021/22) was presented to Cabinet in October 2022. ▪ Conduct Complaints about MCC Members received by the Public Services Ombudsman: <table border="1" style="margin-left: 20px; width: 100%;"> <thead> <tr> <th></th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> </tr> </thead> <tbody> <tr> <td>Not upheld</td> <td>2</td> <td>1</td> <td>2</td> </tr> <tr> <td>Referred to Standards Committee</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Referred to Adjudication Panel</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> 		2019/20	2020/21	2021/22	Not upheld	2	1	2	Referred to Standards Committee	0	0	0	Referred to Adjudication Panel	0	0	0	<ul style="list-style-type: none"> ▪ Establish a 'Governance Working Group' to discuss and review the Governance arrangements across Monmouthshire Council to ensure they are fit for purpose. (Action 1) ▪ As part of the Governance Working Group, review the Council's Code of Corporate Governance. (Action 2)
	2019/20	2020/21	2021/22																
Not upheld	2	1	2																
Referred to Standards Committee	0	0	0																
Referred to Adjudication Panel	0	0	0																

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement				
Behaving with integrity	<ul style="list-style-type: none"> ▪ Decision 'Call In' process 	<table border="1" data-bbox="902 181 1585 261"> <tr> <td>TOTAL COMPLAINTS CLOSED</td> <td>2</td> <td>1</td> <td>2</td> </tr> </table> <ul style="list-style-type: none"> ▪ No judicial reviews were commenced or dealt with at the pre-action stage in the previous year. ▪ The Governance & Audit Committee met 9 times during 2022/23 and has the responsibility for ensuring that sufficient checks are in place to identify any potential misconduct within the authority. 	TOTAL COMPLAINTS CLOSED	2	1	2	
TOTAL COMPLAINTS CLOSED	2	1	2				
Demonstrating strong commitment to ethical values Page 45	<ul style="list-style-type: none"> ▪ Council Values — Openness, Fairness, Flexibility, Teamwork, Kindness ▪ Contract procedure rules ▪ Financial procedure rules ▪ Codes of conduct for members and employees ▪ Whistleblowing Policy 	The ethical governance framework includes: <ul style="list-style-type: none"> ▪ Codes of conduct for officers and Members. ▪ A protocol governing Member/Officer relations. ▪ A whistle-blowing policy widely communicated within the Council. ▪ Registers of personal and business interests for Members. ▪ Declarations of interests for Chief Officers. ▪ An agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons learnt can be applied. ▪ All exemptions of the Contract Procedure Rules are reported through the Governance & Audit Committee periodically. The Internal Audit team co-ordinates the exemption process in conjunction with strategic procurement. ▪ The Governance & Audit Committee has the opportunity to call in senior managers during the year and challenge them on why a procurement process went outside the Council's normal tendering processes. There were no call-ins during 2022/23. ▪ A Scrutiny and Executive Protocol is in place which is aligned to the updated constitution of May 2022 and provides parameters for effective executive and scrutiny relationships. 					
Respecting the rule of law	<ul style="list-style-type: none"> ▪ Member and Officer Code of Conduct in Constitution ▪ Role of Chief Executive, Section 151 Officer and Monitoring Officer established in Constitution ▪ CIPFA statement on the Role of the Chief Financial Officer 	<ul style="list-style-type: none"> ▪ The Constitution is updated periodically by the Monitoring Officer; the latest update approved by Council was in May 2022. It can be found on the Council's intranet and website. ▪ To ensure agreed procedures and all applicable statutes are complied with, the Monitoring Officer attends full Council meetings, Cabinet and SLT. To ensure sound financial management is a key factor in decisions, the Deputy Chief 					

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> ▪ Anti-Fraud, Bribery and Corruption Policy ▪ Governance & Audit Committee ▪ Internal Audit Section ▪ Internal Audit Annual Report presented to Governance & Audit Committee ▪ External Auditors Annual Audit Letter ▪ Standards Committee ▪ Whistleblowing Policy ▪ Complaints procedure ▪ Decision 'Call In' process 	<p>Executive and Chief Officer Resources (S151 Officer) attends SLT, Cabinet and Council meetings.</p> <ul style="list-style-type: none"> ▪ In accordance with the Local Government and Housing Act, 1989, the Monitoring Officer ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the full Council in respect of any proposals, decisions or omissions which could be unlawful or which have been subject of an Ombudsman Investigation resulting in a finding of maladministration. The Monitoring Officer has not issued a Section 5 report in 2022/23, or in the previous year, 2021/22. ▪ An Anti-Bribery compliance update and annual risk assessment was presented to the Governance & Audit Committee by the Deputy Chief Executive (S151 Officer) in October 2022. 	

Principle B: Ensuring openness and comprehensive stakeholder engagement

6 Excellent	5 Very Good	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<p>Openness</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 47</p>	<ul style="list-style-type: none"> ▪ Agendas published in advance of meetings ▪ Minutes published following meetings ▪ Democratic meetings live streaming on YouTube ▪ Decision making process described in Constitution ▪ Forward Plan published on internet showing key decisions to be made by Council and Cabinet ▪ Annual budget consultation ▪ Freedom of Information Scheme ▪ Public questions at Council, Cabinet and Select Committees ▪ Engagement with hard to reach groups, including those with the protected characteristics defined by the Equality Act 2010. As well as engagement with children and young people to meet the requirement of the United Nations Convention on the Rights of the Child (UNCRC). ▪ Publication of open data sets on the Council's website 	<ul style="list-style-type: none"> ▪ Agendas are published in advance of all meetings on the Council's website; corresponding minutes are published post meeting. ▪ Transparency and openness are important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance & Audit Committee process before being endorsed by Cabinet and Council. All Council decisions, reports and questions asked by Members are available on the website. Financial information, Corporate Plan progress, Council activities, achievements, developments, updates and events were included on the Council's intranet and website. All public meetings of the Council are live streamed and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business. ▪ A Forward Plan showing key decisions to be made by Council, Cabinet and Committees is published. ▪ The Council's website contains links to the following areas of open data in the interests of openness: <ul style="list-style-type: none"> ○ List of expenditure over £500 ○ Our spend data as a useful dashboard ○ Food Hygiene ratings ○ List of Primary Schools ○ List of Secondary Schools 	<ul style="list-style-type: none"> ▪ Review the minute taking process and assess any opportunities to further digitise. (Action 3) ▪ Increase the number of datasets published on the council's website. (Action 4)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> ▪ Publication of open data sets on the council website 	<p>Following a decision of the First Tier Information Rights Tribunal (EA/2018/0033) the Authority no longer publishes business rates data on its open data web page. It will no longer disclose information about business rate accounts in response to FOI requests.</p> <ul style="list-style-type: none"> ▪ Policy and decision-making is facilitated through (i) Council and Cabinet; the meetings of which are open to the public and live streamed online except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution: Four Scrutiny Committees (including the statutory Public Services Scrutiny Committee) and a separate Governance & 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. ▪ Implementing Open Government standards which enable us to effectively engage with our citizens and open up our data for anyone who needs to use it. Making the most of digitisation and digital inclusion to enable us to engage with people across our County. ▪ Corporate risks are published. 	
<p>Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> ▪ Gwent Public Service Board Partnership arrangements and structure ▪ Monmouthshire Public Service Board Well-Being Plan ▪ Gwent Public Service Board Well-Being Plan ▪ Public Services Select Committee 	<ul style="list-style-type: none"> ▪ In May 2018, Monmouthshire Public Services Board (PSB), adopted their Well-being Plan in line with the requirements of the Well-being of Future Generations (Wales) Act. The plan was informed by the Monmouthshire Well-being Assessment which sought the views of Monmouthshire residents and draws together findings from data, academic research and policy papers and the views of local people. This Plan was challenged publicly through Public Services Select Committee, July 2021. During 2021/22 several local PSBs merged to form the Gwent Public Services Board. A Gwent wide well-being assessment has been produced, including an assessment of well-being in Monmouthshire and local communities within the county, March 2022. 	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<ul style="list-style-type: none"> ▪ Over the course of the 2022/23 financial year, the Gwent PSB 'Draft Gwent Wellbeing Plan' was considered twice by the Public Services Scrutiny Committee. The Committee raised a number of concerns regarding the draft plan and questioned the efficacy of the pre-decision scrutiny of the plan. The Committee agreed to write to the Leader of the Council to highlight their concerns. 	
<p>Engaging stakeholders effectively, including individual citizens and service users</p> <p style="text-align: center;">Page 49</p>	<ul style="list-style-type: none"> ▪ Ward role of Councillors ▪ Consultations on the council website and social media platforms ▪ Complaints Policy and Annual Report ▪ Medium Term Financial Plan (MTFP) ▪ Complaints procedure ▪ Integrated Impact Assessment including Future Generations evaluation and Equality Impact Assessment, on decision reports ▪ Strategic Equality Plan ▪ Communication via Social Media 	<ul style="list-style-type: none"> ▪ Social media e.g. Twitter, Facebook and YouTube, are used to engage local people and communicate the corporate message. Scrutiny Committees hold a Public Open Forum on each agenda and the public can attend meetings remotely or in person. They can also submit written, audio or video representations to Scrutiny Committees and submit suggested topics for the scrutiny forward work programme via the Scrutiny Website www.monmouthshire.gov.uk/scrutiny. Chief Officers, Members and the Communications team are very proactive in engaging with the public. ▪ Public engagement events and YouTube continued to be used in 2022/23 for the budget proposals. The Council has encouraged the community within Monmouthshire to actively contribute to making stepped changes to improve the way in which services are provided. This links back to the principles of the Well-being of Future Generations Act which sets out five ways of working including involvement. ▪ The Medium Term Financial Plan supports the vision for Monmouthshire and extensive public engagement continued in 2022/23 for the 2023/24 budget and Medium Term Financial Plan which engaged with the public in their own community; this included website, social media, drop in sessions, Cabinet Member YouTube video and open meetings. 	

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



The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<p>Defining Outcomes</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 50</p>	<ul style="list-style-type: none"> ▪ Corporate Plan produced and reviewed annually in accordance with Local Government & Elections Act 2021 and 'Wellbeing Objectives' in Wellbeing of Future Generations (Wales) Act 2015 ▪ Quarterly, six monthly & annual Performance Monitoring Reports ▪ Corporate Plan Annual Self-Assessment Report ▪ Public Service Board Well-being Plan annual report ▪ Service Business Plans produced annually and reviewed quarterly by each service area. ▪ Monthly Financial Monitoring meetings held for each service area ▪ Risk Management Policy and Guidance ▪ Whole Authority Strategic Risk Register ▪ Capital Review Programme ▪ Self-Assessment report 	<ul style="list-style-type: none"> ▪ In March 2018 Council approved the Council's Corporate Plan 2017-2022, which incorporated the Council's well-being objectives, and endorsed the Area Plan. The well-being objectives bring together the latest evidence from the well-being assessment, policy and legislation and show how the Council strives to deliver a public service that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Well-being Objectives are incorporated within the Corporate Plan. ▪ Over the course of the 2022/23 year, following the local government elections in May 2022, Officers have worked with the new administration to develop a Community & Corporate Plan for 2022-2028. Draft plans were submitted to and considered by Full Council in October 2022, and January 2023 prior to it being approved in April 2023. ▪ The Community & Corporate Plan 2022-2028, "Taking Monmouthshire Forward" sets a purpose 'To become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life'. This is underpinned by the Councils 6 objectives (fair place, green place, thriving & ambitious place, safe place, connected place and learning place) and 5 values (teamwork, openness, fairness, flexibility and kindness). ▪ Monmouthshire County Council is a member of the Gwent PSB (July 2021), where we work with other public services and the 	<ul style="list-style-type: none"> ▪ Review the revenue and capital budget process and the Councils financial strategy. (Action 5)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<p>Following a decision of the First Tier Information Rights Tribunal (EA/2018/0033) the Authority no longer publishes business rates data on its open data web page. It will no longer disclose information about business rate accounts in response to FOI requests.</p> <ul style="list-style-type: none"> ▪ Policy and decision-making is facilitated through (i) Council and Cabinet; the meetings of which are open to the public and live streamed online except where exempt or confidential matters are being discussed, and (ii) a scheme of delegation to committees and officers as set out in the Constitution: Four Scrutiny Committees (including the statutory Public Services Scrutiny Committee) and a separate Governance & 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. ▪ Implementing Open Government standards which enable us to effectively engage with our citizens and open up our data for anyone who needs to use it. Making the most of digitisation and digital inclusion to enable us to engage with people across our County. ▪ Corporate risks are published. 	
<p>Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> ▪ Gwent Public Service Board Partnership arrangements and structure ▪ Monmouthshire Public Service Board Well-Being Plan ▪ Gwent Public Service Board Well-Being Plan ▪ Public Services Select Committee 	<ul style="list-style-type: none"> ▪ In May 2018, Monmouthshire Public Services Board (PSB), adopted their Well-being Plan in line with the requirements of the Well-being of Future Generations (Wales) Act. The plan was informed by the Monmouthshire Well-being Assessment which sought the views of Monmouthshire residents and draws together findings from data, academic research and policy papers and the views of local people. This Plan was challenged publicly through Public Services Select Committee, July 2021. During 2021/22 several local PSBs merged to form the Gwent Public Services Board. A Gwent wide well-being assessment has been produced, including an assessment of well-being in Monmouthshire and local communities within the county, March 2022. 	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> ▪ Future Generations Evaluation, including Equality Impact Assessment, on decision making reports ▪ Service Business Plans produced annually and reviewed quarterly by each service area. ▪ Climate Emergency Strategy and Action Plan 	<p>In May 2019 Monmouthshire County Council declared a Climate Emergency. Plans are underway to meet our target to reduce council carbon emissions to zero by 2030. In November 2021, following wide community consultation, an updated and amended action plan was published.</p>	

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

6 Excellent	5 Very Good	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource input while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
Determining interventions Page 53	<ul style="list-style-type: none"> ▪ Corporate Plan ▪ Scrutiny / Select Committee function ▪ Risk management policy and guidance ▪ Whole Authority Strategic Risk Register ▪ Finance and Legal implications in all Council, Cabinet and Committee reports report writing template and guidance ▪ Future Generations Evaluation (including Equality Impact Assessment) ▪ Results of consultation exercises ▪ Reports to Government Agencies ▪ Enabling strategy framework 	<ul style="list-style-type: none"> ▪ Monmouthshire is a partner in the South East Wales Consortium Schools Causing Concern protocol. This Policy forms a part of, and is aligned with, the National Model for School Improvement in relation to the informal support and challenge provided by the Local Authority to a school prior to any issuing of a warning notice or invocation of formal powers of intervention based on the six grounds for intervention. It also aligns with the Welsh Government Guidance on Schools Causing Concern (March 2016). ▪ Regular reporting into Cabinet, Scrutiny and Governance & Audit Committee enables the achievement of the Council's objectives to be challenged and appropriate actions put in place to address any identified issues so that the intended outcomes can be achieved. The Strategic Risk Register was reviewed by Governance & Audit Committee in September 2022 and Performance & Overview Scrutiny Committee in December 2022. ▪ 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 163 complaints received in 2021/22, 151 were resolved informally with 12 being formally investigated, 2 of which were referred the Ombudsman, with none formally ▪ 	<ul style="list-style-type: none"> ▪ Ensure that a suite of enabling strategies and a framework is in place to identify and support any interventions needed. (Action 6)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<p style="text-align: center;">Page 4</p> <p>Planning Interventions</p>		<p>investigated. 455 comments were received along with 246 compliments (Governance & Audit Committee March 2023).</p> <ul style="list-style-type: none"> ▪ A separate report containing the Ombudsman’s findings in relation to complaints about Monmouthshire County Council was reported separately to both Cabinet and Governance & Audit Committee. It showed that Monmouthshire has one of the lowest levels of complaints reported to the Ombudsman at 0.21 per 1,000 residents. ▪ Consultation on budget proposals is extensive. ▪ The Authority makes numerous annual returns to various external Governing Bodies, such as the Food Standards Agency, Drinking Water Inspectorate, Department for Levelling Up & Communities, Department for Transport, Home Office, Gambling Commission, DEFRA, Health & Safety Executive, General Registrar’s Office, National Fraud Initiative and other government departments’. These allow the Council to self-assess and determine if any intervention is required within the services provided. 	
	<ul style="list-style-type: none"> ▪ Monthly Financial Monitoring meetings for each Directorate reviews progress and authorises corrective action where necessary ▪ Medium Term Financial Plan ▪ Annual budget setting process in place including consultation exercise ▪ Financial procedure rules ▪ Senior Management Structure ▪ Corporate Plan produced and reviewed annually in accordance with Local Government and Elections Act 2021 and 'Wellbeing Objectives' in Wellbeing of Future Generations (Wales) Act 2015 ▪ Quarterly, six monthly & annual Performance Monitoring Reports ▪ Annual Self-Assessment Report 	<ul style="list-style-type: none"> ▪ The Council has established robust planning and control cycles covering strategic and operational plans, priorities and targets which is achieved through: <ul style="list-style-type: none"> ○ A timetable for producing and reviewing plans on an annual basis. ○ Working with a consultation and engagement strategy. ○ Quarterly and annual performance monitoring including achievement of national and local performance indicators. ▪ There is robust Medium Term Financial Planning. ▪ There is an annual budget setting process in place including an extensive consultation exercise. ▪ Self-assessment report presented to Governance & Audit Committee and Performance & Overview Scrutiny Committee to review, scrutinise and make any recommendations for changes. ▪ Self-assessment report agreed by Council and published in September 2022. The report provides an assessment of the extent the council met its wellbeing goals, which were set out in the Corporate Plan 2017- 22, the evidence to show this and identified areas of improvement. It also provided an evaluation 	<ul style="list-style-type: none"> ▪ Review Service Business Plans to ensure they align to the new Community & Corporate Plan. (Action 7)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> ▪ Public Service Board Well-being Plan ▪ Public Service Board Well-being Plan annual report ▪ Service Business Plans produced annually and reviewed quarterly by each service area. ▪ Risk Management Policy and Guidance ▪ Whole Authority Strategic Risk Register ▪ Reports to Government Agencies 	<p>of the key activity delivered as part of the interim Coronavirus strategies and the ‘enabling functions’ that support council services to meet changing demands and ensure their sustainability including financial planning, workforce planning, procurement, assets, digital and data.</p>	
<p>Optimising achievement of intended outcomes</p> <p style="text-align: center;">Page 55</p>	<ul style="list-style-type: none"> ▪ Quarterly Financial Monitoring reports to Cabinet and scrutiny ▪ Mid-Year Budget Statement to Cabinet ▪ Medium Term Financial Plan ▪ Budget consultation ▪ Community & Corporate Plan ▪ Annual Self-Assessment Report 	<ul style="list-style-type: none"> ▪ The Council ensures the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints by setting out any shortfall in resources and spending requirements in the context of service priorities. ▪ To ensure that the budget process is all inclusive there is regular engagement with members with robust scrutiny by the Service Improvement & Finance Scrutiny ▪ The achievement of the Community & Corporate Plan is reviewed at least annually. 	

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

6 Excellent	5 Very Good	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<p>Developing the entity's Capacity</p> <p>56</p>	<ul style="list-style-type: none"> ▪ Performance review for all staff where required by them or their line manager ▪ People Strategy ▪ Quarterly financial reports to Cabinet and Scrutiny Committees ▪ Partnership & collaborative working arrangements ▪ Quarterly, six monthly & annual Performance Monitoring Reports ▪ Community & Corporate Plan Annual Self-Assessment Report ▪ Public Service Board Well-being Plan annual report ▪ Service Business Plans produced annually and reviewed quarterly by each service area. 	<ul style="list-style-type: none"> ▪ The Council's recruitment procedures provide equality of employment opportunities. The equality-assessed pay structure meets the requirements of the Single Status Agreement of 1997. The Single Status Collective Agreement was approved by Cabinet in September 2010. This is complemented by the People Strategy. The Pay Policy is approved annually by Council and is available on the MCC website. ▪ Developing the digital capabilities of people and systems to enable effectiveness, efficiency and enhanced customer services is important within Monmouthshire and is measured via the Digital Programme Service Business Plan. To further enhance service delivery and better deal with cyber security / information risks the Digital Programme Office has been split into the Information Security and Technology Team and the Digital Design and Innovation Team. ▪ There is continued support for Members' development through briefing sessions and other learning opportunities. A comprehensive training programme was developed for the intake of new Members following Council elections in May 2022. 	<ul style="list-style-type: none"> ▪ A learning management system to be implemented across the organisation to coordinate all training including for schools. (Action 8) ▪ A full analysis to define and identify any training need(s). A focus will be to prioritise ensuring people are suitably qualified and experienced to fulfil roles, capable of leadership, future professional development, and staff are digitally enabled. (Action 9)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<ul style="list-style-type: none"> ▪ A Scrutiny Member Development Training Programme is in place which provides ongoing specific skills based training for Members and includes scrutiny induction; this is agreed by the Scrutiny Chairs' Group. The training programme forms part of the Scrutiny Service Plan. ▪ Appropriate and relevant job descriptions were in place for the Chief Executive, Strategic Leadership Team (SLT), Monitoring Officer and Head of Finance. ▪ 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. 	
<p>Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> ▪ Member/Officer Protocol in Constitution ▪ Scheme of Delegation published in Constitution ▪ Scrutiny member development programme ▪ Occupational Health and Wellbeing Policy exists with aim of promoting the health and wellbeing of all employees to enable them to achieve their full potential at work ▪ Internal and external audit reports and action plans 	<ul style="list-style-type: none"> ▪ Monmouthshire Council takes an active part in the INFUSE programme which is designed to build skills and capacity for future public services across the Cardiff Capital Region. 9 associates from MCC took part in cohort 3 which commenced in January 2023. ▪ There has been member led training with both senior officers and cabinet members. ▪ There are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Executive, SLT and Heads of Service. ▪ The Constitution sets out the Scheme of Delegation which is regularly reviewed. ▪ Annual appraisal and performance review 	

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

6 Excellent	5 Very Good	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will ensure financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
7 Managing Risk	<ul style="list-style-type: none"> ▪ Risk Management Policy and Guidance ▪ Whole Authority Strategic Risk Register ▪ Service Business Plans produced annually and reviewed quarterly by each service area, including service risk registers ▪ Strategic Risk Register reported to Governance & Audit Committee, Performance & Overview Scrutiny Committee and Cabinet 	<ul style="list-style-type: none"> ▪ The Council’s Strategic Risk Management Policy was updated and approved by Cabinet in March 2019; progress was reported into Governance & Audit Committee in September 2022. 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. ▪ Within the Council the purpose of risk management is to: <ul style="list-style-type: none"> ○ preserve and protect the Council’s assets, reputation and staff. ○ aid good management of risk and support whole authority governance. ○ aid delivery of its population outcomes internally and when working with partners. ○ improve business performance and anticipated risks in delivering improvements. ○ avoid unnecessary liabilities, costs and failures. ○ shape procedures and responsibilities for implementation. 	<ul style="list-style-type: none"> ▪ Review and update the Councils Strategic Risk Management Policy. Improve how reports are presented to Cabinet and the Governance & Audit Committee to provide the necessary assurance. (Action 10) ▪ Review the governance arrangements for Corporate Health and Safety to ensure the Council is provided with an assurance that key health and safety risks are being effectively managed across the organisation. (Action 11)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
<p style="text-align: center;">Page 9</p>		<ul style="list-style-type: none"> ▪ The strategic risk assessment ensures that: <ul style="list-style-type: none"> ○ Strategic risks are identified and monitored by Monmouthshire. ○ Risk controls are appropriate and proportionate. ○ Senior managers and elected members systematically review the strategic risks facing the Council. ▪ The risk assessment is prepared by drawing on a wide range of evidence including service plans, performance measures, regulatory reports, progress on the previous risk assessment and the views of Select and Governance & Audit Committees. In order to mitigate the risks, proposed actions are recorded and also aligned back into the respective Service Business Plan. The risk assessment is a living document and is updated over the course of the year as new information comes to light. ▪ The Council's Strategic Risk Assessment for 2022/23 contained 14 risks. These were reviewed throughout the year with the latest version was presented to Governance & Audit Committee in March 2023. Following mitigation there were 8 medium risks and 8 high risks. 	
<p style="text-align: center;">Managing performance</p>	<ul style="list-style-type: none"> ▪ Community & Corporate Plan produced and reviewed annually ▪ Corporate Plan Annual Self-Assessment Report ▪ Service Business Plans produced annually and reviewed quarterly by each service area. ▪ Quarterly, six monthly & annual Performance Monitoring Reports ▪ Director of Social Services Annual report ▪ Chief Officer Children & Young People Annual Report ▪ Scrutiny function ▪ Bi-monthly Directorate and Financial monitoring meetings 	<ul style="list-style-type: none"> ▪ Audit Wales presented the Councils ISA2060 report for 2021/22 to the Governance & Audit Committee in February 2023. ▪ The Councils Self-Assessment report 2021/22 was completed in line with requirements outlined in the Local Government and Elections (Wales) Act 2021 to ensure that members and the public had a clear and transparent assessment of the Council's performance in 2021/22. ▪ The Authority makes numerous annual returns to various external Governing Bodies and Government Agencies, such as the Food Standards Agency, Drinking Water Inspectorate, Department for Levelling Up & Communities, Department for Transport, Home Office, Gambling Commission, DEFRA, Health & Safety Executive, General Registrar's Office, National Fraud Initiative and other government departments'. 	
<p style="text-align: center;">Robust internal control</p>	<ul style="list-style-type: none"> ▪ Governance & Audit Committee provides assurance on effectiveness ▪ 	<ul style="list-style-type: none"> ▪ The Governance & Audit Committee considers the effectiveness of the Council's arrangements for securing continuous improvement including risk management 	<ul style="list-style-type: none"> ▪ Update the Council's Anti-Fraud, Bribery & Corruption Policy and

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<p>on internal control, risk management and governance</p> <ul style="list-style-type: none"> ▪ Governance & Audit Committee Annual Report to Council ▪ Anti-Fraud, Bribery and Corruption Policy ▪ Role of Internal Audit Section ▪ Annual Plans approved by Governance & Audit Committee ▪ Annual Reports to Governance & Audit Committee ▪ Annual Governance Statement 	<p>arrangements. The Governance & Audit Committee also considers corporate governance, monitors the work of auditors and inspectors, and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. It also has responsibility for reviewing the Annual Statement of Accounts and its associated reports (which include this statement) before approval by Council. The Governance & Audit Committee has an independent, non-political, Chairperson who prepares an annual report of the work of the Governance & Audit Committee.</p> <ul style="list-style-type: none"> ▪ Internal Audit operate to the standards set out in the 'Public Sector Internal Auditing Standards' which have been developed from the Institute of Internal Auditors (IIA) International Internal Auditing Standards which came into effect in April 2013. The team's role and status is set out in the Council's Internal Audit Charter (revised and updated approved by Governance & Audit Committee September 2021). The Chief Internal Auditor reports a summary of audit findings to the Governance & Audit Committee each quarter; he also reports annually an opinion on the overall adequacy and effectiveness of the Council's internal control environment through his Internal Audit Annual Report. ▪ The Chief Internal Auditor continues to ensure Internal Audit complies with the Public Sector Internal Audit Standards. A self-assessment was undertaken during 2017/18 to assess compliance with the Standards which was validated as compliant in March 2018 by an external assessor. A new external quality assessment is now overdue. ▪ The Council has an objective and professional relationship with its external auditors and statutory inspectors. It manages its information resource through strategies and policies to enable effective decision making which is managed via the Information Strategy and action plan. ▪ The Anti-Fraud, Bribery and Corruption Strategy was revised and updated during 2017/18. It was approved by Cabinet July 2017 and provides a deterrent, promotes detection, identifies a clear pathway for investigation and encourages prevention. An annual risk assessment on fraud and corruption is presented to 	<p>raise awareness across the Council. (Action 12 - c/f)</p> <ul style="list-style-type: none"> ▪ Complete an External Quality Assessment of the Council's Internal Audit Service as required by the Public Sector Internal Audit Standards. (Action 13)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement																								
		<ul style="list-style-type: none"> ▪ Governance & Audit Committee (October 2022). The Council's Council Tax Reduction Anti-Fraud Policy was approved by Cabinet in June 2015. A training package has been developed and was previously presented to Governance & Audit Committee (January 2020). This needs to be further rolled out across the Council. ▪ The overall opinion on the adequacy of the internal control environment for 2022/23 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 2022/23 were; <table border="1" data-bbox="848 560 1561 810"> <thead> <tr> <th data-bbox="848 560 1182 624">Opinion</th> <th data-bbox="1182 560 1305 624">2020-21</th> <th data-bbox="1305 560 1435 624">2021-22</th> <th data-bbox="1435 560 1561 624">2022-23</th> </tr> </thead> <tbody> <tr> <td data-bbox="848 624 1182 663">Substantial Assurance</td> <td data-bbox="1182 624 1305 663">2</td> <td data-bbox="1305 624 1435 663">5</td> <td data-bbox="1435 624 1561 663">7</td> </tr> <tr> <td data-bbox="848 663 1182 703">Considerable Assurance</td> <td data-bbox="1182 663 1305 703">6</td> <td data-bbox="1305 663 1435 703">6</td> <td data-bbox="1435 663 1561 703">10</td> </tr> <tr> <td data-bbox="848 703 1182 743">Reasonable Assurance</td> <td data-bbox="1182 703 1305 743">1</td> <td data-bbox="1305 703 1435 743">7</td> <td data-bbox="1435 703 1561 743">4</td> </tr> <tr> <td data-bbox="848 743 1182 783">Limited Assurance</td> <td data-bbox="1182 743 1305 783">0</td> <td data-bbox="1305 743 1435 783">2</td> <td data-bbox="1435 743 1561 783">1</td> </tr> <tr> <td data-bbox="848 783 1182 810">Total</td> <td data-bbox="1182 783 1305 810">9</td> <td data-bbox="1305 783 1435 810">20</td> <td data-bbox="1435 783 1561 810">22</td> </tr> </tbody> </table> ▪ Reasons why the outcome of an audit review which was deemed to provide Limited Assurance will be presented in a report to the Governance & Audit Committee; assurances have been sought from respective operational managers that action will be taken to make the necessary improvements in control. ▪ The Internal Audit team did not have a full complement of staff for the whole year. The Chief Internal Auditor's overall audit opinion is based on the number of audits undertaken and their individual opinions; he was able to give an overall opinion on the adequacy of the control environment but this was based on a limited number of opinions issued. The 2022/23 audit opinion was supported by the knowledge that there were appropriate governance, risk management and internal control assurances in place in previous years, with no significant changes. 	Opinion	2020-21	2021-22	2022-23	Substantial Assurance	2	5	7	Considerable Assurance	6	6	10	Reasonable Assurance	1	7	4	Limited Assurance	0	2	1	Total	9	20	22	
Opinion	2020-21	2021-22	2022-23																								
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Limited Assurance	0	2	1																								
Total	9	20	22																								
Managing data	<ul style="list-style-type: none"> ▪ We have established an Information Security & Technology Team across the organisation, including education ▪ 	<ul style="list-style-type: none"> ▪ Our comprehensive governance and security arrangements for data and information have enabled us to gain accreditation in industry standards for cyber security. ▪ 																									

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
	<ul style="list-style-type: none"> ▪ A cyber security team is in place to support, advise and train our workforce. The same team provides a cyber audit function of our ICT infrastructure and governance arrangements ▪ The Information Governance Group with participants from each directorate ▪ A Senior Information Risk Officer (SIRO) in place ▪ Mandatory training in GDPR and Cyber Security, alongside comprehensive guidance and policies for all aspects of data management ▪ Information Asset Register ▪ Information sharing & publication guidance in place ▪ A comprehensive EDRMS is in place ▪ Annual National and Local performance Indicator data collection process and internal audit arrangements 	<ul style="list-style-type: none"> ▪ Cyber security arrangements cover cultural, physical and electronic barriers to data access and misuse. ▪ Information governance is maintained through policies, guidelines, and training that are reported and disseminated via the Information Governance Group, headed up by the SIRO and with departmental representatives. Performance is reported to the Governance & Audit Committee, and this year our performance targets have been exceeded. ▪ Privacy notices are published online and have been updated through the year. ▪ Schedules are maintained of all MCC information 'line of business' systems to ensure they are fit for purpose and upgraded/replaced as needed. ▪ A central EDRMS system is being rolled out to electronically manage, share and retain all data and information outside of line of business systems. ▪ Networks and forums are in place to work with the South East Wales Information Forum (SWIF) and WARP (Warning Advice and Security Point) and the NCSC (National Cyber Security Centre). ▪ Data arrangements are audited by Audit Wales and performance reported through the Governance & Audit Committee. ▪ The ICT service, the SRS, are audited by the host organisation Torfaen County Borough Council, and all audits are reported through the SRS governance structures. 	
Strong public financial management	<ul style="list-style-type: none"> ▪ Financial procedure rules in Constitution ▪ Contract procedure rules in Constitution ▪ Accounting Instructions on Intranet ▪ Spending Restrictions document on Intranet 	<ul style="list-style-type: none"> ▪ The Council ensures both long term achievement of outcomes and short term performance through the delivery of the Medium Term Financial Plan. ▪ In July 2018, the Council's Procurement Strategy was approved by Cabinet. The Strategy builds upon workshop sessions undertaken with the Economy and Development Select Committee and the aims, aspirations and priorities for procurement, identified throughout the participative process. In July 2021 Cabinet approved the collaboration with Cardiff Council, for mutual benefit, the discharge and provision of the Council's Strategic Procurement services. 	<ul style="list-style-type: none"> ▪ Deliver awareness raising training sessions on the importance of compliance with revised Contract Procedure Rules and Financial Procedure Rules. (Action 14 – c/f) ▪ To produce a new Socially Responsible Procurement Strategy. (Action 15)

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
		<ul style="list-style-type: none"><li data-bbox="835 215 1637 266">▪ The Councils Contract Procedure Rules were updated in March 2021.	

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

6 Excellent	5 Very Good	4 Good	3 Adequate	2 Weak	1 Unsatisfactory
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Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
Implementing good practice in transparency Page 64	<ul style="list-style-type: none"> ▪ Report writing template and guidance ▪ Integrated Impact Assessment including Future Generations evaluation and Equality Impact Assessment, on decision reports 	<ul style="list-style-type: none"> ▪ The Council aims to present understandable and transparent reports for both stakeholders and the public which is supported by:- <ul style="list-style-type: none"> ▪ A Report Authors Protocol which ensures consistency in reports. ▪ A Clear Writing guide for Officers. ▪ All reports are signed off by Chief Officers, S151 Officer and Monitoring Officer prior to publication. ▪ Where possible exempt reports are split so that the main report can be heard in public with confidential information being a separate exempt report. ▪ Publication of delegated decisions. ▪ Reports are published on the website 	<ul style="list-style-type: none"> ▪ Alignment of Council, Cabinet, ICMD and Scrutiny forward work planners. (Action 16)
Implementing good practices in reporting	<ul style="list-style-type: none"> ▪ Annual Statement of Accounts audited by an external auditor and approved by Council ▪ Code of Corporate Governance based on CIPFA/SOLACE Framework 2016 ▪ Annual Governance Statement ▪ Corporate Plan Annual Self-Assessment Report ▪ Service Business Plans produced annually and reviewed quarterly by each service area 	<ul style="list-style-type: none"> ▪ Transparency and openness is important to Monmouthshire; the Annual Statement of Accounts was taken through the Governance & Audit Committee before being endorsed by Council. All public meetings of the Council, including Council, Cabinet, Select, Governance & Audit Committee, Planning Committee are live streamed on YouTube and are available to view on the Council's YouTube channel at any time after the meeting, which provides greater transparency of the Council's business. 	

Sub-Principles	What is in place to support this?	Effectiveness	Areas for Future Improvement
Assurance and effective accountability	<ul style="list-style-type: none"> ▪ External Audit provided by Audit Wales ▪ ESTYN reviews & reports ▪ Care Inspectorate Wales reviews & reports ▪ Performance of Internal Audit Section monitored by Governance & Audit Committee ▪ Implementation of Audit Wales and Internal Audit recommendations monitored by Governance & Audit Committee ▪ Peer Review, Corporate Assessment and Corporate Governance Review action plan monitored by SLT ▪ Annual Governance Statement 	<ul style="list-style-type: none"> ▪ The South East Wales Education Achievement Service (EAS) Business Plan 2022-25 was presented to Cabinet in March 2022. The plan sets out the priorities, programmes and outcomes to be achieved by the EAS on behalf of the South East Wales Consortium. ▪ The Council's enabling strategies have been revised to align to the delivery of the Corporate Plan, these include the Digital Strategy, People Strategy and Asset Management Strategy as well as linking in with Service Business Plans. ▪ The Governance & Audit Committee continues to support the Internal Audit team and endorses its annual report and plan. The plan details the work and service areas the team will cover based on a risk assessment in order to provide assurance on the adequacy of the internal controls, governance arrangements and risk management process. The Governance & Audit Committee presents its Annual report to Council. ▪ The Whole Authority Report: Complaints, Comments and Compliments 2021/22 was presented to Governance & Audit Committee in March 2023 which identified the number and types of feedback, received and dealt with, from 1 April 2021 until 31 March 2022. ▪ Reports and plans to implement Audit Wales and Internal Audit recommendations are reported (as relevant) to Scrutiny and the Governance & Audit Committee. ▪ All agreed recommendation and actions from Internal Audit reviews are monitored. ▪ The Council takes note of all reports issued by External Regulators such as Audit Wales, ESTYN and Care Inspectorate Wales. Action plans are agreed and followed up. 	

Progress against the Action Plan 2021/22

Area for Improvement	Progress
Deliver awareness raising training sessions on the importance of compliance with revised Contract Procedure Rules and Financial Procedure Rules	Carried forward into 2023/24 (Action 5)
Raise awareness across the Council on Anti-Fraud, Bribery & Corruption	Carried forward into 2023/24 (Action 3)
Self-assess the Council's objectives and arrangements as required by the Local Government and Elections (Wales) Act 2021.	Complete - The Council's Self-Assessment report 2021/22 was completed in line with requirements outlined in the Local Government and Elections (Wales) Act 2021 to ensure that members and the public had a clear and transparent assessment of the Council's performance in 2021/22

Annual Governance Statement Action Plan 2022/23

No	Area for Improvement	By Who	By When
1	Establish a 'Governance Working Group' to discuss and review the Governance arrangements across Monmouthshire Council to ensure they are fit for purpose. (Principle A)	Chief Officer – Law & Governance	June 2023 & on-going
2	As part of the Governance Working Group, review the Council's Code of Corporate Governance. (Principle A)	Chief Officer – Law & Governance (Governance Working Group)	March 2024
3	Review the minute taking process and assess any opportunities to further digitise. (Principle B)	Chief Officer – Law & Governance (Governance Working Group)	December 2023
4	Increase the number of datasets published on the council's website. (Principle B)	Head Of Policy, Performance & Scrutiny	March 2024
5	Review the revenue and capital budget process and the Council's financial strategy. (Principle C)	Deputy Chief Executive & Chief Officer - Resources	October 2023
6	Ensure that a suite of enabling strategies and a framework is in place to identify and support any interventions needed. (Principle D)	SLT	September 2023
7	Review Service Business Plans to ensure they align to the new Community & Corporate Plan. (Principle D)	Head Of Policy, Performance & Scrutiny	December 2023
8	A learning management system to be implemented across the organisation to coordinate all training including for schools. (Principle E)	Chief Officer – Law & Governance	March 2024

Area for Improvement		Progress	
9	A full analysis to define and identify any training need(s). A focus will be to prioritise ensuring people are suitably qualified and experienced to fulfil roles, capable of leadership, future professional development, and staff are digitally enabled. (Principle E)	Chief Officer – Law & Governance (Governance Working Group)	March 2024
10	Review and update the Council's Strategic Risk Management Policy. Improve how reports are presented to Cabinet and the Governance & Audit Committee to provide the necessary assurance. (Principle F)	Head Of Policy, Performance & Scrutiny	March 2024
11	Review the governance arrangements for Corporate Health and Safety to ensure the Council is provided with an assurance that key health and safety risks are being effectively managed across the organisation. (Principle F)	Corporate Health & Safety Manager	March 2024
12 (c/f)	Update the Council's Anti-Fraud, Bribery & Corruption Policy and raise awareness across the Council. (Principle F)	Chief Internal Auditor	December 2023
13	Complete an External Quality Assessment of the Council's Internal Audit Service as required by the Public Sector Internal Audit Standards. (Principle F)	Chief Internal Auditor	March 2024
14 (c/f)	Deliver awareness raising training sessions on the importance of compliance with revised Contract Procedure Rules and Financial Procedure Rules. (Principle F)	Chief Internal Auditor	December 2023
15	To produce a new Socially Responsible Procurement Strategy. (Principle F)	Chief Officer – Communities & Place Head of Commissioning & Procurement	June 2023
16	Alignment of Council, Cabinet, ICMD and Scrutiny forward work planners. (Principle G)	Chief Officer – Law & Governance (Governance Working Group)	December 2023

Monitoring & Evaluation

We propose over the coming year to continually review our governance arrangements to ensure they remain effective and appropriate. Steps will be taken, where appropriate, to further enhance our governance arrangements.

Certification by the Leader of the Council and the Chief Executive

Signed:

Date:

Councillor Mary Ann Brocklesby, Leader of Monmouthshire County Council

Signed:

Date:

Paul Matthews, Chief Executive

Movement In Reserves Statement for the Year Ended 31st March 2023

	Note	Council Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Joint Arrangement CCRCD	Total Reserves £000
Balance at 1st April 2021		12,324	10,671	9,581	32,576	(106,185)	2,698	(70,910)
<i>Movement in reserves during 2021/22</i>								
Total Comprehensive Income and Expenditure		(3,634)	-	-	(3,634)	83,881	434	80,682
Adjustments between accounting basis & funding basis under regulations	10.2	14,234		(489)	13,745	(13,745)		-
Net Increase/(Decrease) before Transfers to Earmarked Reserves		10,600	-	(489)	10,111	70,136	434	80,682
Transfers to/(from) Earmarked Reserves	10.4	(5,444)	5,444		-			-
Prior period adjustment: CCRCD								-
Increase/(Decrease) in 2021/22		5,157	5,444	(489)	10,111	70,136	434	80,682
Balance at 31st March 2022 carried forward		17,482	16,115	9,092	42,689	(36,050)	3,133	9,773
<i>Movement in reserves during 2022/23</i>								
Total Comprehensive Income and Expenditure		582	-	-	582	257,316	0	257,898
Adjustments between accounting basis & funding basis under regulations	10.2	(7,270)	-	3,754	(3,515)	3,515		(0)
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(6,688)	-	3,754	(2,933)	260,831	0	257,898
Transfers to/(from) Earmarked Reserves	10.4	4,566	(4,566)	-	-	-	-	0
Increase/(Decrease) in 2022/23		(2,122)	(4,566)	3,754	(2,933)	260,831	0	257,898
Balance at 31st March 2023 carried forward		15,361	11,549	12,846	39,756	224,781	3,133	267,671

Balance Sheet as at 31st March 2023			
31st March 2022 £000s		Note	31st March 2023 £000s
242,640	Other land and buildings	12.1	286,098
11,097	Vehicles, plant, furniture and equipment	12.1	11,579
77,363	Infrastructure	12.1	81,758
4,528	Community assets	12.1	4,528
4,228	Assets under construction	12.1	18,664
10	Surplus assets not held for sale	12.1	10
4,871	Heritage Assets	12.7	9,378
68,620	Investment Property	12.5	64,734
88	Intangible Assets		34
1,186	Long-Term Investments	13.1	911
3,657	Long Term Debtors	13.5	3,547
418,289	Long term assets		481,241
18,170	Short Term Investments	13.1	16,765
554	Inventories		419
41,993	Short Term Debtors	13.5	57,990
34,108	Cash and Cash Equivalents	15.3	27,964
1,000	Assets Held for Sale	12.6	1,000
82	CCRCD: Deferred Tax asset		82
95,907	Current Assets		104,220
(1,680)	Cash and Cash Equivalents	15.3	0
(71,903)	Short Term Borrowing	13.1	(67,156)
(53,451)	Short Term Creditors	13.6	(45,362)
(4,492)	Provisions	13.7	(4,756)
(131,525)	Current Liabilities		(117,275)
(259,212)	Liability related to defined benefit pension scheme	10.9	(56,576)
(671)	Provisions	13.7	(556)
(104,324)	Long Term Borrowing	13.1	(133,068)
(1,553)	Long Term Creditors: CCRCD		(1,553)
(2,250)	Other Long Term Liabilities	13.1	(2,238)
(2,820)	Capital Grants Receipts in Advance	11.6	(4,612)
(2,068)	Revenue Grants Receipts in Advance		(1,912)
(372,897)	Long Term Liabilities		(200,515)
9,773	Net Assets		267,671
17,482	Council Fund Balance	10.3	15,360
16,115	Earmarked Reserves	10.4	11,549
9,092	Capital Receipts Reserve	10.6	12,846
891	Usable Reserves: CCRCD		891
43,580	Usable Reserves		40,646
46,036	Revaluation Reserve	10.7	74,857
(259,212)	Pensions Reserve	10.9	(56,576)
180,279	Capital Adjustment Account	10.8	210,618
3,612	Deferred Capital Receipts Reserve	10.11	3,409
(494)	Financial Instrument Adjustment Account		(472)
(14)	Financial Instrument Revaluation Reserve		(419)
(3,976)	Accumulating Absence Adjustment Account	10.10	(4,355)
(37)	Unusable Reserves: CCRCD		(37)
(33,807)	Unusable Reserves		227,025
9,773	Total Reserves		267,671

Comprehensive Income & Expenditure Statement for the Year Ended 31st March 2023							
2021/22					2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
78,687	(20,707)	57,980	Children & Young People		77,703	(20,429)	57,274
89,974	(31,075)	58,899	Social Care & Health		92,605	(23,095)	69,510
62,649	(29,936)	32,712	Communities & Place		72,302	(36,894)	35,408
14,156	(7,862)	6,294	Monlife		15,523	(8,241)	7,282
4,170	(1,107)	3,063	Chief Executives Unit		10,268	(7,797)	2,471
5,418	(864)	4,554	People & Governance		6,656	(522)	6,133
41,749	(26,946)	14,803	Resources		37,932	(19,301)	18,631
3,005	(1,562)	1,443	Corporate		2,209	(330)	1,879
385	(528)	(142)	Cardiff Capital Region City Deal (CCRCD)				0
300,193	(120,587)	179,606	Cost of Services	11.1	315,198	(116,609)	198,588
			Other operating expenditure:				
			<i>Precepts & Levies:</i>				
13,451	0	13,451	Gwent Police Authority		14,392	0	14,392
4,760	0	4,760	South Wales Fire & Rescue Authority		4,871	0	4,871
2,954	0	2,954	Community and Town Councils		3,158	0	3,158
116	0	116	National Parks		117	(1)	116
94	0	94	Internal Drainage Boards		94	0	94
2,868	(2,713)	155	Gains/losses on the disposal of non-current assets		0	(125)	(125)
		21,530	Total Other operating expenditure				22,505
18,179	(15,013)	3,165	Financing and investment income and expenditure	11.3	24,754	(18,727)	6,028
	(10)	(10)	Interest & Investment income: CCRCD				0
7		7	Change in Fair Value of Investment Properties: CCRCD				0
			Taxation & non-specific grant income:				
251	(84,441)	(84,190)	Council Tax	11.5	349	(88,235)	(87,886)
0	(32,018)	(32,018)	Non-domestic rates redistribution	11.5	0	(34,753)	(34,753)
0	(84,603)	(84,603)	General government grants	11.6	0	(105,064)	(105,064)
	(318)	(318)	Recognised Capital Grants & Contributions: CCRCD				0
30		30	Tax Expenses: CCRCD				0
		3,199	(Surplus) or Deficit on Provision of Services				(582)
			Other Comprehensive Income and Expenditure:				
		(12,204)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	12.1			(31,964)
		(13)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income				405
		(71,664)	(Gains)/losses on remeasurement of pension assets / liabilities	14.3			(225,757)
		(83,881)	Total Other Comprehensive Income and Expenditure				(257,316)
		(80,682)	Total Comprehensive Income and Expenditure				(257,898)

Cash Flow Statement for the Year Ended 31st March 2023

31st March 2022			31st March 2023
£000		Note	£000
3,199	Net (surplus) or deficit on the provision of services	15.1	(582)
(39,577)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15.1	(8,510)
11,799	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	15.1	29,813
(24,578)	Net cash flows from Operating Activities	15.1	20,721
20,947	Purchase of property, plant and equipment, investment property and intangible assets		41,149
15,000	Purchase of short-term and long-term investments		0
0	Other payments for investing activities		0
(2,958)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(7,883)
(20,558)	Proceeds from short-term and long-term investments		(1,378)
(9,016)	Other receipts from investing activities		(24,180)
3,415	Net Cash (Inflow)/Outflow from Investing Activities		7,708
	Financing Activities		
21,554	Repayments of short and long-term borrowing		9,780
33	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		33
(14,315)	Cash receipts of short and long-term borrowing		(33,778)
0	Other receipts from financing activities		0
7,272	Net Cash (Inflow)/Outflow from Financing Activities		(23,965)
(13,890)	Net (increase) / decrease in cash and cash equivalents		4,464
18,538	Cash and cash equivalents at the beginning of the reporting period		32,428
32,428	Cash and cash equivalents at the end of the reporting period	15.3	27,964

**Notes to the Accounts
for the Year Ended
31st March 2023**

10 MOVEMENT IN RESERVES STATEMENT NOTES

10.1 Movement in Reserves

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. A summary of the movement in reserves during the financial year is illustrated below. More detailed information to support the Movement in Reserves Statement follows this note.

	Note	Balance at 1st April 2021 £000	Movement in Reserve £000	Balance at 31st March 2022 £000	Movement in Reserve £000	Balance at 31st March 2023 £000
Usable Reserves:						
Council Fund balance: Authority	10.3	8,906	1,621	10,528	577	11,105
Council Fund balance: LMS School Balances	10.5	3,418	3,536	6,955	(2,699)	4,256
Earmarked reserves	10.4	10,671	5,444	16,115	(4,566)	11,549
Capital Receipts Reserve	10.6	9,581	(489)	9,091	3,754	12,846
Usable Reserves: CCRCD		182	709	891	0	891
Total Usable Reserves		32,758	10,822	43,580	(2,933)	40,647
Unusable Reserves:						
Revaluation Reserve	10.7	38,407	7,629	46,036	28,821	74,857
Capital Adjustment Account	10.8	166,592	13,688	180,280	30,338	210,618
Financial Instruments Adjustment Account		(517)	23	(494)	23	(472)
Pension Reserve	10.9	(306,704)	47,492	(259,212)	202,636	(56,576)
Deferred Capital Receipts Reserve	10.11	2,692	920	3,612	(203)	3,409
Financial Instrument Revaluation Reserve		(28)	13	(14)	(405)	(419)
Accumulated Absences Adjustment Account	10.10	(4,111)	135	(3,976)	(380)	(4,355)
Unusable Reserves: CCRCD	16.6	0	(37)	(37)	(0)	(37)
Total Unusable Reserves		(103,669)	69,863	(33,807)	260,831	227,025
Total Authority Reserves		(70,911)	80,686	9,773	257,898	267,671

10.2 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note summarises the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. A more detailed overview is provided in the individual notes that follows for each reserve:

Movements in 2022/23:	Council Fund Balance £000	Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of Property, Plant and Equipment assets	18,233	0	(18,233)
Charges for impairment of Heritage Assets	179	-	(179)
Revaluation movements on Property Plant and Equipment (charged to SDPS)	(15,168)	0	15,168
Revaluation movements on Assets Held for Sale (charged to SDPS)	0	0	0
Movements in the market value of Investment Properties	18	0	(18)
Amortisation and impairment of intangible assets	54	0	(54)

Capital grants and contributions applied	(27,539)	0	27,539
Revenue expenditure funded from capital under statute	3,840	0	(3,840)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	4,140	0	(4,140)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment (MRP)	(6,642)	0	6,642
Capital expenditure charged against the Council Fund	(393)	0	393
Adjustments involving the Capital Receipts Reserve:			
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(7,469)	7,883	(414)
Use of the Capital Receipts Reserve to finance new capital expenditure		(4,128)	4,128
Adjustments involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(22)	0	22
Adjustments involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the CIES	40,447	0	(40,447)
Employer's pensions contributions and direct payments to pensioners payable in the year	(17,326)	0	17,326
Adjustment involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	379	0	(379)
Adjustment between the Capital Adjustment Account and the Revaluation Reserve:			
Depreciation of non-current asset revaluation gains	-	-	-
Total adjustments between accounting basis & funding basis under regulations	(7,270)	3,754	3,516

Movements in 2021/22:	Council Fund Balance £000	Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of Property, Plant and Equipment assets	18,781	-	(18,781)
Charges for impairment of Heritage Assets	79	-	(79)
Revaluation movements on Property Plant and Equipment (charged to SDPS)	(5,800)	-	5,800
Revaluation movements on Assets Held for Sale (charged to SDPS)	(530)	-	530
Movements in the market value of Investment Properties	(3,607)	-	3,608
Amortisation and impairment of intangible assets	54	-	(54)
Capital grants and contributions applied	(13,553)	-	13,553
Revenue expenditure funded from capital under statute	1,932	-	(1,932)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	3,171	-	(3,171)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment (MRP)	(6,369)	0	6,369

Capital expenditure charged against the Council Fund	(234)	-	234
Adjustments involving the Capital Receipts Reserve:			
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(3,702)	2,958	744
Use of the Capital Receipts Reserve to finance new capital expenditure		(3,448)	3,448
Adjustments involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(22)	-	22
Adjustments involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the CIES	38,874	-	(38,874)
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,702)	-	14,702
Adjustment involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(136)	-	136
Adjustment between the Capital Adjustment Account and the Revaluation Reserve:			
Depreciation of non-current asset revaluation gains	-	-	-
Total adjustments between accounting basis & funding basis under regulations	14,234	(489)	(13,745)

10.3 Usable Reserves available for Revenue Purposes

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

Each of the Authority's Schools is directly governed by a Board of Governors, which is responsible for managing the school's finances. The balance on the Council Fund includes £4,256,000 in respect of underspent (or overspent) budgets which have been delegated to schools. These balances are at the disposal of the respective schools and represent an earmarked reserve which is not available for the Authority to use generally.

	At 1st April 2021 £000	In Year Movement £000	At 31st March 2022 £000	In Year Movement £000	At 31st March 2023 £000
Amount of Council Fund Balance held by Schools under Local Management Schemes	3,418	3,536	6,955	(2,699)	4,256
Amount of Council Fund Balance generally available for new expenditure	8,906	1,621	10,528	577	11,105
Total Council Fund Balance	12,324	5,158	17,482	(2,122)	15,360
Earmarked Revenue Reserves	10,671	5,444	16,115	(4,566)	11,549
Total Usable Reserves available for Revenue Purposes	22,996	10,602	33,598	(6,688)	26,910

10.4 Transfers to/from Earmarked Reserves

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

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

The transfers to and from Earmarked Reserves in 2022/23 can be summarised as follows:

	At 1st April 2021 £000	Transfer to Reserves £000	Transfer from Reserves £000	At 31st March 2022 £000	Transfer to Reserves £000	Transfer from Reserves £000	At 31st March 2023 £000

	(Restated)			(Restated)			
Invest to Redesign	1,384	132	(60)	1,456	125	(154)	1,427
Priority Investment	1,905			1,905			1,905
Insurance and risk management	935		(10)	925			925
IT Transformation	854	173	(96)	931		(185)	746
Treasury equalisation	590			590			590
Capital Investment	627			627		(2)	625
Redundancy and Pensions	857		(88)	769			769
Pay Inflation Reserve	0			0	1,316		1,316
Capital Receipt Generation	416		(51)	365		(51)	314
Service Reserves:							
Elections	292	35	(82)	245	35	(155)	125
Museums acquisition	53			53		(17)	36
Solar Farm Maintenance & Community Fund	87	153		240	23	(105)	158
Castlegate Business Park	312	125		437		(312)	125
Newport Leisure Park	188	177		365		(188)	177
Sustainability - PV Invertor Replacement Reserve	15	50		65			65
Covid19 Reset Reserve: Social Care	0	1,400		1,400		(1,400)	0
Covid19 Reset Reserve: Homelessness	0	1,400		1,400		(1,400)	0
Covid19 Reset Reserve: Leisure Income	0	300		300		(300)	0
Covid19 Reset Reserve: Pay Inflation	0	900		900		(900)	0
Cost of Living Discretionary Payment Reserve	0	499		499		(499)	0
SCH Electric Vehicle & Driving Lessons Reserve	0	214		214		(214)	0
Covid19 Hardship Fund Equalisation Reserve	819			819		(819)	0
Ukrainian Support Reserve	0			0	1,341		1,341
Local Resilience Forum	198		(44)	154	2	(27)	129
Grass Routes Buses	161	5		166	5		171
Schools sickness & maternity cover	48	148		196	101		298
Youth Offending Team	150			150			150
Building Control	1		(5)	(4)	2		(2)
Rural Development Plan	621	72		693		(675)	19
Highways Plant & Equipment Replacement	100	88		188		(47)	141
Homeless Prevention	58	10		68		(68)	0
Total	10,671	5,881	(437)	16,115	2,950	(7,516)	11,549

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

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

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.

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.

Treasury Equalisation Reserve - Originally created from loan rescheduling discounts and premia, the reserve is held to manage the longer term approach to treasury decisions.

Capital Investment Reserve - To finance future capital expenditure.

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

Pay Inflation Reserve - To mitigate against the volatility and budgetary risk of future pay settlements.

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.

Service Reserves - Held for a specific service purpose and maintained to support and develop service delivery, mitigate specific service risk, or support collaborative arrangements.

10.5 School Balances

The balance on the Council Fund includes £4,255,675 in respect of underspent (or overspent) budgets which have been delegated to schools. These balances are at the disposal of the respective schools and represent an earmarked reserve which is not available for the Authority to use generally. Details of the movements of these reserves are shown below:

	At 1st April 2021	In Year Movement	At 31st March 2022	In Year Movement	At 31st March 2023
	£	£	£	£	£
Comprehensives					
Caldicot	229,408	578,377	807,785	(580,286)	227,499
Chepstow	(86,801)	(38,133)	(124,934)	(227,517)	(352,451)
King Henry VIII	197,496	558,635	756,131	29,048	785,180
Monmouth	214,192	600,066	814,258	(215,066)	599,192
Sub Total Comprehensives	554,294	1,698,946	2,253,240	(993,820)	1,259,420
Primaries					
Archbishop R Williams	206,397	(35,075)	171,322	(140,262)	31,060
Cantref	199,797	54,295	254,092	(57,742)	196,350
Castle Park	121,853	37,445	159,297	(54,000)	105,297
Cross Ash	82,470	(2,715)	79,755	21,699	101,453
Deri View	148,109	41,681	189,790	(163,465)	26,326
Dewstow	237,811	120,805	358,616	(83,558)	275,059
Durand	77,884	27,095	104,979	(49,781)	55,199
Gilwern	166,852	64,103	230,955	(79,190)	151,764
Goytre Fawr	91,540	26,195	117,735	(45,610)	72,125
Kymin View	135,305	(1,591)	133,714	(45,337)	88,378
Llandogo	(86,830)	87,044	214	(6,156)	(5,941)
Llanfoist	93,433	125,986	219,420	(47,985)	171,434
Llantilio Pertholey	67,215	42,483	109,698	(36,984)	72,714

Llanvihangel Crucorney	104,670	32,152	136,822	(17,602)	119,219
Magor Vol Aided	117,202	79,614	196,816	18,960	215,776
New Pembroke Primary	125,507	93,161	218,668	(15,360)	203,307
Osbaston Church in Wales	40,609	52,538	93,147	(80,396)	12,750
Our Lady's & St Michael's Catholic Primary	54,393	4,256	58,648	(75,726)	(17,078)
Overmonnow	41,104	121,366	162,470	(154,809)	7,662
Raglan	108,878	51,715	160,593	34,892	195,485
Rogiet	78,095	11,128	89,222	(67,784)	21,439
Shirenewton	176,246	63,046	239,291	(53,954)	185,338
St Mary's (Chepstow)	20,860	84,072	104,932	(9,908)	95,024
The Dell	48,410	98,429	146,839	(170,750)	(23,912)
Thornwell	64,887	45,735	110,622	(106,365)	4,257
Trellech	115,691	38,248	153,939	3,753	157,692
Undy	6,370	204,273	210,643	(43,618)	167,025
Usk CV	143,055	127,785	270,840	(2,545)	268,295
Ysgol Gymraeg Y Fenni	34,367	37,648	72,015	(51,227)	20,789
Ysgol Gymraeg Ffin	15,638	51,145	66,783	(14,105)	52,678
Sub Total Primaries	2,837,815	1,784,063	4,621,878	(1,594,915)	3,026,963
Other					
Pupil Referral Unit	26,012	53,454	79,466	(110,173)	(30,707)
Sub Total Other	26,012	53,454	79,466	(110,173)	(30,707)
Total	3,418,121	3,536,463	6,954,584	(2,698,908)	4,255,676

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.

2021/22 £000		2022/23 £000
9,581	Balance as at 1st April	9,091
2,680	Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,569
278	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	314
(3,448)	Less: use of the Capital Receipts Reserve to finance new capital expenditure	(4,128)
9,091	Balance as at 31st March	12,846

10.7 Revaluation Reserve

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

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

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

2021/22 £000		2022/23 £000
38,407	Balance at 1 April	46,036
13,523	Upward revaluation of assets	32,058
(1,319)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(94)
(2,483)	Difference between fair value depreciation and historical cost depreciation	(3,143)
(2,092)	Accumulated gains on assets sold or scrapped	0
46,036	Balance at 31 March	74,857

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.

2021/22 £000		2022/23 £000
166,592	Balance at 1 April	180,280
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(18,781)	Charges for depreciation and impairment of property, plant and equipment assets	(18,233)
(79)	Impairment of Heritage assets	(179)
5,800	Revaluation movements on Property, Plant and Equipment	15,168
530	Revaluation movements on Assets Held for Sale	0
(54)	Amortisation & impairment of intangible assets	(54)
(1,932)	Revenue expenditure funded from capital under statute	(3,840)
(1,079)	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	(4,140)
(176)	Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(211)
2,483	Adjusting amounts written out of the Revaluation Reserve	3,143
(235)	CCRCDC CAA	0
3,448	Use of the Capital Receipts Reserve to finance new capital expenditure	4,128
13,553	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	27,539
6,369	Statutory provision for the financing of capital investment charged against the Council Fund	6,642
234	Capital expenditure charged against the Council Fund	393
3,608	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(18)
180,280	Balance at 31 March	210,618

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.

2021/22 £000		2022/23 £000
(306,704)	Balance at 1 April	(259,212)
71,664	Remeasurement gains or (losses) on pension assets and liabilities	225,757
(38,874)	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	(40,447)
14,702	Employer's pensions contributions and direct payments to pensioners payable in the year	17,326
(259,212)	Balance at 31 March	(56,576)

10.10 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the Account. Further information on the calculations of benefits can be found in notes 13.7(c) and 17.8 to the accounts.

2021/22 £000		2022/23 £000
(4,111)	Balance at 1 April	(3,976)
4,110	Settlement or cancellation of accrual made at the end of the preceding year	3,973
(3,973)	Amounts accrued at the end of the current year	(4,352)
(1)	Share of CCRC	(1)
(3,976)	Balance at 31 March	(4,355)

10.11 Deferred Capital Receipts

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

The balance at the 31st March 2023 is primarily made up of £2.5m relating to the Old Abergavenny cattle market site disposed of under a finance lease and £0.9m relating to the phased receipts agreed for the disposal of the Hilston Park site.

2021/22 £000		2022/23 £000
2,692	Balance at 1 April	3,612
1,022	Transfer to the Capital Receipts Reserve upon receipt of cash	0
(102)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(203)
3,612	Balance at 31 March	3,409

11 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT NOTES

11.1 Expenditure and Funding Analysis

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

2021/22				2022/23		
Net Expenditure Chargeable to the general fund £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the general fund £000	Adjustments between the Funding & Accounting Basis £000	Net Expenditure in the CIES £000
57,494	486	57,980	Children & Young People	60,658	(3,385)	57,274
52,658	6,241	58,899	Social Care & Health	62,855	6,656	69,510
19,523	13,190	32,712	Communities & Place	22,921	12,486	35,408
3,622	2,672	6,294	Monlife	4,476	2,806	7,282
2,676	387	3,063	Chief Executives Unit	1,558	914	2,471
3,542	1,013	4,554	People & Governance	4,879	1,254	6,133
4,293	10,509	14,803	Resources	8,385	10,246	18,631
22,937	(21,494)	1,443	Corporate	24,512	(22,633)	1,879
0	(142)	(142)	Cardiff Capital Region City Deal (CCRCD)	0	0	0
166,744	12,862	179,607	Cost of Services	190,244	8,345	198,588
(168,365)	(8,042)	(176,407)	Other Income & Expenditure	(190,821)	(8,350)	(199,171)
(1,621)	4,821	3,200	Surplus or Deficit	(577)	(5)	(582)
(8,906)			Opening General Fund Balance	(10,528)		
(1,621)			Surplus or Deficit on General Fund	(577)		
(10,528)			Closing General Fund Balance	(11,105)		

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

2021/22					2022/23			
Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other differences £000	Total Adjustments £000
2,668	3,398	(5,580)	486	Children & Young People	(6,287)	3,156	(254)	(3,385)
1,164	5,855	(778)	6,241	Social Care & Health	2,481	4,878	(702)	6,656
7,573	4,987	630	13,190	Communities & Place	5,479	4,657	2,351	12,486
1,503	1,520	(351)	2,672	Monlife	1,828	1,465	(487)	2,806
132	556	(301)	387	Chief Executives Unit	491	571	(148)	914
97	620	296	1,013	People & Governance	278	715	260	1,254
1,593	1,048	7,868	10,509	Resources	2,549	794	6,904	10,246
0	(119)	(21,375)	(21,494)	Corporate	320	(322)	(22,630)	(22,633)

0	0	(142)	(142)	Cardiff Capital Region City Deal (CCRCD)	0	0	0	0
14,731	17,865	(19,734)	12,862	Cost of Services	7,138	15,913	(14,706)	8,345
(20,174)	6,307	5,826	(8,041)	Other Income & Expenditure	(34,440)	7,208	18,882	(8,350)
(5,443)	24,172	(13,908)	4,821	Adjustments between the Funding & Accounting Basis	(27,302)	23,121	4,176	(5)

11.2 Expenditure & Income analysed by nature

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

2021/22 £000		2022/23 £000
153,310	Employee benefits expenses	167,538
143,089	Other services expenses	150,990
18,342	Depreciation, amortisation and impairment	10,157
21,375	Precepts & levies	22,629
3,381	Interest payments	4,595
3,407	Gain/loss on disposal of non-current assets	7,023
342,903	Total Expenditure	362,932
(60,088)	Fees, charges & other service income	(64,262)
(343)	Interest and investment income	(1,080)
(116,459)	Income from council tax & NNDR	(122,988)
(159,108)	External grants and contributions	(164,833)
(3,704)	Gain/loss on disposal of non-current assets	(10,352)
(339,703)	Total Income	(363,514)
3,200	Surplus or Deficit on the Provision of Services	(582)

11.3 Financing and Investment Income and Expenditure

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

31st March 2022			Note	31st March 2023		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,381	-	3,381	13.2	4,587	0	4,587
6,307	-	6,307	14.3	7,208	0	7,208
-	(303)	(303)	13.2	-	(1,049)	(1,049)
-	(10)	(10)		-	-	0
4,925	(11,880)	(6,955)		9,962	(15,168)	(5,206)

3,566	(2,816)	750	(Surpluses)/deficits on trading undertakings not included in the Net Cost of Services	2,997	(2,502)	495
-	(15)	(15)	Other investment income	-	(7)	(7)
18,179	(15,024)	3,155	Total Financing and Investment Income and Expenditure	24,754	(18,727)	6,028

11.4 Agency Income & expenditure

There have been a large number of new grants and financial support made available by Welsh & UK Government to support the additional services required as a result of the Covid 19 pandemic, the ongoing Cost of Living crisis, and to support the people displaced by the conflict in Ukraine. Local Authorities have been requested to administer these grants on the Welsh Government's behalf because they have the local knowledge and ability to put in place systems quickly to make payments.

The Council acted as an agent in the provision of the following funding streams:

Amount Received 2021/22 (£000's)	Scheme	Purpose	Amount Received 2022/23 (£000's)
362	Business Support Grants	Grants to support businesses during lockdown closures	0
1,474	NDR Relief grants	Grants given to retail, leisure and hospitality businesses	17
18	Covid-19 Freelancer Grant	Payment available for freelancers in the culture sector of up to £2.5k	0
147	SSP Enhancement	To top up to full salary where employees only receive statutory sick pay when off sick with Covid-19 or having to self isolate as an infection control measure	127
1,002	Self Isolation Payments	£500 & £750 payments for eligible individuals who have to self isolate.	131
1,894	Care Workers £735 Payments	Bonus payment for individual care workers	0
0	Care Workers £1,498 Payments	Bonus payment for individual care workers	3,249
0	Unpaid Carers	Payment to Carers in receipt of Carers Allowance	375
476	Winter Fuel Payments	£200 Winter Fuel Support Scheme	1,374
0	Cost of Living Support Scheme - Main	£150 support payment	2,949
0	Ukraine £200	Each Ukrainian person arriving in the UK is eligible for a £200 cash payment to support them with essentials before universal credit is awarded	115
0	Ukraine £350 Host Payments	£350 paid per month to hosts of Ukrainian family units	343
5,373	Total		8,680

These transactions are not included the figures reported in the primary statements or as part of the other disclosure notes to these accounts.

11.5 Council Tax & National Non-Domestic Rates

Council Tax

Council tax derives from charges raised according to the value of residential properties. Each dwelling has been classified into one of nine valuation bands according to its capital value at 1 April 2003 for this specific purpose. Charges are calculated by taking the amount of income required for the Authority, Office of Police and Crime Commissioner for Gwent and Town and Community Councils for the forthcoming year and dividing this amount by the Council Tax Base. The Council Tax Base is the total number of properties in each valuation band adjusted by a proportion to convert the number to a Band D equivalent, totalled across all bands and adjusted for discounts. The tax base was £47,372.80 for 2022/23 (£46,711.94 for 2021/22).

This average basic amount for a Band D property, £1,847.25 (£1,785.68 in 2021/22), is multiplied by the proportion specified for the particular band to give the individual amount due.

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

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

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

2021/22 £000		2022/23 £000
(84,441)	Council tax collectable	(88,235)
251	Provision for non-payment of council tax	349
(84,190)	Total Council Tax proceeds	(87,886)

National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Welsh Government specifies an amount for the rate, 0.535p per £ in 2022/23 (0.535p per £ in 2021/22) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The NNDR income after relief and provisions of £24,212,404 (£23,836,768 for 2021/22) was based on an average rateable value of £59,551,181 (£60,009,711 for 2021/22).

The Authority acts as the Welsh Government's agent and collects rates due from ratepayers in its area and then pays the proceeds into the NNDR pool administered by the Welsh Assembly Government. The Welsh Government redistributes the sums payable to the local authorities on the basis of a fixed amount per head of population. The total amount redistributed from the National Pool to the Council in 2022/23 was £34.75m (£32.02m in 2021/22).

A net debtor of £2,408,884 at 31st March 2023 (£3,385,117 debtor as at 31st March 2022) is included in the balance sheet which represents the amount by which the cash received from Welsh Government is less than the amount collected from ratepayers.

11.6 Grant Income

Capital Grants and Contributions

The Authority has credited the following capital grants & contributions to the Comprehensive Income and Expenditure Statement in 2022/23:

2021/22 £000		2022/23 £000
2,438	WG General Capital Grant	3,593
509	Section 106 Developer Contributions	1,086
12,078	WG Grants	25,862
0	Other Contributions	0
15,025	Total	30,541
	Credited to the Comprehensive Income and Expenditure Statement:	
(1,472)	Grants and contributions applied towards Revenue Expenditure Funded from Capital under Statute	(3,001)
(13,553)	Capital grants and contributions applied and credited to Taxation and Non-specific Grant Income	(27,539)
(15,025)	Total	(30,541)

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:

2021/22 £000		2022/23 £000
	Developer Contributions held in Advance:	
2,820	S106 Developer contributions	4,612
2,820	Total	4,612

Revenue Grants and Contributions

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

2021/22 £000		2022/23 £000
(Restated)		
	Revenue Grants credited to services	
	Central Government:	
16,714	Housing Benefit Subsidy	15,798
	Welsh Government:	
11,783	Education - General Grants - EIG/PDG/LAEG	9,454
4,238	Education - Post-16 Funding	4,101
2,784	Housing Support Grant (Supporting People)	2,812
0	Community Renewal Fund	1,646
1,200	Education - Children & Communities	1,445
0	Universal Free School Meals	789
823	INFUSE - Innovating Public Services	783
566	Concessionary Fares, Transport Subsidy	882
0	Educational support for Ukrainians	757
0	Homelessness - No one left out grant	754
646	Families First	731
0	Eliminate Agenda	569
0	Radical reform	527
675	Waste Management	484
1,018	Welsh Government Covid-19 Funding General	472
251	Floods and SUDS	397
0	WLGA - EV Charging Infrastructure Grant	300
409	Rural Development Plan	136
404	WG 20mph Scheme (Monmouthshire)	120
2,728	WG - LA Social Care Recovery Fund	0
3,617	Welsh Government Covid-19 Hardship fund - Income loss Support	0
10,733	Welsh Government Covid-19 Hardship fund - Expenditure Support**	0
6,354	Other WG grants	5,572
	Home Office:	
107	Support Afghan / Syrian / Unaccompanied Asylum Seekers	367
152	Police and Crime Commissioner	85
1,243	Regional Partnership Board - Social Care	0

2,485	Other Grants & Contributions	2,265
68,929	Total Revenue Grants credited to services	51,248
	Non-Specific Grant Income	
32,018	Non-Domestic Rates	34,753
71,049	Revenue Support Grant	77,524
103,067	Total Non-Specific Grant Income	112,278
**	Excludes grant income received as part of hardship funding but paid to MCC acting as the agent	

12 NON-CURRENT ASSET & CAPITAL FINANCING NOTES

12.1 Property, Plant and Equipment

The following tables summarise the movements in the Authority's property, plant and equipment portfolio by asset type for the years ending 31st March 2023 and 31st March 2022.

Movements in 2022/23:

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000
Cost or Valuation:							
At 1st April 2022	243,729	23,034	4,528	10	4,228	275,530	1,245
Additions	9,071	3,113	48		17,135	29,366	
Revaluation movements taken to Revaluation Reserve	24,085					24,085	9
Revaluation movements taken to Surplus/Deficit on Provision of Services	12,355					12,355	(5)
Impairment movements taken to Surplus/Deficit on Provision of Services	(1,401)	(507)	(48)			(1,956)	
Reclassified (to)/from Held for Sale		(514)				(514)	
Disposals						0	
Other reclassifications	2,699				(2,699)	0	
Movement in CCRCD Assets						0	
At 31st March 2023	290,538	25,126	4,528	10	18,664	338,867	1,250
Accumulated Depreciation:							
At 1st April 2022	(1,089)	(11,937)	-	-	-	(13,026)	0
Depreciation charge	(9,630)	(2,124)				(11,754)	(49)
Depreciation written out on revaluation to Revaluation Reserve	3,466					3,466	47
Depreciation written out on revaluation to Surplus/Deficit on Provision of Services	2,813					2,813	2
Depreciation written out on impairment to Surplus/Deficit on Provision of Services						0	
Reclassified to/(from) Held for Sale		514				514	
Disposals						0	
Other reclassifications						0	
Movement in CCRCD Assets						0	
At 31st March 2023	(4,440)	(13,547)	0	0	0	(17,987)	0
Net Book Value:	286,098	11,579	4,528	10	18,664	320,880	1,250

Movements in 2021/22							
	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI Assets Included in Property, Plant and Equipment* £000
Cost or Valuation:							
At 1st April 2021	245,034	23,205	4,458	10	2,015	274,722	1,241
Additions	6,385	2,554	217		2,316	11,472	
Revaluation movements taken to Revaluation Reserve	(1,380)	(2)				(1,383)	9
Revaluation movements taken to Surplus/Deficit on Provision of Services	(4,335)	(5)				(4,340)	(5)
Impairment movements taken to Surplus/Deficit on Provision of Services	(1,959)		(147)			(2,106)	
Reclassified (to)/from Held for Sale		(2,975)				(2,975)	
Disposals						0	
Other reclassifications	(15)				(152)	(167)	
Movement in CCRCD Assets		257			50	306	
At 31st March 2022	243,729	23,034	4,528	10	4,228	275,530	1,245
Accumulated Depreciation:							
At 1st April 2021	(15,840)	(12,832)	-	-	-	(28,673)	0
Depreciation charge	(8,438)	(2,043)				(10,482)	(49)
Depreciation written out on revaluation to Revaluation Reserve	13,042	1				13,043	47
Depreciation written out on revaluation to Surplus/Deficit on Provision of Services	10,138	2				10,140	2
Depreciation written out on impairment to Surplus/Deficit on Provision of Services						0	
Reclassified to/(from) Held for Sale		2,972				2,972	
Disposals						0	
Other reclassifications	10					10	
Movement in CCRCD Assets		(37)				(37)	
At 31st March 2022	(1,089)	(11,937)	-	-	-	(13,026)	0
Net Book Value:	242,640	11,097	4,528	10	4,228	262,504	1,245

12.1b Infrastructure Disclosure

In accordance with the temporary relief offered by the Statutory Instrument as an amendment to the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (Regulation 24L) this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

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

2021/22 £000		2022/23 £000
73,613	Net Book Value At 1 April	77,363
9,943	Additions	8,917
0	Derecognition	0
(2,465)	Depreciation	(2,580)
(3,728)	Impairment	(1,943)
0	Other Movements in Costs	0
77,363	Net Book Value At 31 March	81,758

12.2 Revaluations of Property, Plant & Equipment

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

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

- The 2022/23 revaluations were carried out or approved by qualified valuers within the Authority's Estates section or external qualified valuers. The basis for valuation is set out in the accounting policies within section 17 of the notes to the accounts.
- All assets requiring valuations have been revalued in the 5 year period ending 31st March 2023. The valuations carried out during 2022/23 include Primary Schools, Nurseries & Playgroups and Recreational Spaces.
- In addition to the rolling programme of revaluations any DRC assets not individually revalued were uplifted in line with movements in the BICS All In Tender Price Index. This indexation was undertaken due to the high levels of inflation seen in the year which increased the risk of potential misstatement in carrying value of assets.

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Carried at historical cost	0	11,579	4,528	10	18,664	34,781
Valued at current value as at:						
31st March 2023	167,975	-	-	-	-	167,975
31st March 2022	93,573	-	-	-	-	93,573
31st March 2021	6,291	-	-	-	-	6,291
31st March 2020	17,746	-	-	-	-	17,746
31st March 2019	513	-	-	-	-	513
Total Cost or Valuation	286,098	11,579	4,528	10	18,664	320,880

12.3 Schools Non-Current Assets

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

The Authority runs the voluntary controlled schools on behalf of 3rd party organisations such as charities and religious organisations who own the underlying assets. The Authority does not record these school assets on its balance sheet other than Raglan Primary (£4,278,080 as at 31st March 2023) as the transfer of legal ownership to the third party is yet to be concluded.

With regards to voluntary aided schools within Monmouthshire, and similar to voluntary controlled schools, the assets are owned by 3rd party organisations and are not recorded on the Authority's balance sheet other than Osbaston Primary (£1,750,302 as at 31st March 2023) as the transfer of legal ownership to the third party is yet to be concluded.

The net book value of school non-current assets as at 31st March 2023, shown in the Authority's balance sheet, is £205,950,442 (£159,141,677 as at 31st March 2022).

12.4 Private Finance Initiatives

Monmouth Health & Social Care Facility (Monnow Vale)

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

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

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

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

The Authority's share in the assets used to provide services at the facility are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.1, their total net book value at 31st March 2023 being £1,485,227 (£1,245,399 at 31st March 2022).

12.5 Investment Properties

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

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

2021/22 £000		2022/23 £000
(5,026)	Rental income from investment property	(4,942)
2,358	Direct operating expenses arising from investment property	3,193
(2,667)	Net (gain)/loss	(1,749)

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

2021/22 £000		2022/23 £000
65,304	Balance at start of the year	68,620
233	Additions	271
(526)	Disposals	(4,140)
3,607	Net gains/(losses) from fair value adjustments recognised in Financing and Investment Income and Expenditure	(18)
5	Transfers (to)/from Property, Plant and Equipment	0

(3)	Movement in CCRCD balances	0
68,620	Balance at end of the year	64,734

Capital receipts totalling £7,343,566 were credited to the Capital receipts reserve during 2022/23 in relation to investment properties (£1,992,620 in 2021/22).

Fair Value Hierarchy

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

2021/22				Type of Property	2022/23			
Quoted Prices in active markets for identical assets	Other Observable inputs	Significant Unobservable inputs			active markets for identical assets	Other Observable inputs	Significant Unobservable inputs	
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£000	£000	£000	£000		£000	£000	£000	£000
		115	115	Freehold Reversions			111	111
	32,936		32,936	Agricultural Properties		27,646		27,646
		1,521	1,521	Retail Units			1,356	1,356
		1,894	1,894	Industrial Properties			2,183	2,183
		5,389	5,389	Solar Farm			5,485	5,485
		1,778	1,778	Share of CCRCD Asset			1,778	1,778
		24,987	24,987	Properties acquired for rental income			26,176	26,176
0	32,936	35,684	68,620		0	27,646	37,087	64,734

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

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

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

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

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

Level 3 Investment Properties

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

2021/22 £000		2022/23 £000
35,613	Balance at start of the year	35,684

0	Transfers (to)/from Level 3	0
(15)	Additions	0
0	Disposals	0
87	Net gains/(losses) from fair value adjustments included in Surplus or Deficit on the Provision of Services	1,404
35,685	Balance at end of the year	37,088

Fair Value Measurement

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

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

12.6 Assets Held for Sale

Assets held for sale comprise those assets that are available for immediate sale and where the sale is highly probable and will be actively marketed at its market value. The in-year movement and balance of assets held for sale as at 31st March 2023 are shown below:

2021/22 £000		2022/23 £000
2,569	Balance outstanding at start of year	1,000
0	Additions	0
3	Assets newly classified as held for sale: From Plant, Property & Equipment	0
0	Assets declassified as held for sale: To Plant, Property & Equipment	0
1,074	Revaluation gains	0
0	Revaluation losses	0
0	Impairment losses	0
(2,645)	Assets sold	0
1,000	Balance outstanding at year-end	1,000

12.7 Heritage Assets

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

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

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

	Property Heritage Assets £000	Museum Exhibits £000	Civic Regalia, Artwork & Collect'n £000	Total £000
Cost or Valuation:				
1st April 2021	149	4,488	156	4,792
Additions	158			158
Revaluation increases/ (decreases) recognised in the SDPS	0			0
Impairment (losses)/reversals recognised in the SDPS	(79)			(79)
Reclassified from property, plant and equipment				0
31st March 2022	228	4,488	156	4,871
Cost or Valuation:				
Additions	274	0	0	274
Revaluation increases/(decreases) recognised in the SDPS	0	4,413	0	4,413
Impairment (losses)/reversals recognised in the SDPS	(179)	0	0	(179)
Reclassified from property, plant and equipment	0	0	0	0
31st March 2023	322	8,901	156	9,378

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
- Shire Hall
- Clydach Ironworks, Clydach
- War Memorial, Frogmore St, Abergavenny
- Tintern Station, Tintern

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

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

Museum Exhibits

Monmouthshire operates four museums, namely Monmouth, (The Nelson Museum), Abergavenny, Caldicot (Castle) and Chepstow. Each individual museum maintains an inventory of exhibits and the Authority last commissioned a valuation of material items in 2022.

The most significant museum exhibit is the Nelson collection which is included on the balance sheet at a valuation of £8.7m. This collection was revalued externally during the year and the estimated value has increased by £4.4m since the previous valuation carried out 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.

12.8 Capital Expenditure and Capital Financing

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

31st March 2022 £000		31st March 2023 £000
189,235	Opening Capital Financing Requirement	189,370
	Capital investment:	
	Enhancing value:	
13,721	Property, plant and equipment	32,020
(15)	Investment properties	0
1,859	Vehicles	2,364
79	Heritage assets	94
	Not enhancing value:	
5,834	Property, plant and equipment	3,899
247	Investment properties	271
0	Intangible assets	0
0	Assets held for sale	0
79	Heritage assets	179
3,404	Revenue Expenditure Funded from Capital under Statute	6,841
	Sources of finance:	
(3,448)	Capital receipts	(4,128)
(2,438)	General Capital Grant	(3,593)
(12,078)	Capital Grants and Contributions	(25,862)
(509)	S106 Contributions	(1,086)
(234)	Direct revenue contributions	(393)
	Other:	
(6,369)	Minimum revenue provision	(6,642)
189,370	Closing Capital Financing Requirement	193,336
	Explanation of movements in year:	
2,431	Increase in underlying need to borrowing - supported by Government financial assistance	2,431
4,072	Increase in underlying need to borrowing - unsupported by Government financial assistance	8,177
(6,369)	Less: Minimum revenue provision	(6,642)
134	Increase / (decrease) in Capital Financing Requirement	3,966

12.9 Capital Commitments

At 31st March 2023, the Authority had entered into 8 major contracts (those individually £200,000 and more) for the construction of Property, Plant and Equipment in 2022/23 and later years, budgeted to cost a total of £38,342,595 (£5,581,423 at 31st March 2022). The major commitments are as follows and are not included in the financial statements within this document.

	£000
RE:FIT Programme	261
Tintern Wirework Bridge works	439
Neville Hall & Frogmore Street Bus Stop Grant	430
ATF - Caldicot Church Road Connections	545
Y Ffin Additional Classroom	224
MUCH Project (Magor with Undy Community Hall)	391
Crick Road Care Home	569
King Henry VIII Future Schools	15,999
	18,857

12.10 Minimum Revenue Provision

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

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

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

The amount of revenue provision made by the Authority in 2022/23 was £6,642,105 (£6,368,725 in 2021/22).

12.11 Leases - Authority as Lessor

Operating Leases

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

The minimum lease payments receivable includes rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. During the financial year £2,302,638 of minimum lease payments were receivable by the Authority (£2,932,638 in 2021/22).

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

2021/22 £000		2022/23 £000
2,838	Not later than one year	2,280
7,088	Later than one year and not later than five years	7,160
10,377	Later than five years	8,719
20,304		18,159

Finance Leases

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

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

Present Value of Minimum Lease Payments to the Authority	2021/22			2022/23	
	Gross Amount outstanding from Lessee			Gross Amount outstanding from Lessee	
	£000			£000	
156	160	Not later than one year	156	160	
592	640	Later than one year and not later than five years	592	640	
1,806	2,400	Later than five years	1,703	2,240	
2,554	3,200		2,451	3,040	

The present value of the minimum lease payments has reduced during 2022/23 by the £160,000 receivable in year, offset by finance lease interest receivable.

12.12 Leases - Authority as Lessee

Operating Leases

The Authority has acquired property, vehicles, plant and equipment for fixed periods of time by entering into operating lease agreements.

The expenditure charged to the services within the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £296,831 (£324,288 in 2021/22).

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

2021/22 £000		2022/23 £000
251	Not later than one year	239
624	Later than one year and not later than five years	460
153	Later than five years	100
1,028		799

13 FINANCIAL INSTRUMENTS, CURRENT ASSETS & LIABILITIES NOTES

13.1 Categories of Financial Instruments

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

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

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

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

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

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

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

The following categories of financial assets are carried in the Balance Sheet as at 31st March 2023:

Long-Term 31st March 2022 £000	Short-Term 31st March 2022 £000		Note	Long-Term 31st March 2023 £000	Short-Term 31st March 2023 £000
		Financial Assets			
		Investments at amortised Cost:			
1,003	14,184	Principal invested	13.4	915	13,184
		Accrued Interest			
		Investments at fair value through other comprehensive income:			
	3,986	Equity Investments elected FVOCI			3,581
		Investments at fair value through profit & loss:			
183		Unquoted equity investments	13.4	(4)	
1,186	18,170	Total Investments		911	16,765
		Cash & Cash Equivalents at amortised cost:			
	34,108	Principal	15.3		27,964
		Accrued Interest			
0	34,108	Total Cash & Cash Equivalents		0	27,964
		At amortised cost:			
	8,640	Trade Receivables			12,462
	(575)	Loss allowance			(689)

2,452	103	Lease Receivables		2,347	105
204	(4)	Loans made for service purposes		199	(5)
2,656	8,164	Included in Debtors	13.5	2,546	11,872
3,841	60,442	Sub-Total Financial Assets		3,457	56,601
	1,636	Current assets which are not Financial Instruments			1,501
1,001	33,830	Debtors which are not Financial Instruments	13.5	1,001	46,118
4,842	95,907	Total Financial Assets		4,458	104,221

Long-Term 31st March 2022 £000	Short-Term 31st March 2022 £000		Note	Long-Term 31st March 2023 £000	Short-Term 31st March 2023 £000
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All of the Council's financial liabilities are held at amortised cost including short and long term loans, bank overdraft, lease payables, PFI contracts and trade payables for goods and services.

The following categories of financial liabilities are carried in the Balance Sheet as at 31st March 2023:

		Financial Liabilities			
		Loans at amortised Cost:			
(104,297)	(71,169)	Principal sum borrowed		(133,042)	(65,654)
	(732)	Accrued Interest			(1,502)
(27)	(1)	EIR adjustments		(26)	(1)
(104,324)	(71,903)	Total Borrowings	13.4	(133,068)	(67,156)
		Loans at amortised Cost:			
	(1,680)	Cash & cash equivalents	15.3		
0	(1,680)	Total Cash & Cash Equivalents		0	0
		Liabilities at amortised Cost:			
(642)		PFI and finance lease liabilities		(609)	
(1,608)		Other Long Term Liabilities		(1,629)	
(2,250)	0	Total Other Long Term Liabilities		(2,238)	0
		Liabilities at amortised Cost:			
	(2,366)	Trade Payables			(4,854)
0	(2,366)	Included in Short Term Creditors	13.6	0	(4,854)
(106,574)	(75,948)	Total Financial Liabilities		(135,306)	(72,010)
	(51,085)	Short term creditors which are not Financial Instruments	13.6		(40,508)
(266,323)	(4,492)	Other Current & long term liabilities which are not Financial Instruments:		(65,209)	(4,756)
(372,897)	(131,525)	Total Balance Sheet Liabilities		(200,514)	(117,275)

Equity instruments elected to fair value through OCI						
31st March 2022 £000	31st March 2022 £000	31st March 2022 £000		31st March 2023 £000	31st March 2023 £000	31st March 2023 £000
Fair value	OCI	Dividends		Fair value	OCI	Dividends
2,024	485	84	Kames Capital diversified monthly income fund	1,775	(249)	101
1,443	442	37	Investec Asset Management Ltd diversified income fund	1,372	(71)	58
519	73	17	CCLA LAMIT Property Fund	433	(85)	19
3,986	1,000	139	Total Balance Sheet Asset	3,581	(405)	178

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

13.2 Financial Instruments - Income, Expense, Gains and Losses

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

31st March 2022 £000					31st March 2023 £000
	Financial Liabilities measured at:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
16	Interest expense - finance lease /private finance initiative debtors				16
0	Losses on de-recognition				0
0	Losses from changes in fair value				0
0	Impairment losses				0
3,364	Other Interest expense				4,571
3,381	Subtotals	0	0	0	4,587
3,381	Total Interest payable and similar charges				4,587
	Financial assets measured at:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
(58)	Interest income relating to finance lease debtors			0	(57)
0	Interest from deferred receipts			0	0
(140)	Dividend income (elected equity instruments)			(179)	0
0	Gains on derecognition			0	0
0	Gains from changes in fair value			0	0
0	Impairment loss reversals			0	0
(119)	Other Interest income			0	(819)
(317)	Subtotals	0	0	(179)	(877)
(317)	Total Interest & Investment income				(1,056)
3,063	Net impact on surplus/deficit on provision of services				3,531
	Impact on other comprehensive income:	Fair value through P&L	Fair value through OCI	Fair value through OCI - elected	Amortised cost
77	Gains on revaluation			0	
(64)	Losses on revaluation			405	
0	Amounts recycled to surplus/deficit on provision of services			0	
13	Subtotals	0	0	405	0
13	Impact on other comprehensive income				405
3,076	Net (gain)/loss for the year				3,936

13.3 Fair Values of Financial Instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions

The value of financial instruments held at amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March 2023.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at an appropriate rate.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

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

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

Financial liabilities

Balance Sheet 31st March 2022 £000	Fair Value 31st March 2022 £000		Balance sheet position	Fair Value Level	Balance Sheet 31st March 2023 £000	Fair Value 31st March 2023 £000
		Financial liabilities held at amortised cost:				
(176,226)	(179,030)	Borrowings	Borrowing (ST & LT)	2	(200,224)	(175,141)
(642)	(563)	PFI and finance lease liabilities	Other LT Borrowing	3	(609)	(460)
(176,868)	(179,593)	Subtotal			(200,833)	(175,601)
		Financial liabilities held at amortised costs for which fair value is not disclosed:				
(1,680)		Cash & Cash equivalent	C & C E		0	
(2,366)		Trade payables	Short term creditors		(4,854)	
(1,608)		Net agency creditor and lease deposits	Other LT Borrowing		(1,629)	
(182,522)		Total financial liabilities			(207,316)	

The fair value of financial liabilities held at amortised cost is less than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the current rates available for similar loans at the balance sheet date. The commitment to pay interest below current market rates reduces the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans.

Financial Assets

Balance Sheet 31st March 2022 £000	Fair Value 31st March 2022 £000		Fair Value Level	Balance Sheet 31st March 2023 £000	Fair Value 31st March 2023 £000
		Financial assets held at fair value:			
3,986	3,986	Equity investments elected FV through OCI	ST Investments	3,581	3,581
183	183	Unquoted equity investments held at FVP&L	LT Investments	(4)	(4)
4,168	4,168	Subtotal		3,577	3,577
		Financial assets held at amortised cost:			
2,554	2,443	Lease receivables	LT debtors	2,452	1,954
		Trade receivables - deferred receipt	LT debtors		
6,722	6,611	Subtotal		6,028	5,530
		Financial assets held at amortised cost for which fair value is not disclosed:			
34,108		Cash & Cash equivalent	C&CE	27,964	
18,170		Short term investments	ST Investments	16,765	
8,640		Trade Receivables	Short term debtors	12,462	
204		Loans made for service purposes	Long term debtors	199	
67,844		Total financial assets		63,418	

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

13.4 Nature and Extent of Risks arising from Financial Instruments

The Council complies with CIPFA's 2021 Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities.

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

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

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

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

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

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

a) Credit Risk

Treasury Investments

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

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

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

Balance Long-term 31st March 2022	Balance Short-term 31st March 2022	Counterparty Group	Investment Vehicle	Average	Country	Balance Long-term 31st March 2023	Balance Short-term 31st March 2023
£'000	£'000			rating		£'000	£'000
	14,000	UK Government	Term Deposit with DMADF	AA+	United Kingdom		13,000
		Local Authority	Term Deposit	AA+	United Kingdom		
	30,070	Bank	Term Deposit	A+	United Kingdom		23,926
		Credit risk Not applicable:					
	3,986	Pooled funds			United Kingdom		3,581
1,063		Unquoted Equity			United Kingdom	788	
123	4,222	CCRC				123	4,222
1,186	52,278	Total Investments				911	44,729

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 365% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. At 31st March 2023, £nil of loss allowances related to treasury investments.

Trade & Lease receivables and Contract assets

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

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

The Council has one finance lease receivable as a result of a lease disposal of a piece of land, which is held on the balance sheet at amortised cost. The Council’s credit risk on lease receivables is mitigated by its legal ownership of the asset leased, which can be repossessed if the debtor defaults on the lease contract, so no loss allowance has been applied. At the 31st March 2023 the carrying value was £2,554,000. The fair value was £2,443,000 reflecting the difference in interest rates used for the two estimates.

Loans, Financial Guarantees and Loan Commitments

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

b) Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements occur, the authority has ready access to borrowing at favourable rates from the Public Works Loans Board and other local authorities. There is no significant risk that it will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring net short term borrowing is no more than 60% of the Council’s net total borrowing.

The maturity analysis of financial instruments is as follows:

31st March 2022				31st March 2023		
£000	£000	£000		£000	£000	£000
Borrowings	Investments	Net		Borrowings	Investments	Net
The Loans Mature as follows:-						
0	(4,352)	(3,626)	No defined maturity	0	(3,883)	(3,883)
71,903	(14,000)	78,595	Less than one year	67,156	(13,000)	54,156
4,338	0	3,013	Between one and two years	7,012	0	7,012
10,014	0	13,448	Between two and five years	12,867	0	12,867
11,128	(1,003)	10,331	Between five and ten years	27,237	(792)	26,445
20,269	0	12,924	Between ten and twenty years	23,653	0	23,653
58,574	0	43,976	More than twenty years	62,298	0	62,298
176,226	(19,355)	158,660	Total	200,224	(17,676)	182,549

The Counterparty analysis of Borrowing is shown below:

31st March 2022		31st March 2023
£000		£000
87,358	Public Works Loan Board	120,792
13,812	Market Loans & Bank loans	13,811

6,031	Welsh Government	5,251
66,025	Local Government bodies	57,370
3,000	Special Purpose Vehicle	3,000
176,226	Total	200,224

The financial liabilities due to Welsh Government at the 31st March 2023 are the outstanding balances from interest free loans provided to fund energy saving Street Lighting & Refit capital schemes and a loan which funded the Oak Grove solar farm construction. Accounting requirements require financial liabilities in the form of loans to be carried at amortised cost. However, some of these interest free loans have not been carried at amortised cost on the grounds that the figures quoted are not materially different.

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

c) Market Risk

i) Interest rate risk

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

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

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

The Authority has a number of strategies for managing interest rate risk. The 2022/23 treasury strategy includes a limit on the Authority's exposure to interest rate risk. A limit of 60% applies to the percentage of short term debt to total debt.

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

The interest payable and interest receivable during 2022/23, on borrowings and investments held at the 31st March 2023, with all other variables held constant, would increase / (decrease), if interest rates were 1% higher. The most significant impact would relate to variable rate and short term loans & investments, with long term instruments not being affected:

31st March 2022	Effect of a 1% increase in interest rates	31st March 2023
£000		£000
491	Increase in interest payable on borrowings	437
(136)	Increase in interest receivable on investments	(128)
0	Decrease in fair value of investments held at FVP&L	0
354	Impact on Surplus or Deficit on the Provision of Services	310

(11,828)	Decrease in fair value of fixed rate borrowing *	(11,043)
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* No impact on Comprehensive Income and Expenditure

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

ii) Price risk

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

iii) Foreign exchange risk

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

13.5 Debtors

The nature and value of payments due to the Council for the year but not received as at 31st March 2023, repayable in the short term (within 12 months of the balance sheet date) and long term (after 12 months of the balance sheet date), is summarised below:

31st March 2022				31st March 2023			
Long Term £000	Short Term £000	Impairment £000	Net £000	Long £000	Short Term £000	Impairment £000	Net £000
				Central Government Bodies:			
	17,426		17,426		26,683		26,683
	1,549		1,549		2,330		2,330
	2,993		2,993		3,099		3,099
	0		0		0		0
			0				0
				Other entities and individuals			
	4,600	(17)	4,583		7,111	(7)	7,104
			0				0
2,452			2,452	2,347			2,347
	6,825	(69)	6,756		4,713	(71)	4,642
	3,771	(2,146)	1,625		5,213	(2,494)	2,718
	1,744	(118)	1,626		3,064	(174)	2,890
	1,295	(741)	554		1,288	(748)	540
	2,663	(10)	2,653		5,958	0	5,958
	1,171	(181)	990		1,437	(205)	1,232
	379	(249)	130		489	(304)	185
	734		734		229		229
196			196	191			191
1,009	373		1,382	1,009	379		1,388
3,657	45,525	(3,531)	45,650	3,547	61,992	(4,002)	61,537

The aged analysis of short term debtors outstanding as at 31st March 2023 is as follows:

	Not Overdue £000	Up to 3 Months £000	3 Months 12 Months £000	Over 12 Months £000	Over 24 Months £000	Total £000
Central Government Bodies:						
Welsh Government	26,589	94	0	0	0	26,683
HM Customs & Excise	2,330	0	0	0	0	2,330
NNDR Debtor	2,359	0	169	116	455	3,099
Council Tax and Housing Benefit Subsidy	0	0	0	0	0	0
Other	0	0	0	0	0	0
Other entities and individuals:						
Other Local Authorities	3,155	3,542	264	151	0	7,111
Deferred Capital receipts	0	0	0	0	0	0
Finance Leases	0	0	0	0	0	0
Revenue debtors	4,588	1	34	44	46	4,712
Council tax arrears	0	0	1,186	1,135	2,892	5,213
Corporate sundry debtors	263	2,392	183	113	112	3,064
Housing benefit overpayments	0	0	333	169	786	1,288
NHS Bodies	3,300	2,602	56	0	0	5,958
Social Services sundry debtors	46	295	661	251	184	1,437
Rent arrears	124	46	54	41	224	489
Capital debtors	229	0	0	0	0	229
Housing Advances	0	0	0	0	0	0
Other	379	0	0	0	0	379
Total	43,361	8,972	2,941	2,020	4,698	61,992

The associated impairment for potential default and uncollectability for debtors outstanding as at 31st March 2023 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
Other Local Authorities	0	0	5	2	0	7
NHS Bodies	0	0	0	0	0	0
Revenue debtors	0	0	17	21	33	71
Council Tax Arrears	0	0	568	543	1,383	2,494
Social Services sundry debtors	0	31	51	49	75	205
Corporate sundry debtors	0	3	73	41	57	174
Rent arrears	0	9	30	41	224	304
Housing benefit overpayments	0	0	59	37	652	748
Total	0	42	802	734	2,423	4,002

13.6 Creditors

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

The nature and value of payments due to be made by the Council in the year but not actually made as at 31st March 2023 is summarised below:

31st March 2022 £000		31st March 2023 £000
4,896	Central Government Bodies	3,980
4,736	Other Local Authorities	5,944
1,300	NHS Bodies	1,071
8,492	Capital Creditors	4,853
34,028	Other entities & individuals	29,513
53,451	Total	45,362

13.7 Provisions and Contingent Liabilities

The value of provisions as at 31st March 2023, together with their movement for the year, is summarised below:

	Note	As at 1st April 2022 £000	New or increased Provisions £000	Used or reduced Provisions £000	As at 31st March 2023 £000
Insurance Claims	13.7a	1,006	434	(632)	809
Insurance Claims - MMI	13.7b	31	0	(31)	0
Accumulating Compensated Absences	13.7c	3,973	4,352	(3,973)	4,352
CCRCD Consolidation		152	(0)	0	152
Total		5,163	4,786	(4,637)	5,312

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

Current 31st March 2022 £000	Long Term 31st March 2022 £000		Current 31st March 2023 £000	Long Term 31st March 2023 £000
503	503	Insurance Claims	404	404
16	16	Insurance Claims - MMI	0	0
3,973	0	Accumulating Compensated Absences	4,352	0
0	152	CCRCD Consolidation	0	152
4,492	671	Total	4,756	556

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 in 2022 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 2023. Provision has only been made where the Authority's insurers indicate a settlement is likely. The result is that the total provision is at the most likely level to be paid out in the future. Any movement in provisions has been charged against the services to which the claims relate.

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

The provision in place at 31st March 2023 was £808,577 (£1,006,362 at 31st March 2022) and the balance on the insurance and risk management reserve as at 31st March 2023 was £924,997 (£836,094 as at 31st March 2022). These balances are deemed to provide sufficient cover for the Authority's claims exposure.

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

31st March 2022 £000		31st March 2023 £000
835	Public Liability	723
171	Employer's Liability	86
1,006	Total	809

b) Municipal Mutual Insurance (MMI)

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

In addition to the levy paid for settled claims, a percentage payment is also applied to outstanding claims which are subsequently settled against the Authority. As at the 31st March 2023, no provision is required as no future scheme liabilities are now estimated for the Authority.

c) Accumulating Compensated Absences

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

A provision is made as a result of the earned benefit not taken before year-end being established on a sample basis of employees, extrapolated to establish the estimated total accrued benefit. The provision is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

The provision is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement as required by regulations in place, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The value of the provision made in respect of such employee benefits at the 31st March 2023 was £4,351,819 (£3,973,247 at 31st March 2022).

d) Asbestos Indemnity (Contingent Liability)

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

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

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

There are no immediate financial implications and professional advice suggests a low risk of future liability arising. Low risk does not however equate to "no risk" and the potential future liability, after updating for RPI is £7.875 million (£7,176 million as at 31st March 2022) , 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 2023) is £138,852 (previously £125,021 for the period 21st January 2008 to 31st March 2022).

14 POST-EMPLOYMENT BENEFIT NOTES

14.1 Participation in Pension Schemes

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

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

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

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

The Authority's payments to the scheme relating to 2022/23 totalled £6,474,000 (£6,087,000 in 2021/22) in respect of teachers' retirement benefits.

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

There were £559,992 of contributions remaining payable to the scheme at the year end (£514,246 at 31st March 2022). The Council is not responsible for any other employers' obligations under this pension plan.

Greater Gwent Pension Fund

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

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

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

14.2 Pension Fund Stakeholders

14.3 Entries in the comprehensive income and expenditure statement

14.4 Expected future pension contributions

14.5 Actuarial Assumptions

14.6 Sensitivity analysis

14.7 Investments held by the pension fund

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

14.9 A summary explanation of the movement in assets and liabilities

14.2 Pension Fund Stakeholders

The total defined benefit obligation for the Authority's share of the Greater Gwent Pension fund (excluding unfunded liabilities) as at the 31st March 2023 is split as follows, along with the weighted average duration of each group:

2021/22			2022/23		Average Age (Years)
£000's	%		£000's	%	
373,917	53%	Active	212,099	42%	52
128,850	18%	Deferred	74,158	15%	52
201,808	29%	Pensioners	214,342	43%	69
704,575	100%	Total	500,599	100%	

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

14.3 Entries in the comprehensive income and expenditure statement

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

To account for the McCloud Judgement (public service pensions age discrimination cases) the actuary has made an estimated adjustment to these liabilities from the 2019 valuation data to ensure that it is captured in the 31 March 2023 IAS19 balance sheet figures.

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

Local Government Pension Scheme	Teachers' Unfunded Discretionary Benefits		Local Government Pension Scheme	Teachers' Unfunded Discretionary Benefits
2021/22 £000's	2021/22 £000's		2022/23 £000's	2022/23 £000's
Comprehensive Income and Expenditure Account				
Net Cost of Services:				
32,387	0	current service cost	33,015	0
180	0	past service cost / (gain) including curtailments	224	0
0	0	settlement gain	0	0
32,567	0	Total Net Cost of Services	33,239	0
Financing and Investment Income and Expenditure:				
14,740	75	interest cost on pension liabilities	19,396	89
(8,508)	0	interest income on plan assets	(12,277)	0
0	0	Impact of asset ceiling on net interest	0	0

38,799	75	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	40,358	89
		Other Comprehensive Income and Expenditure:		
(71,489)	(174)	(Gains) and losses on remeasurement	(225,290)	(466)
0	0	Effect of business combinations and disposals	0	0
(71,489)	(174)	Total Other Comprehensive Income and Expenditure	(225,290)	(466)
(32,690)	(99)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(184,932)	(377)
		Movement in Reserves Statement		
(38,799)	(75)	reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(40,358)	(89)
		Actual amount charged against the Council Fund for pensions in the year:		
14,330	373	employers' contributions payable to scheme	16,984	343

14.4 Expected future pension contributions

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2024 is £16,327,000. Expected contributions for Teachers Unfunded Discretionary Benefits scheme in the year to 31 March 2023 are £374,000.

Statutory arrangements are in place to ensure that the financial position of the fund remains healthy. In the 31 March 2022 Actuarial Valuation, a shortfall of 3% 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 20 years. At each Actuarial Valuation, a contribution rate is set to meet the funding target over the deficit recovery period.

14.5 Actuarial Assumptions

The principal IAS19 assumptions used by the Actuary for these accounts are shown in the following table. Using the projected unit method, the Actuary determines the figures at the Balance Sheet date using the latest scheme valuation as a base, which was 31 March 2022.

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

Financial Assumptions	Local Government Pension Scheme & Teachers Unfunded Discretionary Benefits		
	31st March 2023	31st March 2022	31st March 2021
Rate of increase in salaries	3.5%	3.5%	3.2%
Rate of increase in pensions (inline with CPI)	3.0%	3.2%	2.9%
Rate for discounting scheme liabilities	4.8%	2.7%	2.0%
Life Expectancy:			
Current male pensioner aged 65 (years)	21.0	20.5	20.7
Current female pensioner aged 65 (years)	24.1	23.2	23.4
Future male pensioner aged 65 in 20 years' time (years)	21.9	21.8	22.1
Future female pensioner aged 65 in 20 years' time (years)	25.7	25.1	25.4

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

14.6 Sensitivity Analysis

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

Change in assumption at 31st March 2023	Approximate % increase to Employer	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	9,118
0.5% increase in the Salary Increase Rate	4%	20,253
0.1% increase in the Salary Increase Rate	0%	1,131
0.1% increase in the Pension Increase Rate	2%	8,121

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

14.7 Investments held by the pension fund

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

31st March 2022		Category	Quoted in Active markets	31st March 2023	
£000	%			£000	%
0	0.0%	Equities	Yes	0	0.0%
		Investment funds & Unit Trusts			
336,753	74.4%	Equities	No	332,012	73.8%
64,821	14.3%	Bonds	No	59,913	13.3%
39,840	8.8%	Other	No	46,374	10.3%
9,608	2.1%	Property	No	9,108	2.0%
1,465	0.3%	Cash accounts	No	2,334	0.5%
0	0.0%	Alternatives	No	0	0.0%
452,486	100.0%	Total		449,740	100.0%

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

The Movement in Fund Assets

Local Government Pension Scheme	Teachers Unfunded Discretionary Benefits		Local Government Pension Scheme	Teachers Unfunded Discretionary Benefits
2021/22 £000	2021/22 £000		2022/23 £000	2022/23 £000
424,338	0	As at 1st April	452,486	0
0	0	Settlement costs	0	0
8,508	0	Interest on plan assets	12,277	0
14,330	373	Employers contributions	16,984	343
3,792	0	Contributions by scheme participants	4,320	0

16,948	0	Gains / (losses) on remeasurement of assets	(20,156)	0
0	0	Administration expenses of plan assets	0	0
(15,430)	(373)	Benefits paid	(16,171)	(343)
452,486	0	As at 31st March	449,740	0

The Movement in Fund Liability

(727,091)	(3,951)	As at 1st April	(708,219)	(3,479)
(32,387)	0	Current service cost	(33,015)	0
(180)	0	Past service (cost) / gain (including curtailments)	(224)	0
0	0	Settlement gains	0	0
0	0	Curtailment costs	0	0
(14,740)	(75)	Interest on pension liabilities	(19,396)	(89)
(3,792)	0	Contributions by scheme participants	(4,320)	0
54,541	174	Gains / (losses) on remeasurement of liabs	245,446	466
15,430	373	Benefits paid	16,171	343
0	0	Effect of business combinations & disposals	0	0
(708,219)	(3,479)	As at 31st March	(503,557)	(2,759)

There were £1,749,000 of contributions remaining payable at the year end for the Local Government Pension Scheme (at 31 March 2022 £1,583,000 was payable) and £14,000 was owed to the Authority for the Teachers unfunded discretionary benefits scheme (£2,000 at 31 March 2022).

Within the £503,557,000 of pension liabilities for the Local Government Pension Scheme at 31 March 2023 (£708,219,000 31 March 2022), there are £3,445,000 of unfunded liabilities (£3,908,000 as at 31st March 2022).

14.9 Summary of the movement in assets and liabilities

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

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Local Government Pension Scheme					
Present value of scheme liabilities	(616,635)	(549,563)	(727,091)	(708,219)	(503,557)
Fair value of scheme assets	353,171	322,980	424,338	452,486	449,740
Surplus / (deficit) in the scheme	(263,464)	(226,583)	(302,753)	(255,733)	(53,817)
Teachers Unfunded Discretionary Benefits					
Present value of scheme liabilities	(4,749)	(3,943)	(3,951)	(3,479)	(2,759)
Fair value of scheme assets	0	0	0	0	0
Surplus / (deficit) in the scheme	(4,749)	(3,943)	(3,951)	(3,479)	(2,759)
Total					
Present value of scheme liabilities	(621,384)	(553,506)	(731,042)	(711,698)	(506,316)
Fair value of scheme assets	353,171	322,980	424,338	452,486	449,740
Surplus / (deficit) in the scheme	(268,213)	(230,526)	(306,704)	(259,212)	(56,576)
Year on year increase in net liability (or deficit)		37,687	(76,178)	47,492	202,636

There is a decrease in the combined net liability of the Greater Gwent pension funds of £202,636,000 from 1 April 2022 to 31 March 2023. This has resulted from a decrease in the value of scheme liabilities of £204.66m offset by a reduction in the value of scheme assets. The decrease in liabilities is due to changes in financial assumptions (e.g. increased inflation, decreased discount rate, increased longevity/age presumptions).

15 NOTES TO THE CASH FLOW STATEMENT

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

2021/22 £000		2022/23 £000
3,199	Net (surplus) or deficit on the provision of services	(582)
	Non-cash transactions:	
(12,983)	Depreciation of non-current assets	(14,513)
418	Impairment and downward valuations	11,269
(54)	Amortisation of intangible non-current assets	(54)
(391)	Increase/decrease in impairment for provision for bad debts	(497)
112	Increase/(decrease) in inventories	(135)
9,823	Increase/(decrease) in debtors	16,383
(14,822)	(Increase)/decrease in creditors	8,101
67	(Increase)/decrease in provisions	(150)
(24,172)	Pension liability	(23,121)
633	CCRCD: Capital & Revenue Grants recognised	0
1,363	Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	(1,636)
(3,171)	Carrying amount of non-current assets, assets held for sale and investment properties which are sold or derecognised	(4,140)
3,601	Movement in the value of investment properties	(18)
	Items classified in another classification in the cash flow statement	
1,191	Other payments for investing activities	(2,320)
9,016	Other receipts from investing activities	24,180
(33)	Other payments for financing activities	(33)
(1,441)	Other receipts for financing activities	0
3,066	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,986
(24,578)	Net cash flows from Operating Activities	20,721

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:

2021/22 £000		2022/23 £000
	Returns on Investments received:	
(289)	Interest received	(965)
(15)	Other interest and investment income	(7)
	Servicing of Finance paid:	
3,334	Interest paid	3,979
16	Interest element of finance lease rental payments	0
3,047		3,006

15.3 (Increase)/decrease in Cash and Cash Equivalents

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

	At 31st March 2022	In Year Movement	At 31st March 2023
	£000	£000	£000
Current Assets			
Cash held by the Authority	55	94	149
Bank current accounts	0	2,362	2,362
Short-term call account deposits	34,053	(8,600)	25,453
Current Liabilities			
Bank current account overdrafts	(1,680)	1,680	0
Total	32,428	(4,464)	27,964

16 OTHER NOTES TO THE ACCOUNTS

16.1 Members Allowances

Information on members' allowances is available on request from the Payroll Manager, Payroll Section, Monmouthshire County Council, County Hall, The Rhadyr, Usk NP15 1GA

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

2021/22 £000		2022/23 £000
600	Basic allowance	772
216	Special responsibility allowance	226
3	Travel allowance	8
0	Subsistence allowance	9
4	ICT Costs	0
823	Total	1,015

The increase from 2021/22 is due to the Members pay award following recommendations by the Independent Remuneration Panel, and following changes in structure following the May 2022 election process.

Increased expenses are due to more face to face meetings taking place following Covid restrictions being lifted.

16.2 Audit Costs

The Authority has incurred the following costs during 2022/23 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:

2021/22 £000		2022/23 £000
183	Fees payable to the appointed auditor with regard to external audit services - financial audit	183
107	Fees payable to the appointed auditor with regard to external audit services - Local Government Measure	107
54	Fees payable to the appointed auditor for certification of grant claims & returns	55
344	Total	344

16.3 S31 and S33 Pooled Budget Arrangements

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

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

a) Mardy Park Rehabilitation Scheme

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

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

The income and expenditure for the pooled fund arrangements for the financial year ended 31st March 2023 was:

2021/22 £000		2022/23 £000
	Funding	

(272)	Monmouthshire County Council	(298)
(205)	Monmouthshire Local Health Board	(225)
(477)	Total Funding	(523)
	Expenditure	
355	Employee related	372
84	Premises related	96
0	Transport related	0
28	Supplies & Services	27
44	Agency & Contracted	22
511	Total Expenditure	517
34	Net (Under)/over spend	(6)

b) Gwent Integrated Community Equipment Store (GWICES)

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

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

Torfaen County Borough Council is the host for the Partnership, who recorded gross expenditure of £3,940,000 (£4,991,000 for 2021/22) and gross income of £3,940,000 (£4,991,000 for 2021/22) for the financial year ended 31st March 2023. Monmouthshire County Council's contribution for the year was £322,000 (£419,000 for 2021/22).

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

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

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

Aneurin Bevan University Health Board is the host for the Partnership, who recorded gross expenditure of £4,272,000 (£3,809,000 for 2021/22) and gross income of £3,845,000 (£3,675,000 for 2021/22) for the financial year ended 31st March 2023. Monmouthshire County Council's total contribution for the year was £1,328,000 (£1,191,000 for 2021/22).

d) Gwent Frailty Programme

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

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

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

Caerphilly County Borough Council is the host for the Partnership, who recorded gross expenditure of £16,447,000 (£16,109,000 for 2021/22) and gross income of £16,521,000 (£15,987,000 for 2021/22) for the financial year ended 31st March 2023. Monmouthshire County Council's total contribution for the year was £1,469,000 (£1,456,000 for 2021/22).

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

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

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

Torfaen County Borough Council is the host for the Partnership, who recorded gross expenditure of £118,709,313 (£99,844,467 for 2021/22) and funding of £118,709,313 (£99,844,467 for 2021/22) for the financial year ended 31st March 2023. Monmouthshire County Council's total contribution for the year was £10,828,264 (£9,419,985 for 2021/22).

16.4 Related Party Transactions

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

Central & Welsh Government

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

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 16.1. During 2022/23, works and services to the value of £593k (£18,667m in 2021/22) were commissioned from other bodies and companies in which four members had an interest. Contracts were entered into in full compliance with the council's standing orders. In addition, grants totalling £3,617 (£66,507 in 2021/22) were made to an organisation in which one member held a voluntary position. In all instances, the grants were made with proper consideration of declarations of interest. The relevant member did not take part in any discussion or decision relating to the grants. Receipts from other bodies that members had an interest in totalled £463,130 (£478,732 in 2021/22).

Companies and Joint Ventures

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

Senior Officers

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

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

The Chief Executive was the Acting Returning Officer and Electoral Registration Officer for Monmouthshire during 2022/23 and held the following position during the year:

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

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

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

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

- **Cardiff Capital Region - City Deal**
- **South-East Wales Corporate Joint Committee**

Payments of £3,850, and receipts of £3,290 were paid and received from Cardiff Metropolitan University during 2022/23 (£3,771 and £12,070 respectively in 2021/22) in relation to transactions involving goods and services. Contracts were entered into in full compliance with the council's standing orders.

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

16.5 Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds. The funds do not represent assets of the Council and they have not been included in the Consolidated Balance Sheet. The below balances are based upon unaudited figures for the year ended 31st March 2023:

2021/22					2022/23			
Income £000	Expend £000	Assets £000	Liabilities £000		Income £000	Expend £000	Assets £000	Liabilities £000
(594)	177	5,869	(138)	Welsh Church Act Fund	(212)	692	5,406	(204)

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.

(6)	5	129	(60)	Llanelly Hill Social Welfare Centre	(3)	5	132	(66)
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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.

(0)	7	0	0	Chairman's Charity	0	0	0	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:				
(28)	11	679	(8)	Monmouthshire Farm School Endowment	(27)	89	625	(2)
(1,188)	1,131	1,102	(1,045)	Appointeeship - Personal Monies	(1,744)	1,519	1,326	(1,102)

16.6 Related Businesses and Operations

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

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

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

Dragon Waste Limited

The Company was formed to carry out the Council's waste disposal function. The Council previously held a 19% share holding in the company. The Company is no longer associated with Monmouthshire County Council, effective from December 2021, but is reported here on the basis that there were transactions with the company in the comparator year 2021/22.

1st April 2021		31st March 2023
£000 Final		£000 Draft
168	Net Assets/(Liabilities)	Not available
183	Profit/(Loss) before Taxation	Not available
183	Profit/(Loss) after Taxation	Not available
0	Dividends	Not available

No payments were made to Dragon Waste Limited during 2022/23 (£699,848 during 2021/22), reflecting activity up to and including the end date of the arrangement.

SRS Public

The Authority entered into a public sector collaborative arrangement, known as the Shared Resource Service, with Torfaen County Borough Council (TCBC) and Gwent Police Authority in May 2011, Newport City Council and Blaenau Gwent Borough Council have joined the partnership subsequently. The arrangement has resulted in a Shared Resources Centre (SRC) being set up for the purpose of providing IT services to each member authority. A memorandum of understanding is in place to provide robust governance arrangements. The arrangement is not a separate legal entity and ownership of the SRS premises resides with TCBC. The arrangement is funded by core contributions from partners, income from desk licences and rack rentals from schools and external income. Monmouthshire's core contribution during 2022/23 included in the Council's Accounts totalled £2.279m (£2.237m in 2021/22).

The Authority owed £209,859 to SRS Public at the 31st March 2023 (£5,545 owed as at 31st March 2022).

SRS Business Solutions Limited

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

The Partners agreed to close the company on the 4th February 2023.

31st March 2022		31st March 2023
£000 Final		£000 Draft

136	Net Assets/(Liabilities)	0
(4)	Profit/(Loss) before Taxation	0
(4)	Profit/(Loss) after Taxation	0
0	Dividends	0

SRS Business Solutions returned the £40,000 initial share capital (BS) during 2022/23 and a final dividend of £23,719 (nil in 2021/22).

Melin Homes & Y Prentis

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

The Company's latest available trading results are the financial statements for the period ending 30th September 2022.

The company is exempt from audit under section 477 of the companies act 2006 for the financial year ending September 2022.

30th Sep 2021 £000 Final		30th Sep 2022 £000 Draft
322	Total Assets/(Liabilities)	322
6	Profit/(Loss) before Taxation	3
5	Profit/(Loss) after Taxation	3
0	Dividends	0

There were no transactions between Monmouthshire County Council and Y Prentis during 2022/23 (nil in 2021/22).

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 2023.

31st March 2022 £000 Final		31st March 2023 £000 Draft
264	Total Assets/(Liabilities)	369
8	Profit/(Loss) before Taxation	105
8	Profit/(Loss) after Taxation	105
0	Dividends	0

Payments of £528,636 were made to the EAS during 2022/23 (£528,000 during 2021/22). Income received from EAS was £166,663. There were no outstanding income owed by the EAS to MCC at 31st March 2023 (£161,983 at 31st March 2022).

Gwent Archives

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

The Company's latest available trading results are the draft estimates for the period ending 31st March 2023.

31st March 2022		31st March 2023
£000 Final		£000 Draft
214	Total Assets/(Liabilities)	239
(92)	Profit/(Loss) before Taxation	25
(92)	Profit/(Loss) after Taxation	25
0	Dividends	0

Payments of £196,353 were made to Gwent Archives during 2022/23 (£182,244 during 2021/22). There were no balances owing to/from Gwent Archives at 31st March 2023 (nil at 31st March 2022).

Gwent Crematorium

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

The Company's latest available trading results are the draft estimates for the period ending 31st March 2023.

31st March 2022		31st March 2023
£000 Final		£000 Draft
2,026	Total Assets/(Liabilities)	2,314
(390)	Profit/(Loss) before Taxation	236
(390)	Profit/(Loss) after Taxation	236
0	Dividends	0

A dividend payment of £83,045 was received from Gwent Crematorium for the 2022/23 financial year (£175,318 during 2021/22). The dividend was outstanding as at 31st March 2023 (nil at 31st March 2022).

Project Gwyrdd

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

The Company's latest available trading results are the draft estimates for the period ending 31st March 2023.

31st March 2022		31st March 2023
£000 Final		£000 Draft
296	Total Assets/(Liabilities)	268
(16)	Profit/(Loss) before Taxation	(28)
(16)	Profit/(Loss) after Taxation	(28)
0	Dividends	0

Two payments of £27,000 were made to Project Gwyrdd during 2022/23 for 2021/22 and 2022/23. There was Nil owing to Project Gwyrdd at 31st March 2023 (£27,000 at 31st March 2022).

Cardiff Capital Region City Deal (CCRCD)

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

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

The revenue contribution required during the year was £74,826 (£71,263 in 2021/22). The capital contribution to the project was not required during 2022/23, as was the case in 2021/22, due to reprofiling of the investment pipeline.

CSC Foundry

During 2022/23 MCC had 'Significant Influence' over CSC Foundry Ltd which is a subsidiary of CCRC. As at 31st March 2023 CSC Foundry had £3.0m invested with the Authority which is classified within Short term borrowing in the Balance sheet (£3.0m in 2021/22).

16.7 Senior Officer Remuneration

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

Year ended 31st March 2023						
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	123,679	0	0	123,679	29,807	153,486
Chief Officer - Resources and Deputy Chief Executive	96,309	0	0	96,309	23,210	119,519
Chief Officer - Children and Young People	91,341	0	0	91,341	22,013	113,354
Chief Officer - Communities and Place	91,341	0	0	91,341	22,013	113,354
Chief Officer - People and Governance and Monitoring Officer	88,857	0	0	88,857	19,964	108,821
Chief Officer - Social Care, Safeguarding & Health	87,616	0	0	87,616	21,115	108,731
Chief Operating Officer - MonLife	80,164	0	0	80,164	19,320	99,483
Head of Policy, Performance & Scrutiny	73,334	0	0	73,334	17,673	91,008
Total	732,641	0	0	732,641	175,116	907,757

Year ended 31st March 2022 (Restated*)						
Post Holder	Salary including fees and allowances £	Compensation for loss of employment £	Expense Allowances £	Total Remuneration excluding Pension contributions £	Pension Contributions (Based on Common Rate from Actuary) £	Total Remuneration including Pension contributions £
Chief Executive Officer	121,754	0	0	121,754	28,125	149,879
Chief Officer - Resources & Deputy Chief Executive (Section 151 Officer)	93,142	0	0	93,142	21,516	114,658
Chief Officer - Communities & Place	89,526	0	0	89,526	20,681	110,207
Chief Officer - Children and Young People	89,416	0	0	89,416	20,655	110,071
Chief Officer - People & Governance & Monitoring Officer	85,691	0	0	85,691	19,100	104,791
Chief Operating Officer - MonLife	76,997	0	0	76,997	17,786	94,783
Head of Policy, Performance & Scrutiny	71,409	0	0	71,409	16,496	87,905

Chief Officer - Social Care, Safeguarding & Health (April - September)	50,056	0	0	50,056	9,949	60,005
Chief Officer - Social Care, Safeguarding & Health (November - March)	42,154	0	0	42,154	9,738	51,892
Total	720,145	0	0	720,145	164,045	884,190

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

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

Employers' pension contributions were paid at a rate of 24.1% of pensionable pay for staff within the Local Government Pension Scheme (23.1% for 2021/22). Expense allowances are defined as those additional costs that are chargeable to income tax and no such costs are reported in respect of 2022/23 (Nil in 2021/22).

In satisfying the requirement to report the Chief Executive's remuneration as a proportion of the full time equivalent median salary of Monmouthshire County Council employees, the median employee position has been calculated as £24,948. This equates to spinal point 13 and resulting in a median ratio when compared with the Chief Executive Officer salary of 5:1.

In 2021/22, the median employee position was calculated as £24,432, equating to spinal point 16 and resulting in a median ratio when compared with the Chief Executive Officer salary of 5:1.

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

* Prior year restated to include the comparative figures for the Chief Operating Officer - MonLife, who had not previously been included within the note.

16.8 Officers' Emoluments

The number of employees whose remuneration was £60,000 or more in bands of £5,000, during the year ended 31st March 2023, was:

2021/22		Remuneration Band	2022/23	
Number of employees	(Of which are teaching staff)		Number of employees	(Of which are teaching staff)
1	1	£130,000 - £134,999	0	0
0	0	£125,000 - £129,999	0	0
1	0	£120,000 - £124,999	3	1
2	1	£115,000 - £119,999	0	0
0	0	£110,000 - £114,999	0	0
0	0	£105,000 - £109,999	0	0
1	1	£100,000 - £104,999	1	1
1	1	£95,000 - £99,999	1	0
1	0	£90,000 - £94,999	4	0
4	1	£85,000 - £89,999	3	1
1	0	£80,000 - £84,999	7	2
8	2	£75,000 - £79,999	4	2
11	7	£70,000 - £74,999	15	11
12	11	£65,000 - £69,999	12	11

20	16	£60,000 - £64,999	29	19
63	41	Total	79	48

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

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

Employers' pension contributions were paid at a rate of 24.1% of pensionable pay for staff within the Local Government Pension Scheme (23.1% for 2021/22) and 23.68% of pensionable pay for staff within the Teachers' Pension Scheme (23.68% in 2021/22).

16.9 Termination Benefits

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

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

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

2021/22			Exit package Cost band	2022/23		
No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each payband £000's		No. of Compulsory Redundancies agreed	No. of other departure costs agreed	Total Cost of Exit Packages in each payband £000's
25	6	203	£0 - £20,000	13	4	171
5	1	155	£20,001 - £40,000	11	0	304
0	0	0	£40,001 - £60,000	2	0	110
1	0	65	£60,001 - £80,000	0	0	0
0	0	0	£80,001 - £100,000	1	0	92
1	0	103	£100,001 - £150,000	0	0	0
0	0	0	£150,001 - £200,000	1	0	157
32	7	525	Total	28	4	834

16.10 Events after the Balance Sheet date

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

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

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

17 STATEMENT OF ACCOUNTING POLICIES

17.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023.

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

These practices, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2022/23 (SeRCoP).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Unless otherwise stated the convention used in these statements is to round to amounts of the nearest thousand pounds. All totals are the rounded totals of unrounded figures and therefore may not be the strict sums of the figures presented in the text or tables. Throughout the statements all credit balances are shown with parentheses e.g. (£1,000).

17.2 Accounting Standards issued not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years. Accounting changes that are introduced by the 2023/24 Code are:

- a)** IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year). The Authority intends to adopt the new standard on 1st April 2024.
- b)** Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- c)** Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- d)** Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- e)** Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- f)** Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Note that a) will only be applicable to local authorities that intend to voluntarily implement IFRS 16 in 2023/24, and item b) will only be applicable to local authorities that have voluntarily implemented IFRS 16 in 2022/23 but chose to defer implementation for PFI/PPP arrangements until 2023/24. It is likely that though they lead to improved reporting that items c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. Item e) will only be applicable to local authorities with group accounts and it is likely that there will be limited application of item f).

17.3 Accruals of Income and Expenditure

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

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- A discretionary de minimis level of £1,000 is applied to accruals of both income and expenditure with the exception of automatically system generated accruals or those required where it is necessary to ensure accuracy for grant claims or agency work.

17.4 Cash and Cash Equivalents

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

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

17.5 Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated on a prudent basis as determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund Balance with a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

17.6 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in this note, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council is deemed to control the services provided under its PFI arrangements and also to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements and the assets are recognised as Property, Plant and Equipment in the Council's Balance Sheet.
- Council Tax Reduction Scheme (CTRS) – a number of points are considered relevant in determining to present this item of expenditure as gross in the Cost of Services segment of the Comprehensive Income and Expenditure Statement rather than netting it off Council Tax income in the Taxation and Non-Specific Grant Income segment. The most persuasive and significant of these being that, as there is no specific reference to the proper accounting treatment of CTRS in the CIPFA Accounting Code of Practice or Guidance Notes, reliance has been placed on IPSAS 23 - Revenue from Non-Exchange Transactions (taxes and transfers). This standard is relevant to public sector bodies, and states that taxation revenue shall be determined at a gross amount; it shall not be reduced for expenses paid through the tax system.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequences if actual results differ from assumption
Revaluation of Property, plant & equipment	<p>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.</p> <p>Traditionally the Council undertakes a rolling five-year valuation schedule to review and update the value of the assets held in the balance sheet.</p> <p>Given the potential extended length of time between valuations and the perceived impact of recent construction inflation changes upon replacement cost figures, this introduces an increased uncertainty as to the values reported.</p> <p>In order to mitigate this, a desk based exercise has been completed to revise property values impacted by construction inflation annually until that asset receives its next formal revaluation.</p>	If the actual results differ from the assumptions, the value of PPE will be over or understated. This would be adjusted when the assets were next revalued.

Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Pensions Liability	<p>Pensions Liability – Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions.</p> <p>A firm of actuaries are engaged to provide the Council with expert advice about the assumptions to be applied. A sensitivity analysis of these assumptions is provided in Note 14.</p> <p>To account for the McCloud Judgement (public service pensions age discrimination cases) the actuary has made an estimated adjustment to these liabilities from the 2022 valuation data to ensure that it is captured in the 31 March 2023 IAS19 balance sheet figures. The final impact on the pension scheme will not be known until the required changes in legislation have been made.</p>	The assumptions interact in complex ways. Further information is provided in note 14 concerning the risks and sensitivity of changes in the pension assets and liabilities.
Provisions	The Council has included provisions for known insurance claims as at 31st March 2023. The value of these claims is based on information provided by our Insurers on the number of claims outstanding at the end of the financial year, the average settlement amount for each type of claim and the likelihood of each type of claim being settled. However the outcome of these cases is still uncertain as outstanding legal cases and negotiations remain on going.	The Authority maintains the insurance and risk management reserve to assist in the control of the Authority's insurance risks. The provisions in place and the balance on the insurance and risk management reserve at 31st March 2023 are deemed to provide sufficient cover for the Authority's claims exposure. Notes 13.7 provides further information on the types of claims the Authority is exposed to.
Arrears	At 31st March 2023, the Authority had an outstanding balance of short term debtors totalling £61.99m. Against this debtors balance, there is an impairment allowance of £4.00m.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on

	<p>It is not absolutely certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>allowances held are based on policies adapted to historic experience and success rates experienced in collection.</p>
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17.8 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

17.9 Events After the Balance Sheet Date

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

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

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

17.10 Exceptional Items

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

17.11 Financial Instruments

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

Financial Liabilities

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

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

Financial Assets

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

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

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

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

17.12 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

17.13 Expenditure & Income where the Council is acting as an agent

Welsh Government or UK Government will periodically use Councils' as an intermediary to distribute resources to the electorate or particular business sectors as an alternative to making their own direct payment arrangements. Such measures are classified as agency arrangements and are noted within Section 11 of these statements.

As the Code requires transactions classified as agency arrangements to be excluded from the income and expenditure of the Council (i.e amounts debited and credited to the Comprehensive Income and Expenditure Statement), many of the cash flows involved in agency arrangements will be excluded from these statements.

17.14 Heritage Assets

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

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

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

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

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

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

17.14 Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

17.15 Inventories and Long Term Contracts

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

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

17.16 Investment Property

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

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

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

17.17 Fair value measurement

The Council measures its assets held for sale, surplus assets, investment properties and available-for-sale financial instrument at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Measurement will be at highest and best use from the perspective of a market participant. The fair value of an investment property held under a lease is the lease interest.

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

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

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

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

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

17.18 Interests in companies and other entities

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

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

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

17.19 Leases

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

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

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

The Authority as Lessee - Finance Leases

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

Lease payments are apportioned between:

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

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

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

The Authority as Lessee - Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor - Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Again, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

The Authority as Lessor - Operating Leases

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

17.20 Overheads and Support Services

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

17.21 Property, Plant and Equipment

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

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- All other operational assets – Current value based on existing use value (EUV) for operational assets where there is an active market, or if there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e. EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach.
- Non-operational assets – Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

Useful lives of Infrastructure assets are reviewed annually.

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

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

Components

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

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

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

Disposals and Non-current Assets Held for Sale

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

Assets held for Sale Assets are assets where the:

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

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

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

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

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

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

17.23 Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

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

17.24 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

17.25 Reserves

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

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

17.26 Revenue Expenditure Funded from Capital under Statute

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

17.27 VAT

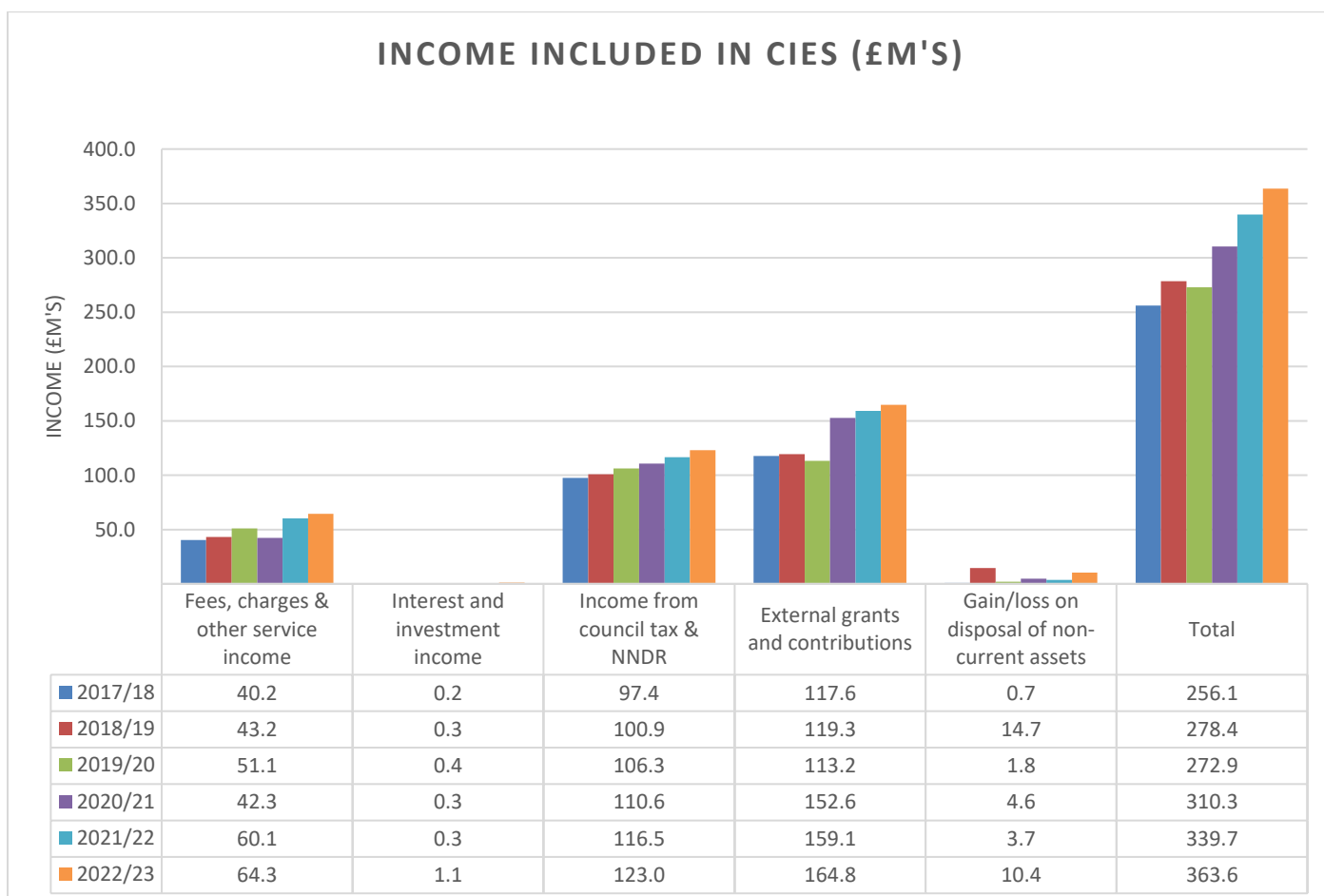
The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure account.

Appendix 2 – Summary of 2022/23 primary financial statements

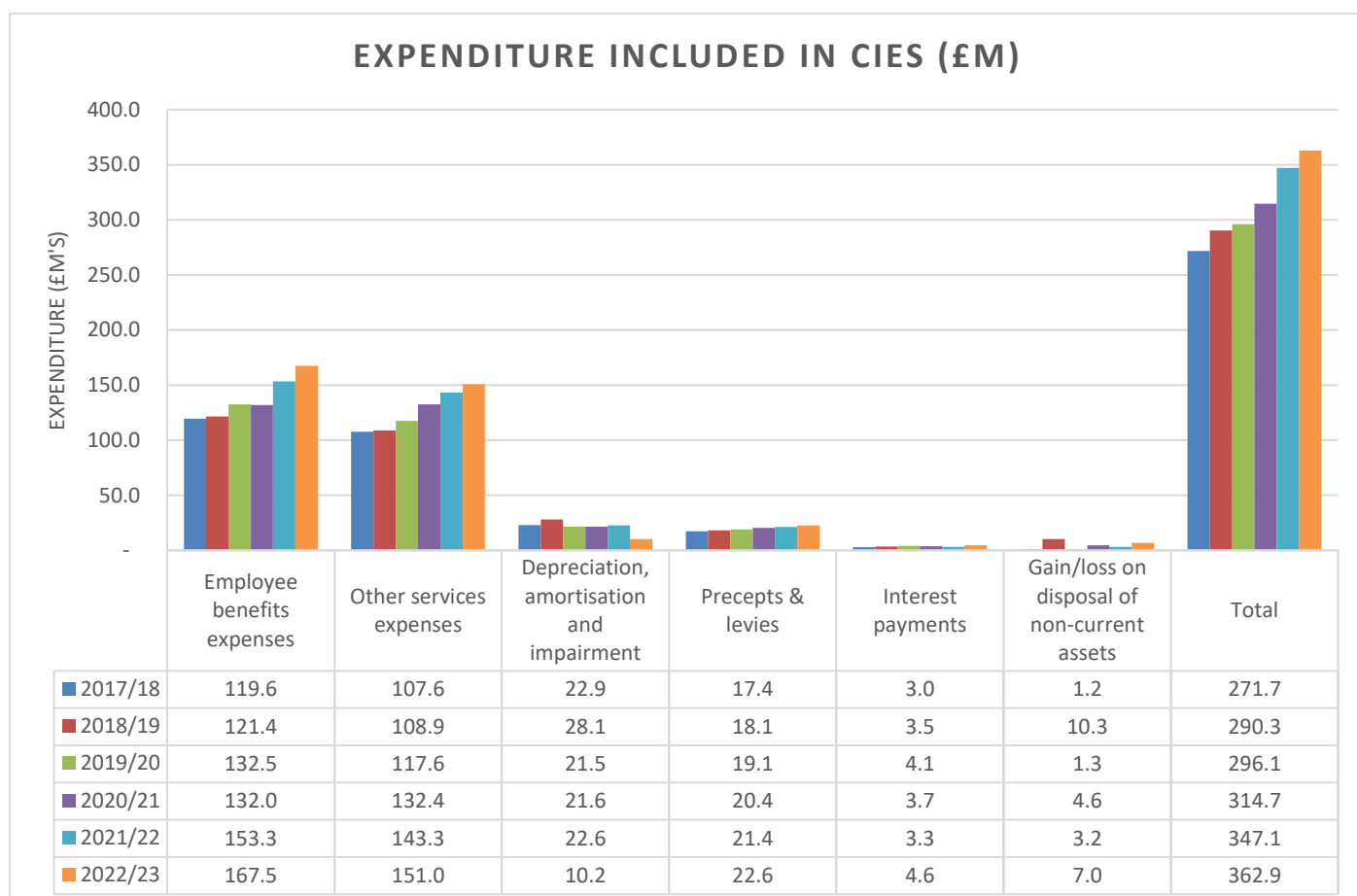
Comprehensive Income & Expenditure Statement (CIES) (Sections 6 & 11)

- The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This will be considerably different to the budget monitoring reports received by Cabinet during the year which are solely based on expenditure which is to be funded from taxation. The CIES will include the following items which are not included within the budget monitoring reports presented to Cabinet periodically:
 - Capital charges** for depreciation, amortisation, impairment, revaluation movements and capital grants applied
 - Pension service costs** - the CIES in the financial statements needs to reflect the fair value of the future pension liabilities relating to past employee service, and the extent to which assets have been set aside to fund them, rather than the actual payments and contributions made in the year
 - Accumulated absences** – the CIES includes an adjustment for accrued employee holiday benefits so that the cost is charged to revenue in the financial year in which the holiday absence actually occurs
 - Other** – regulations stipulate the format of the CIES and consequently some items of income or expenditure are shown within different classifications to the monitoring reports
- The following charts illustrate the movement in the “accounting” income and expenditure which make up the Surplus/deficit on the provision of services (SDPS) within the CIES. Further information can be found in notes 11.1 & 11.2 of the accounts.

Income & Expenditure analysed by nature (note 11.2)



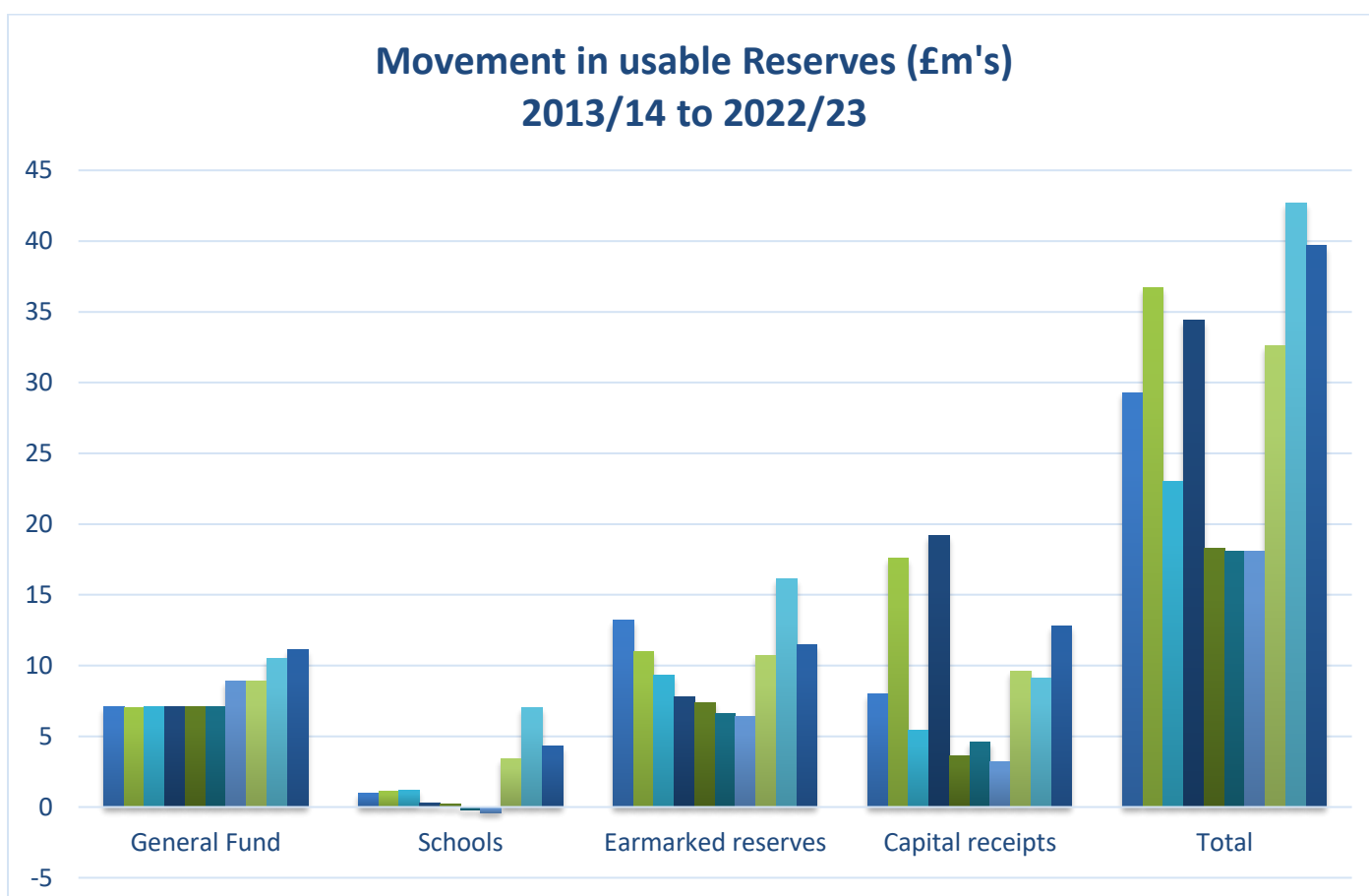
- 3 **Fees, charges & other service income** has increased by £4.2m (7.0%) year on year (YOY) which is largely in line with expectations as charges for Council services have increased in line with cost and inflationary pressures experienced. This will include charges for services such as Waste, Social Care, rents, and Car parking for example.
- 4 The increase in **investment income** of £0.8m reflects the increased interest rate environment experienced over the period. As noted in the table below, **Interest payments** have similarly increased by £1.3m (39.4%) YOY as the Bank of England looks to tackle inflationary pressures through monetary policy.
- 5 The increase in **external grants** of £5.7m (3.6%) YOY is mainly due to the increase in Welsh Government settlement alongside expected variances in specific grant awards.



- 6 The increase in **employee benefit expenses** of £14.2m (9.3%) YOY is primarily due to:
 - Service delivery continuing to return to more normalised levels in 2022/23 following disruption during the pandemic period
 - Recognition of staff pay awards in line with agreed rates
- 7 The increase in **other service expenses** of £7.7m (5.4%) YOY principally reflects the additional demand pressures and inflationary environment that services have experienced in premises, supplies and third-party contracts during 2022/23.
- 8 **Depreciation, amortisation & impairment** has reduced significantly YOY which is principally due to a reduction in impairment charges. Volatility can be expected in this area dependent upon the assets included in the cycle of valuations carried out in any one year.

Movement in Reserves (Sections 5 & 10)

- 9 This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable' and 'non-usable' reserves.
- 10 **Usable reserves** are those that represent resources which the authority might use to support service delivery subject to prudence and statutory limitations on use and include:
- Council fund balance
 - School's balances
 - Earmarked reserves
 - Capital receipts reserve
- 11 **Unusable reserves** are not available to use to support service delivery at the reporting date. It includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences.
- 12 The below chart shows the movement in **Usable reserves** over the past nine financial years. The capital receipts reserve is by far the most variable usable reserve which can be expected given varying levels of receipts received over time, and that it has supported significant investment in the Authority's capital programme over the period.



- 13 **Earmarked reserves** saw a sustained period of decline since 2013/14 as reserves were used to invest in redesign and modernisation of services during a period of financial austerity.

- 14 This trend was significantly reversed over the pandemic period by additional funding received from Welsh Government that was intended to provide Councils with suitable resources to be able to manage the post-pandemic impact upon demand for services and a period of economic recovery. At the end of 2022/23 this culminated in £3.5m of earmarked reserves being required to finance additional expenditure on services that was over and above budget.
- 15 **School balances** similarly benefited from such additional funding over the pandemic period, reversing a period of decline which saw overall school balances in a negative position. This funding was intended to support recovery in learning standards post-pandemic and schools have invested significantly over the 2022/23 period to ensure pupils have been adequately supported.

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

31st March 2022		31st March 2023	Change	Change
£m		£m	£m	%
	<i>What we own and are owed (Assets):</i>			
413.4	Non-current assets	476.8	63.4	15.3%
19.4	Investments	17.7	(1.7)	-8.8%
34.1	Cash & Cash equivalents	28.0	(6.1)	-17.9%
45.7	Debtors	61.5	15.8	34.6%
1.0	Assets held for sale	1.0	0.0	0.0%
0.6	Inventories & other assets	0.5	(0.1)	-16.7%
514.2	Total Assets	585.5	71.3	13.9%
	<i>What we owe (Liabilities):</i>			
(104.3)	Long term Borrowing – to finance capital expenditure	(133.1)	(28.8)	27.6%
(73.6)	Short term borrowing – to support day to day cash flow & finance capital expenditure	(67.2)	6.4	-8.7%
(58.6)	Creditors & provisions	(50.7)	7.9	-13.5%
(259.2)	Liability for meeting future pension costs	(56.6)	202.6	-78.2%
(8.7)	Other liabilities	(10.2)	(1.5)	17.2%
(504.4)	Total Liabilities	(317.8)	186.6	-37.0%
9.8	Total Worth (Assets less Liabilities)	267.7	257.9	
	<i>Usable Reserves (available to support service delivery)</i>			
10.5	General Fund Balance	11.1	0.6	5.7%
7.0	Schools Balances	4.3	(2.7)	-38.6%
16.1	Earmarked Reserves	11.5	(4.6)	-28.6%
9.1	Capital Receipts Reserve	12.8	3.7	40.7%
0.9	Joint Arrangements	0.9	0.0	0.0%
43.6	Total Usable Reserves	40.6	(3.0)	-6.9%
	<i>Unusable Reserves (not available to support service delivery)</i>			
46.0	Revaluation Reserve	74.9	28.9	62.8%
(259.2)	Pensions Reserve	(56.6)	202.6	-78.2%
180.3	Capital Adjustment Account	210.6	30.3	16.8%
3.6	Deferred Capital Receipts Reserve	3.4	(0.2)	-5.6%
(0.5)	Financial Instrument Adjustment Account	(0.5)	0.0	0.0%
0.0	Financial Instrument Revaluation Reserve	(0.4)	(0.4)	0.0%
(4.0)	Accumulating Absence Adjustment Account	(4.3)	(0.3)	7.5%
(33.8)	Total Unusable Reserves	227.1	260.9	-771.9%
9.8	Total Reserves	267.7	257.9	

- 16 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.
- 17 There is a difference of £267.7m 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 the surplus of assets over liabilities and is a measure of *Total Worth* – i.e. theoretically what the council would be worth if bought / acquired by someone else.
- 18 This position has improved markedly YOY primarily as a result of the movement in the forecast liability for meeting future pension costs. This is explained further below.

Debtors

- 19 The YOY increase in debtor balances is significant at £15.8m or 34.6%. Note 13.5 to the accounts analyses the amounts owing to the Council by debt type and shows that this movement is predominantly due to an increase in public sector debt (Welsh Government, other Councils, or NHS bodies), which presents a far lower level of concern around the recoverability to debt than in regard to non-public body debt. 70% of debt was not overdue at the balance sheet date, with a further 15% overdue by less than 3 months.
- 20 Of particular note is the increase in Welsh Government debt of £9.3m which is due to the large number of grant scheme claims in place towards the end of the financial year, but for which the actual cash payment will not physically be received until 2023/24.

Investments and Cash & cash equivalents

- 21 There is an overall reduction of £7.8m YOY in these balances which is primarily due to the reversal of a position from the end of the previous year where increased cash balances were being held temporarily following additional long-term borrowing and significant grant receipts.

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

- 22 Revaluations were carried out on approximately 20% of our non-current assets during the year in line with the 5-year rolling programme of revaluation. This has resulted in an overall increase in value of £63.4m or 15.3% to £476.8m.
- 23 The audit sector nationally has raised concerns in recent years of the impact of significant increases in build costs which as a consequence may mean that it is no longer appropriate for audited bodies to rely on valuations of assets carried out in previous financial years (i.e. the 80% we didn't revalue in 2022/23) to demonstrate that carrying values remain materially consistent with current values at 31 March 2023.
- 24 To overcome this issue, the Council agreed an approach with Audit Wales that indexation of assets most impacted by this issue is carried out using sector wide building cost information. Valuations have subsequently been adjusted to reflect the current trend in building cost data, and this accounts for the significant increase seen in overall values of non-current assets.

Pension liability

- 25 The main driver in the change of total worth during 2022/23 comes from the significant re-measurement of net future pension fund liabilities which has decreased by £202.6m (78.2%).

- 26 This is as a result of a significant decrease in the value of scheme liabilities of £204.6m, offset slightly by a reduction in the value of scheme assets. The movement in liabilities relate to changes in financial assumptions (e.g. inflation, discount rate, longevity/age presumptions).
- 27 The additional impact for 2022/23 is that the revised actuarial forecast is now based on the 31st of March 2022 funding valuations that were concluded by 31 March 2023. The accounting balance sheet position as at 31 March 2023, and the projected charge to the P&L for 2023/24, are therefore based on a new roll-forward from the 2022 funding valuation. This differs to the balance sheet position as at 31 March 2022 and the charge to the P&L for 2022/23, which were based on a roll-forward from the 2019 funding valuation. This 'step change' can lead to sizeable asset and obligations 'remeasurement experience' items in the reconciliation of the balance sheet YOY.
- 28 It should be noted that the fund is there for the long-term funding of pensions, and annual variations in actuarial assumptions can regularly skew the presentation of the overall balance sheet figures quite significantly in any one year. The anticipated deficit on the pension scheme and its impact on the Council's overall reserves is also a long-term issue. Notably, the deficit and liability would not arise in any single year, and the deficit is being addressed through higher employee and employer contributions, as well as the pension scheme benefits being calculated differently, such as moving to career average salaries as opposed to final salary.

Borrowing

- 29 The Council has looked to increase its level of long-term borrowing during the year to take advantage of a rising interest rate environment and to provide a greater level of certainty in interest costs over the medium term. Consequently, borrowing levels have increased over the year by £22.4m (12.6%), however this position is temporary in nature as the long-term borrowing replaces short-term borrowing that will gradually mature shortly after the financial year-end.
- 30 Further information can be found in the 2022/23 treasury outturn report for the Authority.

Creditors & Provisions

- 31 Creditors & provisions have reduced YOY by £7.9m or 13.5% which is primarily the reversal of an artificially high position experienced at the end of 2021/22 where the balances were increased temporarily by the requirement to defer many of the new grant initiatives that were communicated to and received late during the 2021/22 financial year from Welsh Government. Significantly these included the Cost-of-living support scheme, the Bus services support grant scheme and the Community renewal fund, which have since been paid.

understanding local authority financial statements

2016

\ introduction

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

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

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

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

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

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

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

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

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

comparisons with budgets

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

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

The introduction of the new expenditure and funding analysis

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

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

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

The Expenditure and Funding Analysis:

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

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

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

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

Expenditure and Funding Analysis (extract)

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

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

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

comprehensive income and expenditure statement

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

Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

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

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

Operational costs of providing the services of the authority.

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

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

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

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

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

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

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

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

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

movement in reserves statement

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

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

The Movement in Reserves Statement shows how:

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

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

Movement in Reserves Statement (extract)

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

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

* Capital Fund Scotland

** Applicable in England Only

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

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

balance sheet

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

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

Balance sheet (extract)

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

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

\ reserves

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

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

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

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

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

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

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

cash flows

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

Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: <ul style="list-style-type: none"> ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

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

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

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

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

Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?

Balance Sheet

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

Cash Flow Statement

23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

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

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

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

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

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

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

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

The accounts are too long!

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

What changes were made to the 2016/17 Code?

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

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

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

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

further reading

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

Clear out the Clutter (Public Finance, April 2014)

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

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

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



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SUBJECT: Draft Self-Assessment 2022/23
MEETING: Governance and Audit Committee
DATE: 20th September 2023
DIVISION/WARDS AFFECTED: All

1 PURPOSE:

- 1.1 To provide the committee with an opportunity to review the draft Monmouthshire County Council Self-Assessment Report, in line with the requirements of the Local Government and Elections (Wales) Act 2021.

2 RECOMMENDATIONS:

- 2.1 That the committee review the draft self-assessment report 2022/23 and makes any recommendations for changes to the conclusions or actions prior to the report being considered by Council.

3. KEY ISSUES:

- 3.1 The Self-Assessment Report is a requirement under the Local Government and Elections (Wales) Act 2021. The Act requires each local authority in Wales to keep under review the extent to which it is meeting the 'performance requirements', that is the extent to which; it is exercising its functions effectively; it is using its resources economically, efficiently and effectively and its governance is effective for securing these.
- 3.2 Under the Act, the mechanism for a council to keep its performance under review is self-assessment, with a duty to publish a report setting out the conclusions of the self-assessment once in respect of every financial year. Self-assessment is a way of evaluating, critically and honestly, the current position to make decisions on how to secure improvement for the future. It needs to be embedded across the organisation to help the council continually learn and achieve sustainable improvement and better outcomes for citizens, service users and its own workforce. The self-assessment process has been embedded as part of the council's performance management framework (appendix 1). It is important that the assessment dovetails with, but does not duplicate, the Annual Governance Statement.
- 3.3 The financial year 2022/23 was a time of transition for the organisation. Following the appointment of a new administration, a new Community and Corporate Plan was developed, having been informed by a wide range of evidence with a focus on improving the economic, social, environmental, and cultural well-being of Monmouthshire in line with the Well-being of Future Generations Act. This plan was produced against a backdrop of economic uncertainty, with increasing financial pressures making it difficult to meet increasingly complex demand in many service areas.
- 3.4 Given the circumstances of the transitional period of 2022/23, with the final plan not being approved until April 2023, the assessment focuses on how well the council has met the areas for development identified in the 2021/22 self-assessment report. These are set under each of the six Well-being Objectives identified in the Community and Corporate Plan. To support the delivery of the objectives, the council has to make sure that all of its areas are working efficiently and effectively. The report also assesses the effectiveness of the 'enabling functions' that support council services to meet changing demands and ensure their sustainability. These include corporate planning,

performance and risk management; financial planning; workforce planning; procurement; assets; digital; data; and democracy and scrutiny. These enablers are also assessed against the areas for development identified in last year's assessment.

- 3.5 Appendix 2 provides the committee with an overview of the process that was followed to complete the draft self-assessment report. This included desk-based evidence gathering to inform an initial evaluation, followed by workshops with each of the directorates and a session with Cabinet and the Strategic Leadership Team. The assessment has been facilitated through a focus on answering three key questions about the effectiveness of the council's arrangements: how well are we doing? how do we know? And, what and how can we do better? These informed the draft report, which is constructed around:
- How well do we understand our local context and place and has this informed our purpose and priorities? (Understanding well-being in the county)
 - How well are we achieving our agreed outcomes? (Have we addressed the areas for development identified in the 21/22 self-assessment report, set under the six Well-being Objectives)
 - How do we know? (Evidence)
 - How effectively are resources being used to deliver our priorities? (Enabling functions/services)
 - How effectively does the council work with stakeholders and partners on agreed outcomes? (Partnership and collaborative working)
 - What could we do better? (Actions)
- 3.6 The self-assessment report demonstrates the progress the council has made in addressing its areas for development and identifies any further areas for development to be addressed in 2023/24. These include:
- We have continued to expand our education offer with the development of the new 3-19 all-through school in Abergavenny and the implementation of our 10-year Welsh in Education Strategic Plan, which aims to promote and expand Welsh medium-education provision in the county.
 - We have shown our commitment to reducing our impact on the planet exceeding recycling targets, and the production of our socially responsible procurement strategy. However, we will struggle to achieve our goal of net-zero by 2030 if work in this space continues at its current pace.
 - We have faced increased and more complex demand for homeless accommodation, with a heavier reliance on temporary accommodation. Finding suitable housing provision is likely to continue to be challenging as phosphates continue to restrict new developments in the county, including the development of affordable housing.
 - We have continued to support our communities and residents through investing in volunteering opportunities, increasing our sports development offer and involving residents in longer-term planning. We have provided both financial support and advice to residents on the cost-of-living crisis and can demonstrate an understating of where poverty interventions are needed, however we do not always have the resources to act upon this information.
 - Work is needed to ensure the financial viability of the council's services and to prevent further overspend in service areas such as social care and homelessness.
- 3.7 Governance and Audit Committee has an important role in contributing to the self-assessment report. Committee findings have been used to inform our assessment of performance and formed a key part of our evidence base. Evidence presented to and scrutinised by the committee which informed the assessment includes, but it not limited to, the Annual Governance Statement; the Strategic Risk Register; self-assessment of performance management arrangements; 22/23 Treasury outturn report; and the Governance & Audit Committee annual report 2022/23. The self-assessment report should be used to inform the committee's role of seeking assurance of the

effectiveness of the council's governance and performance management arrangements. Scrutiny of the council's performance, which will be contained in the report, is the remit of the Performance and Overview Scrutiny Committee, who are scheduled to receive the report on the morning of the 20th September.

- 3.8 Governance and Audit Committee are presented with the final draft of this report, as per the statutory guidance under the Local Government and Elections (Wales) Act 2021 and can make any recommendations for changes to the conclusions or actions the council intends to take. If the council does not make a change recommended by Governance and Audit Committee, it must set out the recommendation and the reasons why in the final report. The final assessment will be presented to Council on 26th October.
- 3.9 The annual self-assessment report will be complemented by a panel performance assessment once in an electoral cycle, providing an opportunity to seek external insights (other than from auditors, regulators or inspectors) on how the council is meeting the performance requirements.

4. RESOURCE IMPLICATIONS:

- 4.1 There are no additional resource implications as a result of this report. However, there may be resource implications in undertaking further actions identified in the self-assessment report. These would be subject to the usual council decision-making processes.

5. BACKGROUND PAPERS:

[Local Government and Elections \(Wales\) Act 2021](#)

[Performance and governance of local authorities: statutory guidance](#)

[Corporate Plan 2017-22](#)

[Community and Corporate Plan 2022-28](#)

[Self-assessment Report 2021/22](#)

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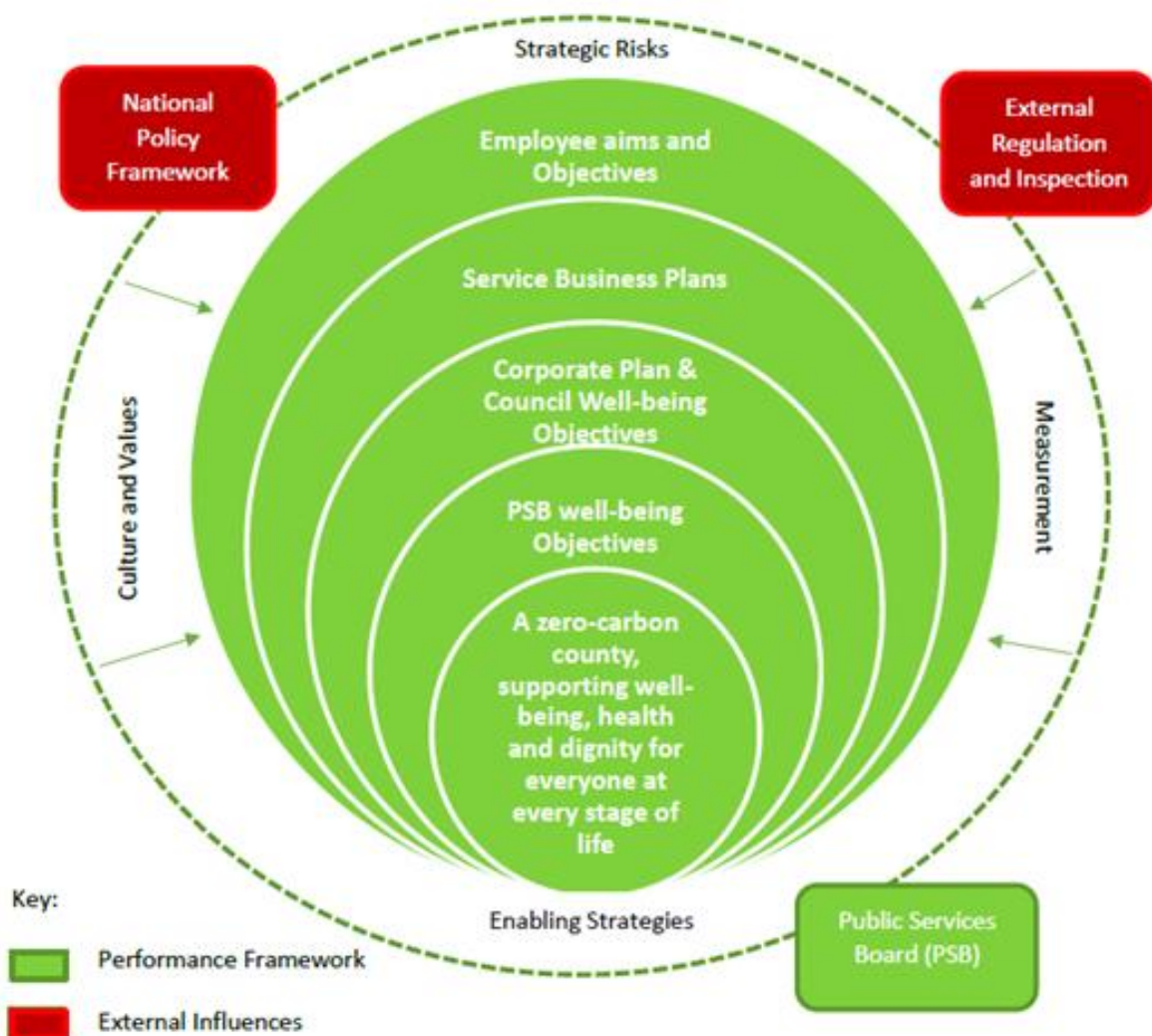
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Appendix 1

Performance Management Framework

Our performance management framework makes sure that everyone is pulling in the same direction to deliver real and tangible outcomes.

Building a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life is the unifying purpose of the diverse range of services for which we are responsible. We are a partner in the Public Service Board, which is responsible for setting well-being objectives for the county. The council's own well-being objectives are set by Council and form the backbone of our Community and Corporate Plan. Each of our teams has a service business plan that aligns to these objectives. We have a range of performance measures that we use to keep track of our progress. Our risk management policy enables us to manage strategic risks to our delivery. Our employee aims and objectives show the contributions that individual colleagues make to these objectives and delivering our vision in accordance with our values.



Appendix 2 – Self-assessment process

Legislation

The Local Government and Elections (Wales) Act 2021 (“the Act”) provides for a new and reformed legislative framework for local government elections, democracy, governance and performance. The Act replaces the previous improvement duty for councils set out in the Local Government (Wales) Measure 2009. The Act requires each council in Wales to keep under review the extent to which it is meeting the ‘performance requirements’, that is the extent to which it is exercising its functions effectively; it is using its resources economically, efficiently and effectively; its governance is effective for securing these.

The performance and governance provisions in the Act are framed within the context of the well-being duty in the Well-being of Future Generations (Wales) Act 2015, which sets out a legally binding common purpose for public bodies to improve the social, economic, environmental and cultural well-being of Wales.

The mechanism for a council to keep its performance under review is self-assessment, with a duty to publish a report setting out the conclusions of the self-assessment once in respect of every financial year. Self-assessment will be complemented by a panel performance assessment once in an electoral cycle, providing an opportunity to seek external insights (other than from auditors, regulators or inspectors) on how the council is meeting the performance requirements.

Why

Self-assessment is a way of evaluating, critically and honestly, the current position in order to make decisions on how to secure improvement for the future. It is about the council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve. It needs to be embedded as effective self-assessment helps the council to continually learn and achieve sustainable improvement and better outcomes for citizens, service users and its own workforce.

The WLGA have identified draft principles for self-assessment for councils to ensure that they have arrangements in place that:

- demonstrate self-awareness derived from evidence-based analysis that focuses on outcomes;
- are owned and led at a strategic level and are not an exercise in compliance;
- further develop a culture of challenge to facilitate improvement as part of an ongoing process;
- are integrated as part of the council’s corporate planning, performance and governance processes; and
- enable an organisation-wide assessment rather than an assessment of individual services.

Further developing this culture and embedding an evaluative mindset will be a key development point through the first few iterations of the self- assessment report.

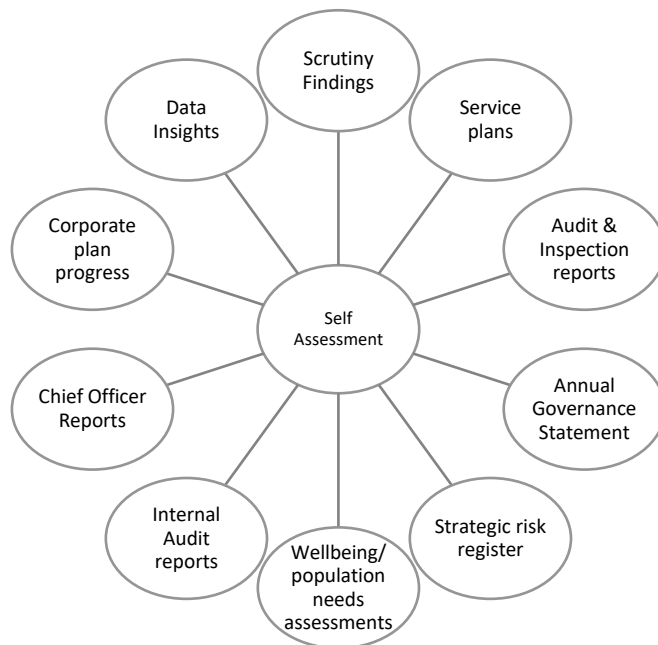
Process

The council has developed a process to undertake its first self-assessment under the Act, assessing performance in the 2022/23 financial year. The main component parts of the process and timeline are:

Feb – April Desk-based evidence gathering	April - May Directorate self- assessment Workshops	May – August Council self- assessment report drafted	September Draft report to Scrutiny and Governance & Audit Committee	October Self-assessment agreed in line with council process
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This timeline ensures that the self-assessment can inform and be informed by the policy direction of the council and how it uses its resources efficiently and effectively, particularly the budget setting process.

Evaluative evidence to inform the assessment has been compiled at a directorate level. Most of the evidence has been collated by using intelligence already held corporately in an insightful way; this includes, for example, the Annual Governance Statement, audit and inspection reports, and service level business plans.



The evidence gathered has been explored further, and challenged where necessary, at directorate and enabling function based self-assessment workshops, to determine if the objectives (outcomes) of the council are being achieved.

Self-assessment workshops

Directorate workshops	Enabling functions workshops
Children & Young People	Policy & Governance – Workforce planning
Social Care & Health	Resources – Financial planning, Assets & Digital
Communities & Place	Communities & Place – Procurement
MonLife	Policy Performance & Scrutiny – Performance, Data & Scrutiny

The workshops were facilitated through the following questions:

- How well are we achieving our agreed outcomes? (The self-assessment areas for development & Community & Corporate Plan objectives)
- How do we know? (Evidence)
- How effectively are resources being used to deliver our priorities? (Enablers)
- How effectively does the council work with stakeholders and partners on agreed outcomes? (Partnership working)
- What could we do better? (Actions - including a review of actions from the previous report)

The full evidence and conclusions from workshops have been collated and will be used by directorates and enabling functions to inform their services business plans.

Following the workshops, the evidence is being reviewed, further challenged, and collated into a corporate level evaluative self-assessment. This will be integrated with the council’s requirement to report on the

progress it has made in meeting its well-being objectives for the preceding financial year (2022/23) under the Well-being of Future Generations Act. The report will be structured under these headings:

- Understanding our local place
- Outcomes (progress against objective areas for development):
 - How well are we achieving our agreed outcomes?
 - How do we know?
 - Areas for development
- Enabling functions
 - Corporate planning, performance and risk management
 - Financial planning
 - Workforce planning
 - Procurement
 - Assets
 - Digital
 - Data
 - Democracy & Scrutiny
- Our work with partners
- Our Actions (including progress against previous actions)

The self-assessment report will be scrutinised by the council's Performance and Overview Scrutiny Committee. A draft of the self-assessment report will be made available to Governance and Audit committee, who must review the draft report and make recommendations for changes to the conclusions or action the council intends to take. The self-assessment will be approved in accordance with the council's agreed processes at Council.

Self-assessment Report 2022/23



monmouthshire
sir fynwy

Version Control

Title	Monmouthshire County Council Self-Assessment 2022/23
Purpose	To self-assess the council's goals and arrangements as required by the Local Government and Elections (Wales) Act 2021.
Owner	Monmouthshire County Council
Approved by	Monmouthshire County Council
Date	August 2023
Version Number	0.43
Status	Draft
Review Frequency	Annual
Next review date	July 2024
Consultation	Strategic Leadership Team Performance and Overview Scrutiny Committee Governance and Audit Committee

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Executive Summary

Our Community and Corporate Plan describes the things we will focus on to deliver our priorities of tackling inequality and working to decarbonise our county. It also describes the type of council we want to be. This gives us a shared understanding of what we want to achieve. This self-evaluation is one of the ways in which we hold ourselves to account to make sure that it happens and making sure that we learn and improve. The Local Government and Elections (Wales) Act 2021, requires councils to do this and this document captures the conclusions of the self-assessment covering the period 2022-23 and the progress we have made against our objectives.

Following the local elections in May 2022, a new administration was elected to lead the council. The priorities and objectives of the new administration were not approved until the end of the year. As a result, this assessment focuses primarily on the areas for development identified in the previous self-assessment but does so through the lens of the new objectives.

How well do we understand our local context and place?

The assessment concludes that we have a good understanding of our place and this has informed our policy development and priorities including the work on a Replacement Local Development Plan. We have begun to develop more localised data in some areas of our work, such as poverty and inequality, but we do not yet understand the lived experiences of all residents. There has been active participation in decision-making, through this how we have involved service users and engaged communities in some of our plans has been challenged. We have listened and adjusted some of our plans on the evidence presented at pre-decision scrutiny and the Community and Corporate Plan sets out our aspirations to improve how we work with and alongside communities.

How well are we achieving our agreed outcomes?

Our Community and Corporate Plan sets six objectives. We've assessed our progress against these using a six-point scale that rates each one from 1 (unsatisfactory) through to 6 (excellent). It must be remembered that many of the things we've set out to do, such as improving river health and achieving net zero are complex societal challenges and will take time.

A fair place to live – We have provided a range of support in response to the cost-of-living crisis, including distributing £500k through a discretionary Cost of Living Support Scheme and holding 15 cost of living support sessions with Mind Cymru. With the cost-of-living continuing to rise, demand on council services is increasing, and it will be a challenge to meet this demand at present capacity. We have invested in our leisure centre facilities which have seen an increase in users and provided over 10,000 hours of play activities through schools holidays. We are increasing the involvement of residents in the decision-making processes; we made £60,000 available through the participatory budgeting. We are seeing more people who require support, and with continuing cost-of-living challenges, to deliver what we can for our objective will need a greater focusing of our activities. Our Rating: Level 4 (Good)

A green place to live – We are making progress with our decarbonisation plan: we're working with energy companies to improve the energy efficiency of our buildings, installing renewable energy wherever possible – 6.5MW of capacity is installed on our buildings – and we've replaced more of our diesel vehicles with electric ones. However, if we continue our activity at our current pace, we are unlikely to meet our aspiration to become net zero by 2030 and our plans for the pace and scale of change required will need re-setting. We spend in excess of £98 million a year procuring a range of services. We have developed a Socially Responsible Procurement Strategy to guide how we will work with our supply chains, including on outcomes related to decarbonisation, social value and more localised supply chains. Thanks to the efforts of residents we recycled 69.9% of waste. Phosphates remain a major

issue for our rivers, with 88% of the Usk and 67% of the Wye failing the phosphate targets in the Special Area of Conservation river catchment waterbodies. We are working with a range of partners to try to improve river health, as we are limited as a council in the solutions that we can implement ourselves. Our Rating: Level 3 (Adequate)

A thriving and ambitious place – We are producing a Replacement Local Development Plan that will set out how land can be used sustainably to meet the needs of local people and businesses. We've worked hard to find land and properties for new businesses, although this has not yet translated into outcomes. We have provided advice and support to 55 pre-starts and existing businesses, below our 75 target. We have increased the number of people we support into employment during the year to 142. We've worked with partners to reduce the number of premises without access to high-speed broadband, the digital deprivation rate in the county has decreased significantly from 5.1% in 2019 to 2.5% in 2022. More can be done to make Monmouthshire a thriving and ambitious place; work on the refreshed Economy, Employment & Skills paper will inform the emerging RLDP and will ensure we are meeting the needs of both businesses within the county and also the wider Cardiff Capital Region. Our Rating: Level 4 (Good)

A safe place to live – 35 affordable homes were completed in our last annual local development plan monitoring period, well below the 96 target. A shortage of development land and increased phosphate levels in rivers is restricting new developments and affecting completions: in total the development of 308 dwellings was being affected by phosphates, of which 149 are affordable dwellings. We are preparing a Replacement Local Development Plan to address these issues over the next decade. We've developed a Rapid Rehousing Transition Plan to support anyone experiencing homelessness to move into a settled home as quickly as possible. Demand and complexity of demand for homelessness continues to increase, with the wider economic climate of rising living costs and accommodation costs resulting in added pressure, making it difficult to decrease the use of B&B (92 households are in B&B) and temporary accommodation. Finding suitable homeless accommodation provision in the county remains a challenge. On average homeless households spend 10.2 months with a homeless duty before moving on to settled/permanent accommodation, above our long-term target of less than 6 months. Our Rating: Level 3 (Adequate)

A connected place where people care – We've seen increased volume and complexity in the cases our adults social services teams. We have focused on addressing a number of issues, some of which are wider issues prevalent in the wider sector. We launched a micro-carers project to try to meet this demand through small-scale local enterprise – these carers are delivering 161 hours of care each week. We have reduced the hours of un-met need within home care to 804 from nearly 1,200. We have developed a recruitment and retention strategy for our social care workforce. We, however, continue to face a number of challenges in being able to respond to people's care and support needs as quickly as we would want.

There remains a high level of demand and continued complexity for children requiring support from social services. We continue to work with increased levels of risk and vulnerability within the community. There are 542 children with a care and support plan in place. Children's Services have focused on working with families to support their strengths, manage risks and achieve good outcomes. Of the children with a care and support plan, 61% are supported to remain at home where safe to do so. Whilst we continue to take steps to prevent children coming into care and reduce the numbers of children in care, the demand for appropriate placements remains high in a low supply environment. Our Rating: Level 3 (Adequate)

A learning place – The new Curriculum for Wales has been adopted in all primary schools and is now being rolled out in all secondary schools. The action plan to address the recommendations from our Estyn inspection is being implemented. Recent Estyn reports indicate that learners eligible for free school

meals are making good progress in their learning. Although more extensive access to the evidence in schools is needed to fully understand progress.

The pandemic affected learners' academic progress, particularly in relation to disadvantaged learners, and also affected learners' and staff's wellbeing. School leaders are faced with a range of challenges that are both different and intensified since the pandemic. The council has sought to strengthen its team to provide support to learners and schools. The Whole School Approach to Emotional and Mental Wellbeing has been developed; currently 43% of schools are engaged with this. Also, training new Emotional Literacy Support Assistants, with 70 across all but one school in the county. Attendance at school remains below pre-pandemic levels, with secondary attendance (88.4%) showing much slower improvement than primary (91.8%). The provision for Additional Learning Need (ALN) has grown with the implementation of the ALN strategy. Grant funding has been used to grow the team to support further requirements. There remains increased demand for specialist provision places.

Development on the new King Henry VIII all-through school in Abergavenny is progressing. The school will have the capacity for 1200 secondary and 420 primary age pupils and 200 places for post-16 education. Welsh medium school provision has continued to expand, including the refurbishment of Ysgol Gymraeg y Ffin to increase the capacity of the school to 210 places. Our Rating: Level 4 (Good)

How effectively are resources being used to deliver our priorities?

We have sound arrangements in place to enable and support service delivery. These include finance, workforce management, digital, asset management, performance and risk management. However, for the first time in more than a decade the council was unable to balance its budget in 2022-23 and needed to draw in reserves.

We have faced increased demand for services, such as social care and homelessness, while inflation has contributed to rising costs in areas such as home to school transport. We are revising our enabling strategies to respond to challenges and opportunities and align to the Community and Corporate Plan.

How effectively does the council work with stakeholders and partners on agreed outcomes?

Partnership is core to how we work. The council has effective relationships in place with a multiplicity of stakeholders that help us achieve our purpose. These range from large scale strategic partnerships like the Cardiff Capital Region and Gwent Public Services Boards to bi-lateral shared services on things like youth offending. We have strengthened how we work with Welsh Government and recognise that we can and must do more to develop and build on our relationship with community and town councils.

Areas for Development

Through the self-assessment, we've identified how well we are doing and what we can do better. Identifying these is not the end of the self-assessment process. We will look to build on and learn from the areas that are going well and address areas that we can do better.

Measuring Progress

We use a wide range of performance measures to track our progress against our priorities. These are found throughout the assessment. Key measures will be presented regularly to Cabinet and the Performance and Overview Scrutiny Committee to enable us to track progress and adjust delivery where we're falling short of our expectations.

What do you think?

We've also included some of the feedback we've received from others. Whether you agree with our assessment or not we would be delighted to hear your views.

Please e-mail us: improvement@monmouthshire.gov.uk

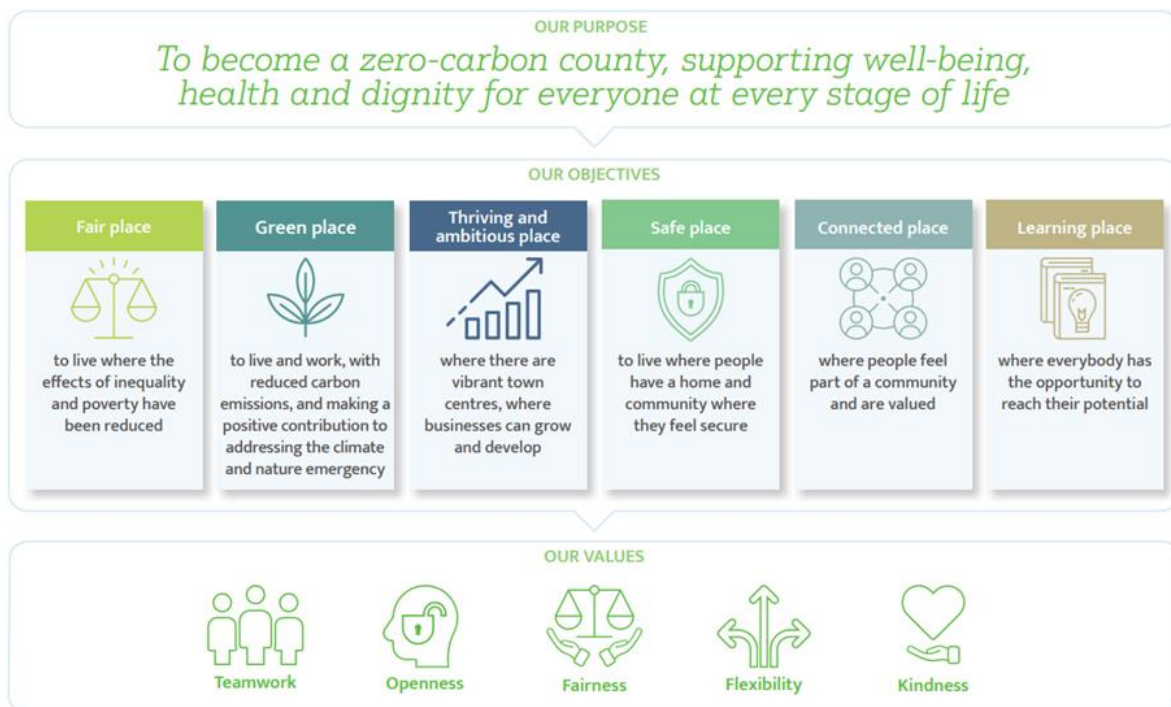
Introduction

Over the last twelve months the council has re-set its well-being objectives in the Community and Corporate Plan 2022-2028. The plan sets our ambition for the council and county of Monmouthshire. We are facing challenging financial circumstances and rising demand. This does not diminish our ambition or the hope we have for this place. Its important that we track the progress we are making. This report evaluates what we have done during 2022/23 and how we have done it as well as identifying future areas for development.

Following the elections in May 2022, the new Cabinet began to articulate the biggest challenges and opportunities facing the county. High-level political ambition has been converted into a whole authority strategic Community and Corporate Plan, approved in April 2023, that sets the direction for the organisation for the period 2022-28. The plan is available [here](#).

The plan has been produced against the backdrop of economic uncertainty with the council facing rising costs alongside increased demands. The ambition outlined in the document looks to the long term and is focused on the well-being of current and future generations. A clear purpose has been set to become a zero-carbon county, supporting well-being, health and dignity for everyone at every stage of life. This is supported by six well-being objectives shown in the diagram.

Our Community and Corporate Plan – at a glance



The self-assessment process is about the council being self-aware, understanding whether it is delivering the right outcomes and challenging itself to continuously improve. Usually this would be done by focusing on the activity described in the Community and Corporate Plan. However, the plan was not approved until April 2022, after the year being evaluated concluded. As a result, this report evaluates the council's performance on the areas for development identified in our 2021/22 assessment under each of the six new well-being objectives. This enables the learning to be applied against the future delivery of the objectives in the Community and Corporate Plan. The 2021/22 assessment is available [here](#).

Our Self-Assessment

New legislation in Wales, the Local Government and Elections (Wales) Act 2021, requires councils to keep their performance under review through self-assessment, with the need to publish a report setting out the conclusions of the self-assessment once every financial year. This is the second self-assessment report of Monmouthshire County Council and looks back over the past financial year 2022-23.

Effective self-assessment helps the council to continually learn and to achieve sustainable improvement and better outcomes for citizens, service users and its own workforce. This is focused on three questions:

- How well are we doing?
- How do we know?
- What and how can we do better


This is integrated with our annual reporting arrangements on the progress and impact we have made in meeting our well-being objectives, which is a requirement under the Well-being of Future Generations Act.

Self-assessment allows us to evaluate our performance and use this to inform the direction we will chart, and the way we will work over the next five years.

Further details on the process of the self-assessment are in Appendix 2.

We welcome your views on this assessment along with any areas of our work that you think should be considered by the scrutiny committees that hold decision-makers to account, please get in touch:

 improvement@monmouthshire.gov.uk

 Matthew Gatehouse, Chief Officer People, Performance and Partnerships, Monmouthshire County Council, County Hall, Usk, NP15 1GA

 @MonmouthshireCC

Understanding our local place

Public Services face a range of complex challenges including climate change, income and health inequalities, access to housing and transport. A clear and current understanding of the social, economic, environmental, and cultural well-being in Monmouthshire is essential for the council to inform its purpose and priorities.

Local place

	How well do we understand our local context and place and has this informed our purpose and priorities?	How do we know?
Keep an up-to-date understanding of well-being, including participation of residents and service users	<p>The council has a good understanding of the well-being of residents. We have benefitted from an extensive engagement process run across Gwent to inform priorities for public services beyond the council in line with the requirements of the Well-being of Future Generations Act. We have also benefitted from work to highlight health inequalities, carried out with partners including the Institute of Health Equity.</p> <p>Alongside this the Population Needs Assessment, approved by Council in March 2022, identifies the care and support needs of the people in the area and their carers in line with the requirements of The Social Services and Well-being (Wales) Act 2014.</p> <p>Councillors held conversations with citizens on the doorstep through the build up to the elections in May 2022. We are also able to draw on a wide range of quantitative data such outputs from the 2021 census, the National Survey for Wales and local surveys of service users in areas such as social care and libraries.</p>	<p>Population Needs Assessment</p> <p>Gwent Well-being Assessment</p> <p>National Survey for Wales</p>
Develop thinking and ideas to plan longer term alongside Monmouthshire residents, community groups and public service partners	<p>The Community and Corporate Plan sets out a commitment to work with and alongside communities, empowering people to support each other and come up with long-term solutions.</p> <p>We have engaged extensively in areas such as the production of the replacement Local Development Plan and will work in partnership on the production of town centre masterplans.</p> <p>The Gwent Public Services Board (PSB) was formed in 2021 and has overseen the development and publication of the well-being assessment and plan for the area.</p>	<p>Community and Corporate Plan</p> <p>Replacement Local Development Plan</p> <p>Town centre masterplans</p> <p>Gwent PSB well-being assessment and plan</p>

Our Outcomes

The Community & Corporate Plan 2022-28 contains six well-being objectives which focus on the longer-term future of the county and aim to address complex challenges, in line with the Future Generations Act.

In assessing each of the areas for development from our previous assessment under the 6 objectives, we have considered the extent to which:

- Our goals contribute to the achievement of the seven well-being goals identified in the Well-being of Future Generations Act
- We are taking all reasonable steps to meet them
- They remain consistent with the sustainable development principle, in particular, the five ways of working. More detail on the how the five ways of working are applied is provided in the progress on each goal later in this report

It is important that outcomes are not considered in isolation since they can affect each other and need to be considered in an integrated way. How they integrate with each other is shown in Appendix 1.

We have included the following icons to illustrate each objectives contribution to the Well-being of Future Generations Act goals:



The long-term nature of some objectives means that the effects of some activity may not be clearly demonstrable over short timescales, and some activity will have an impact over the longer term. Informed by the evidence gathered, we have assessed each of our objectives on a scale of 1-6 based on the following principles:

Level	Definition	Description
6	Excellent	Excellent or outstanding – all performance measures have achieved the target set and all actions 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 the successes are greater than the areas that have not been achieved
3	Adequate	Strengths just outweigh weaknesses – the evidence of success marginally outweighs areas that 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

Objective template explained

WHY WE FOCUSED ON THIS?

Why we are focusing on this objective to improve well-being in Monmouthshire.

How well are we achieving our agreed outcomes?

How do we know?

This sets 'What we want to achieve' from the Community & Corporate Plan 2022-28

Column 1 - Areas for development from previous Self-Assessment 2021-22

Column 2 - This provides the self-assessment of our performance during 2022/23 against the areas for development.

Column 3 - The evidence sources we have used to inform our assessment.

Further areas for development identified through our 2022/23 self-assessment

These are specific conclusions from the self-assessment that inform our action plan.

Well-being of Future Generations Act impact

This provides an explanation of how our activity contributes to the Well-being of Future Generations Act well-being goals and ways of working. It also identifies the Council's well-being objective(s) that were in place during 2022/23, revised well-being objectives in the community and corporate plan were subsequently set in April 2023.

Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
This provides the latest update of measures set in the performance measurement framework of the Community and Corporate Plan. The target shows the 5-year targets which are being reviewed and disaggregated to annual targets for 23/24 based on the latest performance		Latest data is 22/23 unless otherwise stated		

Evaluation Score

This provides our assessment of performance against the objective using the evaluation scoring mechanism

Community & Corporate Plan Objective: A Fair Place to Live

Evaluation Score	
Level 4 (Good)	Important strengths with some areas for improvement – the weight of evidence shows that the successes are greater than the areas that have not been achieved

WHY WE FOCUSED ON THIS?

Nobody should be left behind in Monmouthshire or feel their voice does not count. Many of our residents are prosperous and very capable of looking after themselves and their loved ones. However, this is not the case for all and in a rural county inequality is often more hidden than in urban places. We will increase the intensity of our work to help those who need support to live the lives they want.

Area for development	How well are we achieving our agreed outcomes?	How do we know?
IMPROVED LIFE CHANCES FOR PEOPLE REGARDLESS OF INCOME OR BACKGROUND		
The rising cost-of-living and impact on residents	The council has provided a range of support in response to the cost-of-living crisis, including establishing a discretionary Cost of Living Support Scheme to distribute almost half a million pounds worth of funding to support those most affected. We also delivered the Money Matters campaign which signposts to sources of support and further delivery of the campaign to staff in schools and other projects related to the costs of the school day. 15 cost of living support drop-in sessions were held in partnership with Mind Monmouthshire and Citizens Advice Monmouthshire, which provided advice on getting the maximum benefits that individuals are entitled to, making money go further and guidance on managing energy bills. These sessions had variable engagement, with an average of seven people engaging at each event. We know that there is still unmet demand for cost-of-living advice across the county; effectively reaching our communities has proven a challenge. A larger, weekend event is planned to increase engagement with residents.	Engagement at cost-of-living support sessions
Develop interventions (for poverty & inequality) based on what our analysis is telling us and track the impact of these programmes of work	<p>We recognised that we needed a better understanding of poverty at the local level. We developed a poverty data dashboard to help us analyse deprivation in the county. This has informed the work that we have done in response to the cost of living crisis and has allowed us to target help where it is needed.</p> <p>This problem will not be addressed overnight. We have programmes to increase employment and last year we supported a hundred people back to work, we also provide a range of training courses, not only to get people back to work but to help them upskill and increase their earning potential. All of this takes time and we recognise that many people are struggling now. We work with voluntary groups who operate community fridges across the county, taking surplus food from local supermarkets and other providers and</p>	<p>Poverty data dashboard</p> <p>Number of people visiting community fridges</p>

redistributing to local people, saving food from going to landfill but also helping those struggling with food insecurity as an incidental impact. There are now community fridges in all of our main towns, with multiple in some towns. On average, around 480 people visit a community fridge each week, with each fridge saving around 2 tonnes of food going to landfill per month. However, with more people using on community fridges rather than using food banks, those in need may miss the opportunity to be signposted to additional sources of support.

RESIDENTS HAVE BETTER ACCESS TO COUNCIL SERVICES AND SUPPORT NEEDED TO LIVE A HEALTHY LIFE

Use and participation in leisure facilities

The council has made significant investment to improve the offer in our four leisure centres. A range of marketing campaigns has been undertaken and participation and use of leisure facilities has recovered from the pandemic with record numbers of members at the centres. At 31st March 2023 there were 703 Annual Members and 6825 Direct Debits exceeding the target of 550 and 6500, respectively. This is helping to support the health and well-being of users and generated £165,920.

Mon Life leisure services memberships

Promotion of the outdoor education service, and its benefits for young people

The service has had a successful recovery post-pandemic, and has now been redesigned, with three main elements. The first is the outdoor learning offer which includes residential. The second is the re-engage project, which is alternative education using the outdoor service. The third is specifically for children with additional learning needs or disabilities. Engagement has been successful across the county, with all Monmouthshire secondary schools engaged with the service, and 22 out of 30 Monmouthshire primary schools engaged by the end of the year, increasing from 13 primary schools at the start of the year.

Numbers of schools engaged with the outdoor education service

Integrated approach to sport development, youth service and play to ensure a coordinated offer and support for children and young people’s well-being

A range of inclusive sporting and play activities has been successfully provided throughout the year, including MonGames, Open Access Play Provision and Food and Fun. Summer provision saw over 10,000 hours of activities and over 14,000 engagements. Funding was used to provide a further 16 sessions throughout the October half-term and Christmas break, which were a combination of stay and play sessions which saw a total of 689 attendees. A range of activities was also provided during Easter and May holiday periods which saw a total of 5,234 attendances across Leisure Centre and community sites.

Attendance at events and activities

20 new members of staff were recruited this year which allowed for the formation of a Caldicot sports delivery team. This facilitated the launch of Positive Futures sessions to combat anti-social behaviour in the local area and promote healthy lifestyles and physical activity to young people. Funding was used to run Safer Streets which provides 2 free access to sports sessions each week whilst also promoting healthy lifestyles and tackling Anti Social Behaviour. The wider youth service saw successful engagement throughout the team; The Bronze Young Ambassador Conference held in October 2022 saw 61 Bronze

Young Ambassadors in attendance, with 93% of Monmouthshire Primary Schools attending the event. Three external partners (Disability Sport Wales, Hockey Wales and County in the Community) were also engaged across the event. MonLife Sports Development Cross Country brought together local community park-run groups and Sports Development provision, engaging 1,020 pupils and 90% of all primary schools in Monmouthshire over four days.

There has been a transition from separate funding streams for each project to a single point of financing available for Children and Young People Services within MonLife. This has helped to integrate MonLife services and has resulted in a £15k saving as a result of better collaboration.

Improve self-service capabilities and reduce telephony reliance by customers

A review of customer service is underway. This is identifying and acting on changes needed to improve end-to-end processes in service areas with the highest number of customer transactions. This should improve responsiveness for self-service, face-to-face and telephone customers; however, we have not yet seen any measurable effect on the number of people self-serving.

Customer service transactions

CITIZENS ARE ABLE TO PARTICIPATE IN COUNCIL AND COMMUNITY DECISION-MAKING AND TAKE ACTIONS WHICH ENABLE THEM TO SHAPE THEIR OWN FUTURES

Continue to work with volunteers to ensure social capital supports community well-being

MonLife actively engaged with 301 volunteers throughout this year, exceeding the target of 216. This supplements a wealth of grass-roots volunteering that takes place throughout the county with 46% of the Monmouthshire population indicating that they undertake some volunteering. Kinetic, the volunteer Monmouthshire website, continues to be used as a resource tool to promote MonLife volunteering opportunities, recruit volunteers, and as a database and communication platform to report on MonLife volunteering activity. This has allowed safe recruitment and oversight of volunteers within the county. The team has also set up its own systems and processes around recruiting volunteers; however, there has been limited support in recent years following changes to laws and legislation.

Number of volunteers engaged with MonLife

Be Community provision and funding

The Be Community Programme has continued to operate throughout this year. In addition to continuation funding from the Rural Development Plan, Be Community was awarded £42k by the Strategic Volunteering Fund/Wales Council for Voluntary Action. The project piloted mentorship, small purchases and the creation of a digital training resource in order to develop resilience and sustainable growth in community volunteering across Monmouthshire. This resulted in additional funding being leveraged into community groups, upscaling of numerous community projects, increased volunteering numbers, increased project sustainability and the creation of 17 online training modules on various subjects ranging from compliance, technical, leadership to community development. Throughout this year, Be Community provided 1275 training places to volunteers, delivered 9 mentorship programs, and leveraged an additional £206,000 of funding into community groups.

Public participation in scrutiny and decision making

The council’s scrutiny arrangements were revised in May 2022 following a decision by Council earlier in the year. This enables the People and Place committees to improve their focus on engaging the public in policy development and pre-decision scrutiny through debating key topics affecting residents. Delays in approval of the authority’s five-year Community and Corporate Plan mean it was not possible to produce a medium-term forward work planner for scrutiny committees necessary to achieve this. However, there has been improved attendance at public open forums.

Attendance and public open forum participation at Scrutiny

Draft public participation strategy

The Democratic Services Committee has received a draft public participation strategy, as required by the Local Government and Elections Act. Alongside this, the Community and Corporate Plan has made explicit the desire of the administration to improve participation in decision-making although the capacity and expertise necessary to undertake extensive and inclusive public engagement is not yet in place.

Involving Monmouthshire residents, community groups and public service partners in longer term planning

We have developed a participatory budgeting programme to increase community participation in decisions affecting their lives and enable spending decisions that better reflect local needs and address inequity. Our programme consists of several strands, including direct small grant giving (e.g., You Decide), targeting of communities of interest (Youth, Care Leavers, Young Carers), work with micro-geographies (hyper local engagement), and public allocation/prioritisation of funds to be delivered through local community organisations. During this year, *You Decide* events were held across 6 towns, resulting in 85 applications, of which 75 were allocated funding. In total, £60,000 has been made available for distribution through the *You Decide* small grants and around 7,000 citizens were involved in the overall process although this remains a small proportion of the overall grant expenditure that flows through the authority.

Participatory budget programme monitoring

Further areas for development identified through our 2022/23 self-assessment

Ensure interventions to achieve a fair place to live objectives are evidence-based, targeted, clearly communicated and evaluated to assess impact.

Well-being of Future Generations Act impact

Contribution of Council goal to Future Generations Act Well-being Goals						
Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	Vibrant culture and thriving Welsh Language	Globally responsible Wales



Monmouthshire Council Well-being Objective in 2022/23 - Lifelong well-being & Future Focused Council



Adopting community-focused approaches promotes **collaboration** which in turn will support well-being. By working with communities, empowering people and ensuring they can access support we hope to **prevent** problems from occurring. Opportunities are plentiful in our county, so it is vital that everyone is able to be **involved** to maximise benefits to well-being. This should have a **long-term** benefit to individuals and communities. Our actions will have an **integrated** benefit for many aspects of the act, they will promote a Wales of cohesive communities and overall, help to create a more equal Wales.

Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
Number of children receiving universal free school meals ⁱ	New scheme	2,583	6,250	The target is the number of children we expect to be in receipt of universal free school meals by March 2027
Percentage of people successfully completing the exercise referral scheme at week 16 ⁱⁱ	43	48	50	
Percentage of people who feel they are able to influence decisions in their local area ⁱⁱⁱ	20	33	40	Latest figure is for 2021/22 – This was not measured as part of the National Survey for Wales 2022/23
Number of young people who take part in the national Make Your Mark survey and Monmouthshire-specific ballot ^{iv}	1,262	2,306	2,400	
Percentage of people who volunteer ^v	32	39	35	
Number of local employers who make disability confident employer pledge ^{vi}	24	35	40	
Percentage of the population who can speak Welsh ^{vii}	16.4	18.4	16.6	
Number of Welsh speakers employed by the council	308	278	500	

Community & Corporate Plan Objective: A Green Place to Live

Evaluation Score	
Level 3 (Adequate)	Strengths just outweigh weaknesses – the evidence of success marginally outweighs areas that are not on track. Some actions are behind schedule and some measures are falling short of planned targets

WHY WE FOCUSED ON THIS?

We recognise the outstanding beauty of Monmouthshire. As custodians of this stunning place we need to encourage residents and visitors to enjoy it, protect it and conserve it. The natural world in all its guises is the backdrop to our tourism and visitor economy. We will work with others to promote access to our special places whilst protecting the environment, support nature recovery, reduce our carbon emissions, reduce the risk of flooding and promote the circular economy. We also recognise that these are complex issues and it will take decades rather than years to see the full impact of the changes we are making.

Area for development	How well are we achieving our agreed outcomes?	How do we know?
COUNCIL OPERATIONS ARE NET ZERO BY 2030 AND LOCAL COMMUNITIES ARE SUPPORTED TO REDUCE THEIR OWN CARBON FOOTPRINT		
Understanding carbon emission and focus of resources	<p>We have implemented various decarbonisation programs in the year. These include a county-wide initiative, in partnership with SSE energy, to identify how schools and leisure centres can run at optimum efficiency, helping them in their goal to become net-zero. We are exploring expanding this to more buildings and widening our scope of decarbonisation measures including the introduction of electric and hydrogen powered vehicles. Refit Phase 2 is nearing completion. We have also commissioned Senex to develop the information needed for the Electric Vehicle Infrastructure charging strategy for the county, and have commissioned consultants to help us to produce the data for a decarbonisation strategy for the council.</p> <p>We have a clear understanding of the carbon emissions that we produce as a council, reported annually to Welsh Government. Work is needed to ensure consistency and standardisation of data reporting, and that we are utilising data rather than simply collecting it. Our carbon emissions have increased post-pandemic, following a rapid downturn during it. We have seen a sustained change in people’s working habits with staff more regularly working from home, where they are able to do so, but our offices remain open and usage has increased since the pandemic with staff feedback valuing the flexibility.</p>	Net Zero Carbon Reporting.

We continue to focus on reducing wider community carbon emissions. Including through facilitating the Community Climate Champions network, development of active travel, increasing our recycling provision and promoting the reduction of waste and developing green infrastructure.

We recommend to businesses that they create a carbon reduction plan, but there is limited support available to businesses to create these. We know from our data that the main source of our emissions is procurement, however, we have limited ability to influence the emissions of the private sector.

There is currently a limit to the progress we can make on decarbonisation due to limited funding and capacity. Though work done during this year sets us up well for next year, if we continue at this rate, we will not achieve our target of Net Zero by 2030. There is also a limitation in the actions we as a council have the ability to take to reduce emissions in the county; for example, one of the biggest sources of carbon emissions in our county is personal carbon emissions from residents, which we can promote to influence but over which we have limited direct control.

Decrease amount of waste being generated in the county and move to net zero waste

We have continued to promote recycling, and due to continued participation of residents in 2022/23 69.9% of waste was reused, recycled or composted, exceeding the current 64% target and almost reaching the target that Welsh Government is setting for 24/25. The amount of waste produced per person in the county has also continued to decrease, falling from 143.3kg in 21/22 to 125.5kg in 22/23. Black bag sorting was continued during this year which has helped to reduce black bag waste. Polyprops bags have also been rolled out, which will continue.

Waste and recycling data

Incorporation of climate and decarbonisation into strategic procurement collaborations

A Socially Responsible Procurement Strategy 2023-27 has been published, outlining the steps the council will take in contributing to Net Zero. This includes the steps the council will take to understand the carbon footprint of the council's purchased goods and services to ensure that our carbon reduction activity is targeted, how we will work with partners, elected members, staff and contractors to ensure that carbon reduction is fully considered throughout the procurement cycle, and how we will collaborate with, and learn from, organisations across the public and private sector.

Socially Responsible Procurement Strategy 2023-27

NATURE RECOVERY, IMPROVED ENVIRONMENTAL AND RIVER HEALTH

Work with partner organisations to identify and implement solutions to phosphate pollution in the rivers Usk and Wye that are

We have worked with partners, including Welsh Water, to provide a phosphate stripping facility at Llanfoist to improve water quality and facilitate new development in the Usk catchment. Officers and Cabinet Members are working with stakeholders to identify and deliver solutions to water quality issues affecting the upper Wye and upper Usk river catchments.

Work with Welsh Water and stakeholders

<p>currently preventing development</p> <p>Better understanding of the sources and solution to river pollution, and how the council can contribute to addressing the river phosphate levels. also need to understand the impact on development plans</p>	<p>A Motion For The Rivers And Ocean was passed by Council in March 2022, and an action plan has been published detailing how the council will work with partners to identify and implement solutions to the phosphate issues in its rivers. The amended Preferred Strategy also responds to, and considers, the challenges of phosphates, and has been endorsed by Welsh Government. Other public bodies are conducting work that will benefit Monmouthshire such as Dŵr Cymru, who have announced large investments in this space. We have attended phosphate working groups with various organisations, including Dŵr Cymru, the development industry and other local planning authorities, to discuss Replacement Local Development Plan progress and phosphate issues.</p> <p>88% of the Usk and 67% of the Wye fail the phosphate targets in the Special Area of Conservation river catchment waterbodies. One of the challenges in tackling this issue has been learning our role. The principle causes of the phosphate issues are largely out of the council’s direct control and arise outside the county – around 66-70% of the problem is as a result of agriculture based upstream from Monmouthshire, where we have no legislative control. Given the council’s limited control of the issue, we have focused on working with partner organisations such as Welsh Government, National Resources Wales and Dŵr Cymru to influence and collaborate on finding an effective solution.</p>	<p>Motion For The Rivers And Ocean</p> <p>RLDP Preferred Strategy</p> <p>Special Area of Conservation phosphate targets</p>
<p>Explore public perception of the plans underway to enhance the local environment</p>	<p>We regularly and actively engage with residents on our plans to enhance the local environment and use this to inform our planning. For example. A Nature Isn’t Neat survey was undertaken this year across Gwent to understand what residents value about green spaces. The survey had almost 500 respondents from Monmouthshire, making up 30% of total respondents.</p>	<p>Nature Isn’t Neat survey</p>
<p>Integrate nature recovery and decarbonisation programmes for maximum impact</p>	<p>The Climate Emergency Action Plan was amended and updated in November 2021 in order to strengthen the emphasis on nature recovery, strengthen the importance of working with communities on carbon reduction and include actions on climate adaptation. We are redrafting a concise Climate and Nature Emergency Strategy with a number of different action plans under 4 work streams, aligning with the Community and Corporate Plan. A Climate and Nature Emergency Working Group has already been established, with two councillors from each group represented, and has been renamed the Climate and Nature Emergency Steering Group.</p>	<p>Climate Emergency Action Plan</p>
<p>SUSTAINABLE LOCAL AGRICULTURE AND FARMING PRACTICES WITH PUBLIC SERVICES AND RESIDENTS CONSUMING MORE LOCAL AND SEASONAL PRODUCE</p>		
<p>Broaden the organisational understanding of the power of the local pound, and how it can benefit local businesses</p>	<p>We have developed a Socially Responsible Procurement Strategy & Delivery Plan, which sets out how the council will work to ensure procurement is more accessible to small and local businesses. We have completed an analysis of our data showing where and how the council spends its money,</p>	<p>Socially Responsible Procurement Strategy & Delivery Plan 2023-2028</p>

which is broken down by directorate. We need to complete further data analysis to inform the delivery of our strategy and explore developing a Localism Strategy.

We have supported and promoted local food businesses. This includes the Community Renewal Fund projects Food4Growth, which worked in collaboration with Caerphilly and Torfaen Council to develop a whole system approach to developing local food supply chains, and Space for Local Food Production, with partners to improve the sustainability and viability of the local agriculture sector. We are committed to continuing this work through the UK Shared Prosperity Fund Food Resilience Programme.

We have promoted local food & drink businesses through a community Cook & Share event hosted in March through Monmouthshire Food Partnership, where local produce was served and the producers attended to eat with their customers and talk about their operating models. We are also participating in supply chain innovation and pilots to increase the amount of local produce served on the public plate. Community growing has been promoted through grassroots engagement in communities, and by mapping existing supply and demand. Small grants have been provided to help community groups start or continue sustainable food growing projects, and we have mediated between community groups and Landlord Services to facilitate access to land and funding.

Space for Local Production Evaluation Report

Food4Growth Evaluation Report

Training will be provided to inform technical officers of their role in understanding local markets and, where possible, promote more local spend

The Socially Responsible Procurement Strategy & Delivery Plan 2023-2028 has been published, outlining how the council will make procurement spend more accessible to local small businesses and the third sector. This includes a focus on ensuring legal compliance and robust and transparent governance in the procurement process, with further training for council officers involved in the procurement process, work continues to develop shorter, more localised, supply chains (e.g. food production and distribution).

Socially Responsible Procurement Strategy & Delivery Plan 2023-2028

Procuring for Public Value Strategy 2018-2022

FURTHER AREAS FOR DEVELOPMENT IDENTIFIED THROUGH OUR 2022/23 SELF-ASSESSMENT

To accelerate the delivery of the council's Decarbonisation Strategy

Well-being of Future Generations Act impact

Contribution of Council goal to Future Generations Act Well-being Goals

Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	Vibrant culture and thriving Welsh Language	Globally responsible Wales
	✓	✓		✓		✓



Well-being Objective: Maximise the Potential of the natural and built environment

Monmouthshire is a beautiful place, with a stunning natural and built environment. We have a collective responsibility to ensure this is available for future generations to enjoy so our plans must be focused on the **long-term** and look to **prevent** problems from occurring in years to come. **Involvement** is required with partners and communities to maximise the potential of the environment within the county. Working in **collaboration** with organisations who can enhance our environment will provide expertise in all aspects of our work, for example this will allow us to trial the latest technologies in renewable energies. Creating a healthy and resilient area for people to enjoy demands the **integration** of this objective as the environment within Monmouthshire forms such an important part of achieving a range of goals.

Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
Carbon emissions (kgCO ₂ e) from the council's assets and operations ^{viii}	48,145	49,119	30,000	Latest figure is 2021/22 – will be updated to 2022/23 figure when available
Capacity (MW) of renewable energy equipment installed on the council's estate	6.224	6.522	6.750	Latest figure is 2021/22 – will be updated to 2022/23 figure when available
Number of active travel routes in development ^{ix}	13	16	20	
Number of active travel routes created or enhanced	14	11	18	
Percentage of municipal waste sent for recycling, reuse or composting ^x	69.53	69.97	72	
Number of people on the waiting list for allotments	43	74	Reduce by 50%	

Community & Corporate Plan Objective: A Thriving and Ambitious Place

Evaluation Score	
Level 4 (Good)	Important strengths with some areas for improvement – the weight of evidence shows that the successes are greater than the areas that have not been achieved

WHY WE FOCUSED ON THIS?

Our starting point is a comparatively strong one. Monmouthshire has a strong local economy and is well placed for growth in Welsh terms. There is strength in a number of key sectors which are highlighted and supported at a national level. Employment rates are high, as are qualification levels. But more can be done. Monmouthshire can be more vibrant. The conditions exist to achieve this. We will work with national, regional and local partners to increase investment, improve connectivity and continue the development of an economy which is thriving, ambitious and enterprising.

Area for development	How well are we achieving our agreed outcomes?	How do we know?
Address the relationship between a shortage of business sites and low business start-up rates in the county	VIBRANT TOWN CENTRES WHICH BRING PEOPLE TOGETHER AND ATTRACT INVESTMENT Good progress has been made in the last year, with 19 planning permissions issued for employment uses comprising the development of allocated employment sites as well as rural diversification and rural enterprise schemes providing employment opportunities in a range of sectors. Over 99% of employment sites are occupied and despite having 40 hectares of employment land remaining in the adopted Local Development Plan, businesses tell us that the lack of sites is a major constraint on their development within the county. Work on the refreshed Economy, Employment & Skills paper will inform the emerging Replacement Local Development Plan to ensure planning policies and site allocations of appropriate size, quality and location meet the needs of both businesses within the county and also the wider Cardiff Capital Region.	Local Development Plan Annual Monitoring Report Issues, Visions and Objectives Paper
Longer-term planning and improved feedback loops to understand what visitors want	Through surveys we actively engage with visitors and stakeholders to gather views and feedback on services and experiences. A visitor survey at Caldicot Castle was carried out in the Summer of 2022. This has assisted in understanding what visitors want and has helped us to prioritise these things. Staff observation and feedback schemes are in place to record the impact of play at our museums and attractions; we also have face-to-face conversations, observations and the use of the UCL Wellbeing Umbrella evaluation tool to measure the impact relating to work with people living with Dementia and their carers.	Feedback from visitors and staff observations Nature isn't Neat survey

A Nature Isn't Neat survey was undertaken this year across Gwent to understand what residents value about green spaces. The survey had almost 500 respondents from Monmouthshire, making up 30% of total respondents.

PEOPLE OF ALL AGES AND BACKGROUNDS HAVE THE SKILLS TO DO WELL IN WORK OR START THEIR OWN BUSINESS

Build on the strong network and engagement platform to create a new business engagement model	We are in the final stages of configuring a new system, CRM, that will act as the database of Monmouthshire businesses and a tool to market the team's advice and guidance services to pre-starts and existing businesses. A Business Data & Communications Officer has been appointed who will facilitate the implementation of this system.	CRM system
Enhance economic development services for businesses and build on the success of the Business Resilience forum	<p>The Monmouthshire Business Growth & Enterprise Strategy continues to be delivered, covering a range of business engagement, including engaging with local businesses around support being provided by UK and Welsh Governments and other public bodies. Land and property searches were also conducted in order to identify potential funding for start-ups and existing businesses, as well as contacts made with property developers/owners regarding availability of commercial property. Despite this work, the number of businesses assisted was below the target of 75 at 55. There has been an investment into growing the team, funded by the Shared Prosperity Fund, with two new members of staff joining, which will allow for increased engagement with businesses.</p> <p>Though the delivery of the strategy has continued, the focus during this year shifted slightly to look at how we can reform and develop this strategy moving forward. In March 2023, external consultants were commissioned to undertake updated economic analysis to inform a new Economy, Employment & Skills strategy, which is now being developed.</p>	Monmouthshire Business Growth and Enterprise Strategy
Improve communication on the benefit and impact of the CCR city deal, and other regional governance structures	This action remains an area for development for the team as limited work has been done in this area. The council's leader, however, is committed to developing strong networks and sharing the benefits of these relationships. During this year, the Leader was appointed Vice Chair of the Cardiff Capital Region (CCR) Regional Cabinet and Portfolio Lead for Research and Innovation which includes a seat at the table of the Challenge Fund Strategic Board.	

SUSTAINABLE TRANSPORT AND INFRASTRUCTURE

Use updated digital deprivation data to target solutions to areas suffering poor connectivity	A progress report on rural broadband was published this year which outlined how those in rural parts of the county often don't have access to sufficient broadband, with some areas of Monmouthshire experiencing some of the worst connectivity in the UK. The picture is improving, however, with the percentage of premises in the county that do not have access to broadband at	Rural Broadband Update Report to Place Scrutiny Committee
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over 30 Mbps (the digital deprivation rate) decreasing from 5.1% in 2019 to 2.5% in 2022. This compares favourably to the digital deprivation rate for Wales which was 5.1% in 2022.

Addressing this issue has proven difficult given the limitations of actions we can take to directly improve it. A funded programme in collaboration with an internet service provider was started but has now stopped as the provider went into administration. The focus of our work in this space will turn to working with partners who can have a direct effect on improving this issue to ensure better connectivity for our residents.

Communication with residents on the benefits of the 20mph scheme	We were the first council in Wales to introduce the new 20mph changes, which have been largely successful. There have been some revisions following feedback from residents, with a reversion to 30mph on the B4245 and Caldicot road, Caldicot and on the B4293 at Devauden. More work is needed to communicate the benefits of this scheme to residents.	Proposed changes to speed limits on the B4245 and Caldicot Road, Caldicot and on the B4293 at Devauden paper
Monitor active travel usage to determine who uses it in order to make targeted improvements	<p>Active Travel usage is being monitored through an internal live data dashboard which provides real time updates broken down by various modes of active travel including cycling and walking. We currently have seven locations across the authority from which data is sent back to our central base. Through capturing baseline data in this way, it will be possible to evidence progress and increased modal shift in our future reporting and annual reports to Welsh Government. This data has shown that 87.28% of users of active travel routes are pedestrians, with cyclists making up 9.35% of users.</p> <p>New monitoring and evaluation counters installed and a recently constructed route at Overmonnow Primary School is seeing a 50% increase in Active Travel modes of transport. A Pilot 'Active Travel School Tracker' has been launched with Osbaston Primary, with spring term data showing that 67% of all school journeys across KS2 are by car. There has been a 5% reduction since this roll out – the team will continue to work with the school to try to continue this decrease in car usage.</p>	Central dashboard data
Implement the highways infrastructure plan	Uncertainty of budgets and limited funding and capacity have meant that a plan has not progressed. We have identified what the challenges are and how to approach shortfalls, but work is needed to secure funding; the financial need is a risk that needs to be managed.	

FURTHER AREAS FOR DEVELOPMENT IDENTIFIED THROUGH OUR 2022/23 SELF-ASSESSMENT

Use economic analysis commissioned to inform the development of an Economy, Employment and Skills Strategy

Well-being of Future Generations Act impact

Contribution of Council goal to Future Generations Act Well-being Goals						
Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	Vibrant culture and thriving Welsh Language	Globally responsible Wales
✓	✓		✓	✓	✓	✓



Well-being Objective: Thriving and well-connected county

This goal is aimed at the **long-term** viability of Monmouthshire as a thriving place to live, work and visit. The location of Monmouthshire as the gateway to South East Wales means we must embrace working with neighbouring areas to maximise opportunities. Keeping Monmouthshire thriving and well-connected promotes **integration** and impacts on the social, economic, environmental and cultural well-being of the county. This requires **collaboration** with local businesses and other organisations, and **involvement** from the local community to maximise opportunities. Considering the global well-being of Wales is also important and this goal focuses on ensuring decisions are made with future generations in mind and takes a **preventative** approach to enable the retention of young people.

Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
Annual economic impact of tourism (£) ^{xi}	182.79m	285.08m	190m	
Number of start-up businesses assisted during the year by the local authority and its partners	88	55	90	
Number of working age people supported into employment during the year through action by the local authority	100	142	100	
Percentage of school leavers not in education, employment or training ^{xii}	2	1.8	1	

Percentage of care experienced young people who have completed at least three months in education, training or employment by the age of 19	Not available	72.7	80	
Percentage of local authority vehicle fleet which is ultra-low emission	Not available	8.4	36	

Community & Corporate Plan Objective: A Safe Place to Live

Evaluation Score	
Level 3 (Adequate)	Strengths just outweigh weaknesses – the evidence of success marginally outweighs areas that are not on track. Some actions are behind schedule and some measures are falling short of planned targets

WHY WE FOCUSED ON THIS?

For most people, Monmouthshire is a really good place to live, but not for everyone. This needs to change. We will work with partners to create a safe place that people are proud to call home, increase the availability of good quality affordable housing, reduce homelessness and promote approaches to help homeowners to improve energy efficiency and reduce carbon emissions.

Area for development

How well are we achieving our agreed outcomes?

How do we know?

REDUCE THE NUMBER OF PEOPLE WHO BECOME HOMELESS

The requirement for suitable accommodation for homeless people, including specialist provision for those with additional needs

A Rapid Rehousing Transition Plan was approved by Cabinet this year, which includes a detailed action plan setting out how the council will address the challenges it faces around homelessness and homeless accommodation. A young person's homeless panel has been established and work has been ongoing for six months. Attendees include the housing and housing support teams, the economy, employment and skills teams as well as colleagues from Compass – the youth homelessness project. The findings of this work will influence work moving forward and will help us to focus our resources accordingly.

Rapid Rehousing Transition Plan

Young Person's Homeless Panel

Our aim of reducing the use of B&B accommodation for homeless individuals has not progressed as planned. Demand is increasing, not only in volume but also in complexity. Though we have succeeded in moving some households from B&B accommodation, a high level of demand for homeless accommodation has continued. The use of temporary leased accommodation has also fluctuated throughout the year. In addition, it is challenging to find suitable B&B provision in the

county, which is becoming more difficult as demand increases. The wider economic climate has also resulted in added pressure with increasing interest rates making investment more expensive.

There is positive action currently underway with investment into additional staffing, homeless prevention and identifying both additional accommodation and resources. More targeted interventions will be brought forward as well as data modelling to better understand the challenges we face. Whilst the additional staffing capacity has been important from an operational perspective, as yet, the strategic interventions being implemented haven't sufficiently affected the council's priorities, e.g. increased intervention and increased accommodation. But some of the interventions are in their infancy and additional time is needed to understand their impact.

Identifying both appropriate accommodation/property and revenue funding for specialist supported housing continues to be challenging, although Housing First and remodelling of Young Persons accommodation has been achieved. Numerous properties have been considered and continue to be. In respect of revenue for support, the council continues to be reliant on Welsh Government Housing Support Grant funding. Welsh Government acknowledges that the funding isn't sufficient for Monmouthshire, but as the annual allocation remains static the supported housing gaps remain in local provision.

INCREASED SUPPLY OF GOOD QUALITY AFFORDABLE HOUSING & A MORE ENERGY EFFICIENT HOUSING STOCK WITH A LOWER CARBON FOOTPRINT

Address the need for affordable housing and the need to rebalance our demography to retain and attract an economically active population to support and attract business investment

The most recent Local Development Plan (LDP) Annual Monitoring Report has shown that this action is not progressing as intended: 35 affordable homes were completed during the monitoring period, accounting for 9.7% of total completions recorded. This is well below the LDP target of 96 affordable homes per year. In the period 2011-2021, 658 affordable homes were delivered, 302 short of the target of 960.

The number of homes granted planning permission in recent years has reduced significantly, from 540 in 2011/12 to 39 in 2021/22. This is partly due to the lifecycle of the adopted Local Development Plan, with most allocated sites now having received planning permission, however, phosphates have been the major contributor to this very sharp recent decrease. As of May 2022, planning applications for the development of 308 dwellings could not be determined due to phosphates, of which 149 are affordable dwellings. The submission of other development proposals has been postponed pending the identification of a solution to the phosphate problem.

Local Development Plan Annual Monitoring Report

Housing delivery records

COMMUNITIES IN WHICH EVERYONE FEELS SAFE AND RESPECTS EACH OTHER

There were 6,085 recorded crimes in Monmouthshire in the year to March 2023 compared with 5,439 in the previous year. There were 789 recorded anti-social behaviour incidents. Comparable data is not available for the previous year. The percentage of adults reporting that they feel safe was 75% in 21-22, the last year for which data was available compared to 81% in 2018-19.

Recorded crime data by Community Safety Partnership area

National Survey for Wales

FURTHER AREAS FOR DEVELOPMENT IDENTIFIED THROUGH OUR 2022/23 SELF-ASSESSMENT

Well-being of Future Generations Act impact

Contribution of Council goal to Future Generations Act Well-being Goals						
Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	Vibrant culture and thriving Welsh Language	Globally responsible Wales
	✓		✓	✓		✓

Well-being Objective: Lifelong well-being & Thriving and well-connected county



It is important the council **collaborates** with partners and **integrates** with their plans to reduce homelessness and ensure people are able to stay in their own homes and communities wherever possible. **Involving** and working with partners and community members is essential to develop communities in which everyone feels safe and respects each other. The Replacement Local Development Plan has a focus on **long term** and has affordable housing and a well-connected net zero carbon development at its heart. A focus on **preventing** problems occurring is essential to creating a safe place that people are proud to call home.

Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
Number of affordable homes granted planning permission in year	0	51	350	This target is currently under review to ensure alignment with the RLDP.
Number of additional units of affordable housing delivered in the year ^{xiii}	91	72	200	This target is currently under review to ensure alignment with the RLDP.
Average time (months) homeless households spend in Band 1 with a homeless duty before moving on to settled/permanent accommodation	8.6	10.2	<6 months	
Percentage of homeless applications who are successfully prevented from becoming homeless	50	50	68	
Number of homeless households in bed and breakfast accommodation	90	92	25	Data as at 31 st March.
Number of 16 and 17 year olds in bed and breakfast accommodation	New measure	0	0	Data as at 31 st March.
Number of homeless households in temporary accommodation	186	117	146	Data as at 31 st March.

Community & Corporate Plan Objective: A Connected Place Where People Care

Evaluation Score	
Level 3 (Adequate)	Strengths just outweigh weaknesses – the evidence of success marginally outweighs areas that are not on track. Some actions are behind schedule and some measures are falling short of planned targets

WHY WE FOCUSED ON THIS?

Monmouthshire will be a place where people's contributions are valued, they feel part of a community and are connected to others. The health and social care system is facing significant challenges, and statutory services across the UK are struggling to cope with the volume and complexity of demand. Monmouthshire has a track record of delivering innovative approaches and rich partnership working. We recognise that well-being is about far more than treating people when they get sick. There are many factors that can affect our health including the environment, housing, what we do for work, how much we earn, our lifestyles, transport and community cohesion. These wider determinants of health, sometimes called the social determinants, can affect physical and mental health in either a positive or negative way.

Area for development	How well are we achieving our agreed outcomes?	How do we know?
HIGH QUALITY SOCIAL CARE WHICH ENABLES PEOPLE TO LIVE THEIR LIVES ON THEIR TERMS & A PROFESSIONAL AND PASSIONATE SOCIAL CARE WORKFORCE		
Meeting demand and increased complexity of support required from children's services	<p>The council is supporting 211 children who are looked after (March 2023), of which 10 are unaccompanied asylum-seeking children. The number has risen substantially in recent years but has recently stabilised, although it remains higher than the average rate of children who are looked after across Wales last year. At the end of 2022/23, 542 children had a care and support plan which detailed how their support was to be provided, which has increased from 518 in 2021/22. Children's Services have focused on working with families to support their strengths, manage risks and achieve good outcomes. Of the children with a care and support plan, 61% are supported to remain at home where safe to do so.</p> <p>There remains a high level of demand and continued complexity for children requiring support from social services. There is a need to increase resilience within Child Protection services as we continue to work with increased levels of risk and vulnerability within the community.</p>	<p>Director of Social Services Annual Report</p> <p>Rate of children who are looked after</p>
Suitable and safe placements to support children requiring them	We are developing placement opportunities for children who are looked after at a local and regional level to ensure that children are looked after in safe and appropriate settings. This includes increasing the numbers of in-house carers, and through the expansion of residential and supported accommodation options within the county. We have a commissioning strategy in place to help us	<p>Director of Social Services Annual Report</p> <p>Commissioning strategy</p>

understand our placement requirements moving forward. This is aligned with Welsh Government’s ambition to eliminate profit from children’s care.

Two children’s homes have been commissioned this year through partnership models, one of which was a specialised provision for young people with very complex needs. Further opportunities to develop residential and supported accommodation placements are in the pipeline. There are huge challenges with this work particularly around workforce, resources and the time it takes to develop provision.

Whilst we continue to take steps to prevent children coming into care and reduce the numbers of children in care, the demand for appropriate placements remains high in a low supply environment.

There remains an insufficiency of placements for children who are looked after at a local, regional and national level, particularly for those with complex needs or disabilities. Because of this, there is a risk that we may need to place children in non-regulated provision in emergency situations. This creates an on-going risk for the council that is difficult to fully mitigate at present.

Foster carer recruitment

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We are working with Foster Wales to run active campaigns to increase the numbers of in-house foster carers to provide placements for children requiring them. The team is focused on ensuring that prospective foster carers are responded to and supported from the point of enquiry, through the rigorous assessment process and onto approval and first placement. To encourage our fosters carers to continue in their valuable roles, we are working at a local and regional level to ensure that our on-going offer to foster carers – both financial and practical – is as good as it can be.

The number of generic/short breaks foster carers has remained broadly unchanged, with some carers being recruited and some leaving; there were 38 in 20/21, 40 in 21/22 and 39 in 22/23. There is an established cohort of stable long-term foster carers in Monmouthshire. However, there is an insufficiency of in-house carers in the county, particularly those who are able to provide more specialist care or look after sibling groups. This creates an over-reliance on private and independent fostering providers.

Number of generic/short breaks foster carers

Director of Social Services Annual Report

Develop a sustainable care sector to meet ongoing demand and achieve people's personal outcomes

On-going pressure across the social care and health system has meant that we continue to face a number of challenges in being able to respond to people’s care and support needs as timely as we would want. We have focused on addressing a number of issues, some of which are wider issues prevalent in the sector. This includes reviewing caseloads, triaging referrals to ensure that those most in need are prioritised for assessment and intervention, working with care providers and partners and focusing on recruitment and retention of our workforce in the care sector. The number

Director of Social Services Annual Report

Adult social care service user questionnaire

Social care workforce strategy

of hours of unmet care needs reached nearly 1,200 hours per week earlier in the year; this has subsequently been reduced to 804 hours at the end of March 2023.

We have developed a recruitment and retention strategy for our social care workforce, with a particular focus on addressing areas where there is high demand. At March 2023 the number of vacancies across the social care sector was 56.

The number of contacts to Adults social care (6,437) and the number of assessments completed (2,205) have remained high during 2022/23. As demand has increased, along with complexity, we are experiencing delays in provision and there remain a number of risks and challenges in adult social care that we need to continue to address. We have completed a fewer number of packages of reablement, there has been reduction in the number of adults with a care and support plan at the end of the year (1,651 adults have a care and support plan from 1,728), and there remain challenges at the interface of health and social care where there are delays in provision. Our Adult Social Care service user questionnaire shows that a high proportion, 83.5%, of services users are happy with their care and support, although this has decreased from 86.9% the previous year and is below levels seen in previous years.

Build on the ‘turning the world upside down’ model to increase place-based/locality approaches to care provision

We have developed place-based approaches to support people’s well-being. We work with partners across the health and voluntary sectors and through the Integrated Wellbeing Network. This helps to build networks that enable people to connect with groups and activities in their local community maintaining their well-being, reducing the likelihood of them requiring formal services.

Micro-carer pilot

An example of this is the micro-care pilot launched in April 2022. A micro carer is a self-employed care worker that provides flexible, personalised support and care to citizens who live in their local area. The micro-carer project supports the self-employed carers to develop their businesses as well as providing the opportunity for greater oversight and governance of self-employed care workers operating within Monmouthshire. In the first year 9 micro carers have been entered on to the micro care directory and are now delivering care and support. There are currently 21 people being supported by micro-carers in their local community, delivering 161 hours of care and support in total each week.

The key risk on the fragility of the social care sector and the availability of care remains and we remain committed to progressing a place-based approach to address this.

A HEALTHY AND ACTIVE MONMOUTHSHIRE WHERE LONELINESS AND ISOLATION ARE REDUCED, WELL-BEING IS PROMOTED, AND PEOPLE ARE SAFEGUARDED

Capacity and arrangements to meet increased demands for

There is a coherent approach to early help and prevention to support children and families. This allows families to receive support to enable parents to provide their children with the safety,

Director of social service annual report

<p>early help and preventive services</p>	<p>nurture and care they need. Services are in place to support the rehabilitation of children following periods of being looked after (Building Stronger Families); to provide medium-term holistic support to families making sustainable change (Achieving Change Together Team); and to provide a therapeutic response to parents and carers in supporting children with trauma presentations (MyST).</p> <p>Evaluation and feedback of family support services indicate clear and positive outcomes for families. During 2022/23, out of 80 families, 87.5% reported a positive outcome from the 'early help' intervention.</p> <p>There remains high demand for family support services at both pre- and post-statutory levels. Over the next year our preventative family support will be further strengthened through the expansion of the family time team to provide intensive community supervision and support to children. The focus also remains on practice development and the importance of relationships: how we work with families to support their strengths, manage risks and achieve good outcomes, reducing the need for children to be looked after.</p>	<p>Building Stronger Families feedback</p>
<p>Meet demand for mental health and emotional well-being support</p>	<p>Services have developed that have increased the support available for children, young people and their families following the pandemic, including within the school setting. This has provided additional support for well-being and mental health at a time of great uncertainty. Support includes: school-based counselling, which has seen a 9% increase in referrals over the last 2 years, and is ending the year with a 50% decrease in the number of referrals that are being taken from one academic year into the next. The SPACE wellbeing referral pathway has received 1345 referrals between April 2022 and March 2023 and 159 progressed to a full panel discussion and were allocated support, other referrals were considered outside of panel and allocated accordingly.</p> <p>This increased provision has contributed to dealing with the growing demand. However, there remains a significant need for mental health and emotional well-being support.</p>	<p>Director of social service annual report</p> <p>School-Based Counselling data</p> <p>SPACE wellbeing panel data</p>

FURTHER AREAS FOR DEVELOPMENT IDENTIFIED THROUGH OUR 2022/23 SELF-ASSESSMENT

Clearly articulate and evaluate plans to deliver high quality adults and children's social care.

Well-being of Future Generations Act impact

Contribution of Council goal to Future Generations Act Well-being Goals

Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	Vibrant culture and thriving Welsh Language	Globally responsible Wales
		✓	✓	✓		



Well-being Objective: Lifelong well-being

Adopting community-focused approaches promotes **collaboration** which in turn will support well-being. By working with communities, we hope to **prevent** problems from occurring. Opportunities are plentiful in our county, so it is vital that everyone is able to be **involved** to maximise benefits to well-being. This should have a **long-term** benefit to individuals and communities. Our actions will have an **integrated** benefit for many aspects of promoting a healthier Wales. They will promote a Wales of cohesive communities and overall, help to create a more equal Wales. There is also strong integration with our responsibilities under the Social Services & Well-being Act.

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Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
Percentage of adult service users who have had the right information or advice when they needed it ^{xiv}	77.4	75	85	
Percentage of child assessments completed within statutory timescales	91.2	92.3	92	
Percentage of families reporting a positive outcome following a Building Stronger Families team intervention	84	87.5	90	
number of generic/short break foster carers	40	39	Recruit 8 foster carers per year	
Percentage of placements of children who are looked after by the local authority made with in-house foster carers	41.3	42.2	45	

Number of patients waiting for discharge from hospital for social care reasons (measured on an agreed census date each month)	8	15	12	As at Census date
Number of attendances at MonGames ^{xv}	4,131	3,414	4,200	
Number of attendances at Food and Fun ^{xvi}	3,620	2,005	3,840	
Number of attendances at Active Play ^{xvii}	Not available	249	500	
Percentage of adult service users who are happy with the care and support received ^{xviii}	86.9	83.5	90	
The percentage of packages of reablement completed during the year that mitigated the need for support / achieved a positive outcome	50.8	57.6	55	

Community & Corporate Plan Objective: A Learning Place

Evaluation Score	
Level: 4 (Good)	Important strengths with some areas for improvement – the weight of evidence shows that the successes are greater than the areas that have not been achieved

WHY WE FOCUSED ON THIS?

Monmouthshire will be a place where everybody experiences the best possible start in life and has the opportunity to learn, developing the skills and knowledge they will need to reach their potential. The pandemic has had a substantial effect on schools and pupils. The two years of uncertainty and significant disruption to learning have inevitably left a legacy. Before the pandemic we knew that our disadvantaged learners did not achieve the outcomes we would wish. The pandemic has worsened the learning experiences of many vulnerable students such as those eligible for free school meals. The emotional and mental well-being of pupils was often affected, with many experiencing increased uncertainty, anxiety and loneliness. In line with our guiding principles, it is vital that we develop more opportunities to listen and learn from our pupils and students. Since schools have reopened the education system in Wales has continued to evolve with reforms and developments including the new curriculum for Wales and the introduction of a new additional learning needs act.

Area for development	How well are we achieving our agreed outcomes?	How do we know?
THE BENEFITS OF THE NEW CURRICULUM IN WALES ARE MAXIMISED THROUGH EXCELLENT TEACHING AND LEARNING A TRULY INCLUSIVE EDUCATIONAL SYSTEM THAT RECOGNISES LEARNERS STARTING POINTS, STRENGTHS AND EDUCATIONAL NEEDS		

Deliver improvements identified by Estyn	<p>The action plan to address the recommendations from the Estyn inspection is being implemented. Recent Estyn reports indicate that learners eligible for free school meals are making good progress in their learning. The restructure and creation of a broader Inclusion Team has meant that the articulation of an ALN strategy will now form part of a broader umbrella suite of interconnected strategies and related toolkits/resources/policies. The Inclusion Team is developing this currently. Evaluation sits at the heart of understanding how well our service works and the impact that we are having on our learners' progress and the effectiveness of the services we run. The recently adopted Community and Corporate Plan now provides a clear framework for action and evaluation of services to ensure that we are working most effectively in the areas of need.</p> <p>It is harder to form an overall view against our Estyn recommendations due to their areas of focus: progression of FSM learners and excellent standards requiring more extensive access to schools to understand and evidence their progress.</p>	Chief Officer: Children and Young People Annual Report
Respond to the longer-term effects of the pandemic on	The pandemic affected learners' academic progress, particularly in relation to disadvantaged learners, and even more significant was its impact on learners' and staff's wellbeing. Traditionally,	Community Focused Schools

education and well-being of children and young people

the proxy measure for those learners who we understand to be disadvantaged has been those learners eligible for free school meals, however the pandemic and the cost-of-living crisis has forced us to reconsider our understanding of disadvantage and the effect this has on learners.

Chief Officer: Children and Young People Annual Report

We have a range of approaches in place to reduce barriers to learning for vulnerable pupils:

The Whole School Approach to Emotional and Mental Wellbeing is a structured approach for schools which helps them to understand how they are best placed to promote wellbeing. This has a hugely significant effect on children's attendance and achievement in school. The phased engagement of our schools has been positive: we currently have 43% of schools working with the team.

47 new Emotional Literacy Support Assistants (ELSA) were trained between 2020 and 2022 and we have 70 operating across all bar one school in the county, making a daily impact on the lives of numerous pupils.

Over 220 staff across our schools, as well as a range of service areas, have completed Trauma Informed Support training. The approach focuses on understanding children/young people presenting with behaviours of concern and raising the awareness and capacity of adults supporting vulnerable pupils. 100% of those completing the course agreed or strongly agreed that they felt more confident in supporting children and young people, including those who have experienced trauma or mental health difficulties.

There is a risk that our schooling system struggles to adjust to the new patterns of need amongst our children and young people in the post-pandemic period. If children and young people do not feel able to attend school, we cannot provide the support and care that our schools and support services do with such compassion and expertise. The role of the Community Focused Schools (CFS) Lead is crucial in working with schools and all our partners to develop these activities and relationships for the benefit of the whole school community. We are working alongside the Education Achievement Service (EAS) on Tackling All Aspects of Poverty (TAP) and developing a whole authority strategy on supporting disadvantaged learners.

Evaluation of progress and achievement in Monmouthshire schools

The Curriculum for Wales has been adopted in all primary schools and is being rolled out in all of our secondary schools. This process will continue until the teaching of the first of the new GCSEs in 2025 and their first award in 2027. The EAS provide a comprehensive package of professional learning as part of a Learning Network Schools model to support schools and settings to realise the Curriculum

Estyn Inspection Outcomes

Chief Officer: Children and Young People Annual Report

for Wales within their context. Estyn inspections of nine primary and two secondary schools indicate that most schools have a clear vision for the curriculum.

We have not been able to attain the level of assurance on the progress of our schools because our ability (and that of the EAS) to see first-hand evidence has been restricted by the pandemic and more recently by the action short of strike. We have been reliant upon Estyn inspections to provide evidence of the standards in our schools. The feedback from the eleven inspections across Monmouthshire since their return in 2022 shows a developing picture of strengths in provision. In the extremely challenging environment that everyone is working in, school leaders are faced with a range of challenges that are both different and intensified since the pandemic. The council has sought to strengthen its team to provide support to learners and schools.

Development and support for school leadership

All schools within Monmouthshire have access to a wide range of Professional Learning in the areas of Leadership and Pedagogy, Well-being and Curriculum. The EAS Professional Learning offer includes an extensive range of leadership programmes for school leaders, at all levels including aspiring headteachers, middle leaders, NQTs and teaching assistants. Many of these have been well-attended over the last 18 months.

EAS professional learning offer

Chief Officer: Children and Young People Annual Report

Professional Learning for Wellbeing includes training on whole-school approaches to mental health, Raising the Attainment of Disadvantaged Youngsters (RADY) and support for well-being leads. Well-being networks and training have not been well attended over the past eighteen months.

The EAS package includes provision of leadership briefings and curriculum networks to strengthen leadership and teaching across the whole workforce to support the effective learning environment across the county and facilitating events to share good practice across all areas of learning and leadership. Since Autumn 2021, an average of 50.6 teachers from Monmouthshire schools have attended EAS professional learning, compared to an average of 53.5 teachers across all schools in the region.

IMPROVED SCHOOL ATTENDANCE AND REDUCED LEVELS OF EXCLUSION WHICH REMOVE BARRIERS TO LEARNING FOR VULNERABLE PUPILS

Implementation of ALN strategy and meeting increasing demands for support

The new Additional Learning Needs (ALN) Strategy identifies four distinct and ambitious work streams, all of which aim to build sustainable and resilient provision. We have undertaken a restructure and created a broader Inclusion Team that has meant that delivery of the ALN strategy is embedded as part of interconnected strategies and related toolkits, resources and policies for ALN, Relationships, Children Looked After, Reducing Exclusions.

Additional Learning Needs (ALN) Strategy

Chief Officer: Children and Young People Annual Report

The ALN Service has worked collaboratively with regional partners, schools, settings and families to effectively implement the new procedures identified in the Additional Learning Needs and

Education Tribunal Act. The Local Authority ALN Statutory Service provided comprehensive support advice and training to schools and governing bodies to ensure a smooth transition to the new ALN system. All schools and Early Years settings were prepared for their new responsibilities under the Act through targeted training and regular online Q&A sessions.

Our model of specialist provision places specialist resource bases (SRBs) at the heart of identified mainstream schools. There is a need to ensure the quality of ALN provision in SRBs is consistent across the county. We are prioritising the development of a framework for the management of SRB provisions which ensures a consistent, equitable approach across all settings. There remains increased demand for specialist provision places. We are developing our forecasting of complex ALN needs to help inform provision required to meet need.

CONTINUE OUR PROGRAMME OF SCHOOL MODERNISATION

Work has continued on the new King Henry VIII all-through school in Abergavenny. This school will replace Deri View Primary School and King Henry VIII Comprehensive School, and will have the capacity for 1200 secondary school age pupils, 420 primary age pupils and also 200 places for post 16 education. There will also be suitable accommodation for 71 pupils with complex neurodevelopmental and learning needs within the school. It is anticipated that the development of this school will reduce the number of pupils attending an out of county secondary school. The school is scheduled to open in September 2024.

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Catchment area reviews

Secondary school catchment areas have been reviewed and are in place for the current admission round. This means that young people in Usk now have improved access to be able to attend a secondary within the county. Primary catchment areas are currently being reviewed with a member workshop to take place in June 2023. Consultation on proposed changes will then take place in the autumn term alongside our school admission arrangements for September 2025.

School catchment area reviews

Review of primary and secondary education estate in Chepstow

A cluster review is underway to establish the most appropriate way to develop education in the Chepstow area. The review will look at all education aspects as well as the education estate in the area. Proposals will be shared and discussed with members in the Autumn term.

Chief Officer: Children and Young People Annual Report

Provide further Welsh medium school provision

We are implementing the first year of our ten year Welsh in Education Strategic Plan (WESP). We have submitted a five-year plan to Welsh Ministers outlining our detailed targets for the year. Despite the short timescale, progress has been made in many areas. This includes the expansion of provision of Welsh medium education. The refurbishment of Ysgol Gymraeg Y Ffin to increase the capacity of the school to 210 places from Reception to year 6 is complete.

Welsh in Education Strategic Plan (WESP)

Chief Officer: Children and Young People Annual Report

We have secured additional Welsh Government funding for three years to continue the Immersion class in Y Ffin and extend this provision in other areas of the county. We are consulting on a seedling school in Monmouth town, with the plan for it and Cylch Meithrin opening in Monmouth town in September 2024. Progress in other areas of the plan is limited and, in a few, work is to commence during the next financial year.

FURTHER AREAS FOR DEVELOPMENT IDENTIFIED THROUGH OUR 2022/23 SELF-ASSESSMENT

Ensure the delivery of the action plan which aims to address recommendations identified by Estyn

Well-being of Future Generations Act impact

Contribution of Council goal to Future Generations Act Well-being Goals						
Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	Vibrant culture and thriving Welsh Language	Globally responsible Wales
✓		✓	✓		✓	

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Well-being Objective: Best possible start in life



The **long-term** nature of this goal is intrinsic to its success. Working with and **involving** children and young people, as early as possible, to identify their needs will give them the best chance of achieving their maximum potential. **Preventing** problems before they start will provide our young people with the best chance to develop. Using a **collaborative** approach and aligning services provides a rounded resource that works in harmony for the young person. Overall, this approach **integrates** the needs of our young people, ensuring they have the best opportunity to achieve their goals.

Measures of progress

Measure	Previous	Latest	Target by 2026/27	Comment
Percentage pupil attendance at primary level (figure for those eligible for free school meals shown in brackets)	Not available	91.8 (88.1)	94 (fsm cohort to be within 2%)	
Percentage pupil attendance at secondary level (figure those eligible for free school meals shown in brackets)	Not available	88.4 (80.9)	94 (fsm cohort to be within 2%)	

Number of permanent exclusions across primary and secondary schools	5	5	<5	
Total number of enrolments by adult learners on community education courses including Coleg Gwent franchise courses	663	560	1192	

Using Our Resources

The council needs to remain relevant and viable for the next generation, while continuing to meet the needs of residents, visitors and businesses in the here-and-now. To support the delivery of our goals, we have to make sure that all aspects of the council are working efficiently, effectively and in line with the sustainable development principle set out in the Well-being of Future Generations Act.

The Act specifies core areas in an organisation that need to adapt in order to meet the changing demands on our services and ensure their longevity and sustainability. We have evaluated our arrangements for these areas and included digital and data as another important enabler of how we deliver the council's services. The areas we have assessed are:

- Corporate planning, performance and risk management
- Financial planning
- Workforce planning (people)
- Procurement
- Assets
- Digital
- Data
- Democracy & Scrutiny

Annual Governance Statement

The council has a governance framework, our Code of Corporate Governance, for the year end March 2023. The framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

We have produced an Annual Governance Statement for the year 2022/23 that demonstrates that Monmouthshire County Council has appropriate governance arrangements in place to meet the governance principles and that a review has been undertaken to assess the effectiveness of those arrangements. The draft statement was presented to Governance & Audit Committee in July 2023. This self-assessment of our resources integrates with the findings from the Annual Governance Statement, and will also contain further actions and recommendations related to these arrangements.

Corporate Planning, Performance and Risk Management

	How effectively are resources being used?	How do we know?
Ensure strategic plans evolve to address challenges and opportunities in the county	<p>Informed by the well-being assessment a Gwent wide Well-being Plan has been developed, in line with the requirements of the Well-being of Future Generations Act.</p> <p>The application of the Marmot principles to the PSB well-being plan provides a framework to focus on reducing inequality in Gwent. The well-being plan requires further development to maximise the ambition of the PSB to improve well-being in Gwent.</p> <p>The new Community and Corporate Plan 2022-28 was developed alongside a measurement framework which tracks both measures that can be directly affected by the council and those not. The measurement framework has been used to create a Corporate Plan Dashboard which will be updated on a quarterly basis.</p> <p>The Community and Corporate Plan was not agreed by Council until April 2023. This means the council did not have agreed revised well-being objectives during this period. This impacted on the council's ability to provide clarity of policy direction to inform the development of other plans that align to deliver the objectives in the Community and Corporate Plan. These include the high-level enabling strategies that form the council's policy framework and the strategic plans, including service business plans, that deliver the detailed commitments in the plan.</p>	<p>Gwent Well-being Plan</p> <p>Community & Corporate Plan 2022-2028</p> <p>Self-assessment of performance management arrangements report to Governance & Audit Committee</p> <p>Annual Governance Statement</p>
Quality and completeness of service business plans	<p>There remains variability in the quality and timeliness of completion of service business plans. A quality assurance process and template was designed and completed in September 2022. A traffic light system was used to assess plans which were shared with service managers in order to be used to improve service plans. The outcome of the quality assurance showed that some sections were consistently not completed robustly. This limits the ability of services to use their service business plans to robustly plan, manage, and evaluate their performance and their role in delivering and informing the council strategic objectives and risks.</p> <p>The service planning principles and supporting information were updated and revised in accordance with the new Community and Corporate Plan. A self-assessment good practice guide was also published as well as performance measure guidance. These</p>	<p>Business plan completion status</p> <p>Quality assurance assessments</p> <p>Self-assessment of performance management arrangements report to Governance & Audit Committee</p> <p>Annual Governance Statement</p>

	<p>updated guides will support managers in completing their service plans and planning for the year ahead.</p>	
<p>Develop self-assessment arrangements and embed an evaluative mindset</p>	<p>The self-assessment process and report provided a clear assessment of the council’s performance. This has informed the council’s ongoing planning as part of the performance management framework and the development of the draft Community and Corporate Plan.</p> <p>There was effective scrutiny and oversight of the draft report. The report was presented to Governance and Audit Committee and Performance and Overview scrutiny committee to review, scrutinise and make any recommendations for changes. The committee found it was comfortable with the contents of the report and recommended its consideration by Council. The committee also stated its desire to be more involved in design of the council’s Annual Self-Assessment exercise.</p> <p>The process also identified an evaluative mindset based on clear evidence is not consistently applied in the council’s performance management arrangements to facilitate ongoing improvement. To ensure that self-assessment is embedded in practice, there is a need to further develop challenge and embed a more evaluative mindset. A review of the 2022/23 process will be conducted, including a workshop with key contributors and reviewers to the process.</p>	<p>Self-assessment 2021/22</p> <p>Self-assessment of performance management arrangements report to Governance & Audit Committee</p> <p>Annual Governance Statement</p>

Further areas for development identified through our 2022/23 self-assessment

Embed the delivery of the commitments in the Community & Corporate Plan 2022-28 within the council’s performance framework

Financial Planning

	How effectively are resources being used?	How do we know?
<p>Financial planning and budget control arrangements by responsibility holders in service areas</p>	<p>The 22/23 revenue & capital budget outturn report reported a net revenue budget deficit at outturn of just over £3.5m that required a contribution from earmarked reserves to fund the additional expenditure incurred. Due to significant budget recovery actions this deficit was a significant improvement on the month 9 forecast, with over £2.5m less needing to be contributed from reserves, mainly as a result of grant funding and budget recovery. This is not sustainable in the longer term.</p> <p>The primary reasons for this deficit were overspends in Adult and Children’s social care of over £4.5m, homelessness pressures and pay awards. With the Cost-of-living crisis having a significant impact on our communities, there has been a growing demand for additional council services, a reduced call on income generating services, and impacts upon debt recovery. The wider-economic environment is also having a continued significant impact, with record price rises on goods and services, supply chain disruption, soaring energy costs, increased interest rates, and recruitment challenges placing unprecedented pressures upon the demand and cost of service delivery.</p> <p>Service savings totalling £2.129m were required as part of the original revenue budget for 22/23 and these have been met in full during the year. The budget also saw £10.1m of pressures being accommodated; despite accommodating these pressures, significant further in year service pressures have materialised during the year, with many developing in the same key service areas that were provided additional support in the budget.</p> <p>There is variability in financial planning and budget controls by responsible budget holders in service areas. There are continuing budget pressures and recurring annual overspends in specific service areas, including Homelessness, Children’s services, Adult social care and Children’s additional learning needs. Financial planning needs to be strengthened, as well as training provided to all relevant officers, to ensure robust financial management arrangements are consistently applied across services and that we are reacting quickly to put plans in place to recover when overspend occurs.</p> <p>Budget monitoring reports are reported regularly to Performance & Overview Scrutiny Committee. Governance and Audit committee has sought to clarify its role in reviewing and</p>	<p>2022/23 Revenue & Capital Budget Outturn Report</p> <p>Annual Governance statement</p> <p>Audit Wales finance reports</p> <p>Financial process and assurance reporting to Governance & Audit Committee.</p>

	<p>scrutinising the authority's financial affairs. In assessing the extent to which its discharged its responsibilities during the year, the Committee believes that it has not always had sufficient information for it to review matters pertaining to contract procedure rules and financial regulations.</p>	
<p>Ensure that the medium-term Financial Plan reflects realistic future cost pressures as accurately as possible, based on known information and informed by up-to-date and accurate service-based data, and facilitates a budget setting process over the medium term to allow a balanced budget to be set that delivers on agreed corporate priorities</p>	<p>The Medium Term Financial Plan was revised and updated in line with the 2023/24 budget and to take into account updated budget pressures, including rising interest rates and the wider economic climate; pay award assumptions and forecast for wage and pay growth and the Welsh Government funding settlement where Monmouthshire was provided with a funding increase of 9.3%.</p> <p>Applying the budget proposals to the revised MTFP model results in a growing budget gap over the next five years, with a budget shortfall of £23m to be addressed in the 2026/27 financial year. Provision of £7.5m is currently made in the MTFP, for modelling purposes, for 'unidentified pressures' in each of the remaining years of the MTFP. However, 2023/24 is already seeing a level of net pressures presenting in excess of this provision.</p> <p>The MTFP needs to be developed, reflecting as up to date funding requirements as possible, to allow a structured and planned approach to service delivery in the medium term, in line with Community and Corporate Plan 2022-28 priorities. The financial challenges pose a risk to the ability to deliver some of the commitments in the Community and Corporate plan 2022-28.</p>	<p>Cabinet & Council budget reports 2022/23 & 2023/24</p> <p>Annual Governance Statement</p>
<p>Further areas for development identified through our 2022/23 self-assessment</p>		
<p>Develop a Financial strategy and robust Medium Term Financial Plan which identifies how we will address the budget shortfall of £23m by 2026/27</p>		

Workforce Planning

	How effectively are resources being used?	How do we know?
E-recruitment system and the recruitment process	The e-recruitment system is being procured, and is projected to go live in the Autumn 2023. The People team has put arrangements in place to strengthen recruitment procedures, such as adapting the recruitment process, whilst still maintaining safeguarding and safety requirements, promotion of opportunities and recruitment of graduates, apprentices and work experience. This has led to successful recruitment campaigns in some service areas. The Communications Team is promoting positions in a variety of ways to reach a broader audience, using drives such as 'Job of the Week'. The software will have the ability to generate analytics e.g. to monitor turnarounds of adverts and how quickly things happen, something which the authority can't do currently.	E-recruitment system procurement Communications Team promotions
Learning management system and subsequent wholesale training and development needs analysis and provision	A learning management system was procured in summer 2022, and is being piloted in social care. Issues identified through the pilot are being addressed before a wider role out across the authority for example a single sign-on will be critical, as it will make access to the system simpler. There are resource issues to be addressed to ensure there is capacity in service areas to facilitate the role out across the organisation.	Learning Management System procurement
Enable the improvement of workforce planning and develop workforce planning arrangements	<p>A team with a specific focus on workforce planning and development in the council has been established, incorporating recruitment, retention, Apprenticeship, Graduate and Internship and training. The team is working with service areas to strengthen workforce planning arrangements: a learning management system has been procured and is in the early stages of implementation.</p> <p>The Apprentice Graduate and Intern Strategy (AGI) has been introduced to support and increase the number of opportunities across the council. Work continues on this as an integral part of strategic workforce planning. At present there are 14 Apprentices, Graduates and Internships across the council, with several more opportunities being developed.</p> <p>150 existing staff are currently working toward a qualification on the apprenticeship framework. Work continues to promote and encourage staff to consider their continuing professional development (CPD).</p>	<p>Learning Management System procurement</p> <p>Systems and data updates on AGI's</p> <p>Annual Governance Statement</p>

	<p>The People services team has already put arrangements in place to strengthen recruitment procedures. The development and retention of existing staff is an essential component of workforce planning: the organisation's training offer needs development to meet the current and future skills required, with capacity identified as a barrier to staff attending training. There is also need to develop better workforce planning and people-led policies that enable late stage career transitions.</p>	
Support staff well-being	<p>The Digital and in-person 'Cwtch' continues, although less frequently, along with a weekly People Leaders session. People leaders have developed a People Leaders Support Site which enables 'live' discussion/news feed, enabling direct support and a shared learning platform for managers and head-teachers. The use of networks and digital communication, surveys and feedback loops to senior managers, has extended the reach of contact with the workforce.</p> <p>This has also created the conditions for a wider system of self-supportive networks sharing practice, ideas and support, with the core feedback loop/forum through the People Working Group. A report was presented to Cabinet in September 2022 requesting the release of £219,824 from reserves in order to help mitigate the workforce impact of the rising cost-of-living.</p>	<p>Digital Cwtch</p> <p>People Leaders Q&A session</p> <p>People Leaders Support Site</p> <p>Workforce Cost Of Living Impact report</p>
Meaningful staff/line manager engagement and communication by right	<p>We are developing arrangements to ensure there is meaningful staff/line manager engagement and communication by right. There is a need to ensure that these arrangements are implemented and leaders follow them. There needs to be a focus on improving the skills of line managers to enable a variety of different approaches to the process so that performance development is realistically achieved. There is also a need to ensure feedback loops are in place to evaluate whether this is happening effectively, and to determine if they are informed by other enabling arrangements such as Service Business Plans, and staff training and development needs.</p>	<p>Engagement via Peoples Q&A</p> <p>Leaders Q&A</p> <p>Digital Cwtch</p>
Further areas for development identified through our 2022/23 self-assessment		
Develop a people strategy aligned to deliver the commitments in the Community & Corporate Plan 2022-28		

Procurement

	How effectively are resources being used?	How do we know?
Ownership of the procurement strategy by all officers who have a role to play in delivery of the strategic objectives	A Socially Responsible Procurement Strategy 2023-28 has been developed. As part of the delivery of this strategy, all officers involved in the procurement process will be provided with training and education. Collective ownership across all council services for the delivery of the Socially Responsible Procurement Strategy 2023-28 and action plan will create the right enabling platform for the development of progressive policies that will achieve greater and more targeted social, economic and environmental gains through working with our supply chains.	Socially Responsible Procurement Strategy & Delivery Plan 2023-28
Understanding how carbon emissions are produced, measured and ultimately reduced as part of the council's third party spend	The Socially Responsible Procurement Strategy 2023-2028 has the objective to contribute to reducing the council's carbon emissions to Net Zero by 2030. We will do this by understanding the carbon footprint of the council's purchased goods and services and work to ensure our carbon reduction activity is targeted where it can have the biggest impact; working with our elected members, staff, partners contractors and government agencies to ensure that carbon reduction is fully considered throughout the procurement cycle; and collaborating with and learning from organisations across the public, private and third sector. Work continues to develop shorter, more localised supply chains. We will demonstrate our delivery by reporting on procurement's contribution to carbon reduction through the council's Climate Emergency Strategy and Action Plan.	Socially Responsible Procurement Strategy & Delivery Plan 2023-28 Procuring for Public Value Strategy 2018-2022
Processes to ensure all tendered third party spend has a level of oversight and challenge	We are developing a robust procurement process, and are doing this through numerous ways, including updating the council's Contract Procedure Rules, which will provide more opportunity for local procurement spend, whilst ensuring that value for money is an ongoing feature. We have also invested in the council's electronic procurement software to increase transparency and effective contract management, and have adopted the Welsh Government's 'Code of Practice – Ethical Employment in Supply Chains' to drive the right behaviours across our supply networks. We are currently in the process of redeveloping and resourcing a council-wide Contract Forward Plan and Contract Register which will provide far greater oversight of our existing contracts and the ability to better plan delivery of contract renewals and new requirements. These will be regularly published on the council's website from August 2023.	Socially Responsible Procurement Strategy & Delivery Plan 2023-28 Procuring for Public Value Strategy 2018-2022

Further areas for development identified through our 2022/23 self-assessment

Assets		
	How effectively are resources being used?	How do we know?
Revise and update the Asset Management strategy taking into account the council's priorities	The Strategic Asset Management Plan has been updated to reflect the ongoing 2022/23 commitments, and there has been positive development in its delivery. The delay of the new Community and Corporate Plan has meant that the Asset Management strategy has not yet been updated, the Asset Management Strategy is currently being updated and will align to the new Community and Corporate Plan. The delay to the updated Asset Management Strategy has not had an impact at an operational level, however it has had an impact at a strategic level.	Asset Management Plan
Review and assess Asset management risks	<p>There are a considerable number of capital pressures, including property and highways infrastructure and public rights of way, that sit outside any potential to fund them within the Capital MTFP; this has significant risk associated with it. These pressures are undergoing further review, and risks are being assessed to determine whether further funding is needed to mitigate any significant risks that require more immediate action.</p> <p>A review of the pressures and associated risks is being undertaken to inform the capital budget process. A previous review in 20/21 had concluded that further feasibility studies and technical assessments needed to be undertaken on specific infrastructure assets, funded from existing highways infrastructure capital budgets. The results of these studies will be reviewed by the Capital and Asset Management Working Group and the assessments will inform the capital MTFP and pressures that will need to be accommodated and funded therein in future financial years.</p> <p>A programme of property condition surveys are currently being undertaken by external consultants; these will be used to inform prioritisation of capital maintenance spend. A programme of Health and Safety surveys is currently being commissioned. Independent condition assessments of key highways infrastructure are completed as required depending on condition. These inform prioritisation of available capital budget.</p>	<p>Capital budget strategy and capital budget proposal</p> <p>The Capital and Asset Management Working Group</p> <p>Condition surveys</p> <p>Strategic risk register</p>
Understand property services and facilities management needs, strengthen collaboration and strengthen	The property and facilities management needs are not clearly understood across the organisation, and the capacity and capabilities available within property services are not always recognised or fully utilised by council services. There are capacity and recruitment challenges when trying to meet project management demands elsewhere in the organisation, and these are not always considered when projects are planned and	Property and facilities management service business plan

coordination across council service areas	undertaken. The knowledge and skills within service areas to manage assets effectively also needs development and potential review; collaboration between departments and property services needs to be strengthened, and expectations managed to coordinate property and facilities management across council service areas.	
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Further areas for development identified through our 2022/23 self-assessment

Develop an updated Asset Management strategy aligned to deliver the commitments in the Community & Corporate Plan 2022-28

Digital

	How effectively are resources being used?	How do we know?
<p>Prioritise digital initiatives that align with corporate and directorate priorities ensuring that we develop and/or procure modern, secure and interoperable systems which in turn deliver better services and outcomes for our residents</p>	<p>A range of digital initiatives have been delivered during the year. Including the roll-out of Teams calling that has reduced the cost of our telephony system. Work has continued with teams to prioritise system replacements and encourage service areas to invest in system admin/project management resource.</p> <p>A procurement tracker is being designed in collaboration with the joint procurement team which will provide a more efficient and effective purchasing process for the team and all our service areas. An Internal Audit Recommendations tracker is also being trialled, which will provide a more automated solution for colleagues to provide their updates on audit recommendations.</p> <p>As an organisation cannot modernise and become technology-enabled without transforming its skill set, a prototype for Digital Basics training within the Communities & Place Directorate has been completed. Work with Monmouthshire Housing Association continues to encourage the use of the Digital Lending Libraries by residents due to a low uptake via Libraries.</p>	<p>Power BI dashboards</p> <p>Procurement Tracker</p> <p>Internal Audit Recommendations tracker</p> <p>Teams Calling telephony</p> <p>Digital Basics training prototype</p>
<p>Cyber security and data management arrangements</p>	<p>We have established an Information Security & Technology Team across the organisation. A cyber security team is in place to support, advise and train our workforce. The same team provides a cyber audit function of our ICT infrastructure and governance arrangements. A report on the council's cyber security arrangements was taken to Governance and Audit Committee in January '23. MCC has achieved accreditation status with all five national boards as well as a number of voluntary assessments.</p> <p>Mandatory training is provided for GDPR and Cyber Security, alongside comprehensive guidance and policies for all aspects of data management.</p>	<p>Annual Governance Statement</p> <p>Governance and Audit Committee report</p>

Further areas for development identified through our 2022/23 self-assessment

Develop a Digital strategy aligned to deliver the commitments in the Community & Corporate Plan 2022-28

Data

	How effectively are resources being used?	How do we know?
Use of data to generate insight	<p>The data capacity and capability roadmap to strengthen how the council uses data to guide its activity is being implemented. The first focus has been on growing data capability across the organisation through training and development opportunities for existing staff in all teams. Training sessions have been procured and the 'data hub' pages updated to include data related updates and training opportunities.</p> <p>The second focus has been on generating better insight from existing datasets. The 'data hub', the council's performance measurement area hosted on the council's intranet site has been refreshed and updated. A new interactive dashboard has been developed that can be used track progress of the measures set in the Community and Corporate Plan. Further dashboards have been developed to provide further data insights to inform the council's planning and decisions making, for example using the Census 2021 data.</p> <p>Further development is needed in the council's data maturity and the use of data to generate insight to inform the council's decision making.</p>	<p>Data Hub dashboards</p> <p>Self-assessment of performance management arrangements report to Governance & Audit Committee</p> <p>Annual Governance statement</p>

Further areas for development identified through our 2022/23 self-assessment

Develop a Data strategy aligned to deliver the commitments in the Community & Corporate Plan 2022-28

Democracy & Scrutiny

	How effectively are resources being used?	How do we know?
Democracy and scrutiny arrangements	<p>The use of remote attendance at Council, Cabinet and committee meetings is fully embedded. This brings positive benefits for those with work or family commitments who are able to attend meetings they would otherwise not be able to attend. Attendance at meetings was 94% in the 22-23 civic year compared in 86% in the previous year and 86% during the first year of the previous council term.</p> <p>Revisions to the changes of scrutiny committees have reduced duplication, for example budget and performance reports are now presented to Performance and Overview Scrutiny Committee rather than having the same report presented to four separate meetings.</p>	<p>Attendance Figures</p> <p>Annual Governance statement</p>

Further areas for development identified through our 2022/23 self-assessment

Our work with others

To deliver the outcome required for the county we need to work together with a range of partners, stakeholders and our communities. The council will not have all the answers and we will not be able to deliver the outcomes required on our own. Working efficiently and effectively collaboratively enables us to plan and provide the solutions required.

Stakeholders and partnership working

	How effectively does the council work with stakeholders and partners on agreed outcomes?	How do we know?
Delivery and governance arrangements of the Public Service Board and local partnership arrangements	The Gwent Public Services Board was formed in September 2021 and has overseen the development and publication of the well-being assessment and plan for the area. An internal Audit review identified a reasonable level of assurance was in place for the authority's governance arrangements. However, it is too early to assess the effectiveness of delivery arrangements as work to date has focused on assessment and planning.	Internal Audit Report of Partnerships
Develop thinking and ideas to plan longer-term alongside Monmouthshire residents, community groups and public service partners	Cabinet engaged local people and other stakeholders of the development of the priorities and actions in the Community Plan 2022-28. New scrutiny arrangements, aimed at improving public involvement in decision making were introduced in May 2023 while a new Public Participation Strategy is being developed and overseen by the Democratic Services Committee.	Community and Corporate Plan 2022-28
Effective governance arrangements through Corporate Joint Committee (CJC)	From 30 June 2022, the South East Wales CJC was given the legal responsibility for preparing Regional Strategic Development Plans, Regional Transport Plans and for doing whatever is deemed necessary to enhance or promote the economic well-being of the area. The committee is made up of the leaders of the ten local authorities in south east Wales. All governance papers are published on the Cardiff Capital Region website. The arrangements are overseen by a joint committee comprising representatives from the ten local authorities with additional regulatory activity undertaken by Audit Wales.	Cardiff Capital Region Governance papers
Further areas for development identified through our 2022/23 self-assessment		
Strengthen how we work with and alongside communities in line with the commitment in the Community and Corporate Plan.		

Our Actions

Through the self-assessment, we have identified how well we are doing and what we can do better. Identifying these is not the end of the self-assessment process. We will look to build on and learn from the areas that are going well and address areas that we can do better.

The action plan focuses specifically on what and how we can do better for the significant conclusions of the assessment. All of the findings will inform the development of the council's well-being objectives and delivery plans and inform how internal processes and procedures should change to support more effective planning, delivery and decision-making to drive better outcomes, and innovative ways to better deliver the council's functions. These also integrate with further actions identified in the council's Annual Governance Statement 2022/23.

The actions will be monitored through the year as part of the council's performance management arrangements. The next self-assessment report will also include an assessment of the progress made on these actions.

Progress with 2021/22 Actions?

We have provided an update on progress against the actions we identified in the 2021/22 self-assessment report. A more detailed assessment of these arrangements is provided in the relevant section of the report.

Section	What can we do better	How	Progress
Place	Understand current well-being, including the impacts of the last few years, on people and our communities to keep an up-to-date understanding of well-being.	Engage with communities to understand challenges and opportunities from their perspective including participation of residents and service users	<p>The development of the Community and Corporate Plan 2022-28 was informed by a range of collaborative workshops, utilising a wide range of evidence.</p> <p>A range of projects have facilitated the involvement of residents including participatory budgeting.</p> <p>There have been some challenges to decisions being progressed by the council in the last year and the council is committed to further strengthening engagement with residents and service users.</p>
Outcomes	Address areas for development, including rising cost-of- living, health inequalities and transition towards net-zero carbon, identified through the assessment of our outcomes.	Use the areas for development identified in the self-assessment to inform new corporate plan and service plans	Following the elections in May 2022, the new Cabinet began to articulate the biggest challenges and opportunities facing the county. A series of collaborative workshops, and drawing on a wide range of evidence, including the self-assessment report, has informed the development of the council's

Section	What can we do better	How	Progress
			<p>Community and Corporate Plan, that sets the direction for the organisation for the period 2022-28.</p> <p>The plan was agreed in April 2023, which impacted on the councils ability to provide clarity of policy direction in 2022/23 to inform the development of other plans that align to deliver the objectives in the Community and Corporate Plan. These include the high-level enabling strategies that form the council's policy framework and the strategic plans, including service business plans, that deliver the detailed commitments in the plan</p>
Resources	Develop self-assessment arrangements and embed an evaluative mindset	Review self-assessment process to inform service plans and the next self-assessment report	<p>The process to inform this self-assessment report was reviewed and applied as set out in appendix 2. This report assesses progress against the areas for development from the previous report that have been progressed through service plans.</p> <p>To ensure that self-assessment is embedded in practice, there is a need to further develop challenge and embed a more evaluative mindset through the council's performance framework. A review of the 2022/23 process will be conducted, including a workshop with key contributors and reviewers to the process.</p>
Resources	Evaluate and consider medium-term finances of the council, including the impact of the pandemic and rising cost-of-living, including the direct impact on council services and the impacts on residents and businesses in the county.	Develop a Medium-Term Financial Plan that is based on realistic evidence and planned scenarios, to guide our budget setting in line with agreed strategic objectives	<p>A well-established budget setting process has enabled Council to agree a budget for 2023/24, although there remain significant budget pressures and the Medium Term Financial Plan (MTFP) models a growing budget gap over the next five years, with a budget shortfall of £23m to be addressed in the 2026/27 financial year.</p> <p>The MTFP needs to be developed, reflecting as up to date funding requirements as possible, to allow a structured and planned approach to service delivery in the medium term, in line with Community and Corporate Plan 2022-28 priorities.</p>

Section	What can we do better	How	Progress
Resources	Robust workforce planning arrangements to ensure we can develop, attract, and retain the workforce with the skills and experience we need to deliver services and achieve our outcomes.	Develop a robust workforce planning culture that is able to cope with the changing demands of the council and embed a recruitment ethos that works locally and independently to meet the needs of different service areas.	<p>The financial challenges pose a risk to the ability to deliver some of the commitments in the Community and Corporate plan 2022-28.</p> <p>A team with a specific focus on workforce planning and development has been established, incorporating recruitment, retention, Apprenticeship, Graduate and Internship and training. Training on workforce planning has been delivered. There is further development needed to ensure the organisation to the workforce it needs to meet current and future demands.</p>
Resources	Data is one of the most important resources when planning services and we currently do not have the infrastructure and skills to maximise its use.	Develop the platforms and skills to enable the use of data as an essential planning and performance tool throughout the organisation.	<p>The 'data hub' the council's performance measurement area hosted on the council's intranet site has been refreshed and updated. A new interactive dashboard has been developed that can be used track progress of the measures set in the Community and Corporate Plan. Further dashboards have been developed providing data insights to inform the council's planning and decisions making, for example using the Census 2021 data.</p> <p>Further development is needed in the council's data maturity and the use of data to generate insight to inform the council's decision making.</p>
Stakeholder and Partnership	We work well with partner organisations, we need to extend this to include better community engagement to find out what matters most to our residents, businesses and visitors and plan longer term, learning from best practice, alongside residents, community groups and public service partners.	Improve the partnership working between the council, residents, businesses, community groups and other public sector organisations, including the Welsh Government, to maximise the impact of everyone's abilities when applied together.	Our Community and Corporate Plan has set a clear intention to work with and alongside communities. There are good examples of partnership working in areas like health and social care and the resettlement of Ukrainian refugees. However, more needs to be done to embed this commitment in all aspects of our work.
All	Address areas for development and actions, identified through the self-assessment report.	Embed actions in service plans and assess as part of next self-assessment report.	This self-assessment report assesses progress against the areas for development from the previous report that have been progressed through the year in service plans.

What and how can we do better 2022/23?

Action Plan 2022/23

Section	What can we do better	How	Who	When
Outcomes	Ensure interventions to achieve a Fair Place to Live objective are evidence-based, targeted, clearly communicated and evaluated to assess impact	Develop clear plans to deliver the commitments in the Community & Corporate Plan 2022-28	Chief Officer Communities & Place	March 2024
Outcomes	To accelerate the delivery of the council's Decarbonisation Strategy	Revise the council's plans to deliver its commitment to be net-zero by 2030.	Chief Officer Communities & Place	December 2023
Outcomes	Use economic analysis commissioned to inform the development of an Economy, Employment and Skills Strategy	Develop a Economy, Employment and Skills Strategy to deliver the commitments in the Community & Corporate Plan 2022-28	Chief Officer Communities & Place	October 2023
Outcomes	Clearly articulate and evaluate plans to deliver high quality Adults and Children's social care	Develop clear plans to deliver the commitments in the Community & Corporate Plan 2022-28	Chief Officer Social Care & Safeguarding	March 2024
Outcomes	Ensure the delivery of the action plan which aims to address recommendations identified by Estyn	Deliver and assess progress on the Estyn recommendation Action Plan	Chief Officer Children & Young People	As per action plan
Resources	Clear enabling strategies aligned to deliver the commitments in the Community & Corporate Plan 2022-28	Develop Enabling strategies aligned to deliver the commitments in the Community & Corporate Plan 2022-28	Enabling strategy leads	November 2023
Resources	Embed the delivery of the commitments in the Community & Corporate Plan 2022-28 within the council's performance framework	Embed actions within service business plans. Review the self-assessment process to inform the development of service business plans and the next self-assessment report	Chief Officer People, Performance and Partnerships	October 2023
Stakeholder and Partnership	Strengthen how we work with and alongside communities in line with the commitments in the Community and Corporate Plan.	Develop a clear plan for involvement aligned to the commitments in the Community & Corporate Plan 2022-28	Chief Officer People, Performance and Partnerships	March 2024







Performance Measures











The use of performance measures is one of the important mechanisms we use to assess our performance. Each of our goals has specific performance measures set to monitor progress. Some further relevant performance indicators we use to assess our services' performance are set out in this section.













National indicators have been set as part of the Future Generations Act for the purpose of measuring progress towards the achievement of the well-being goals in Wales as a whole. While the national indicators will not measure the performance of individual public bodies or public services boards, it is important that they are considered to track the progress being made to improve well-being in Monmouthshire. Some of the national indicators that are relevant to the objectives we have set, where an update is available at a county level, are included in the table below.






Longer term measures in the Community & Corporate Plan 2022-28

Alongside the specific measures included under each objective The Community and Corporate Plan also includes measures for each objective that we want to track because they will inform our work. We want to see positive movement in these measures, but they are things where our input is only part of a much bigger picture. The latest update of the measures can be seen below.

Longer term measures in Community & Corporate Plan 2022-2028	Trend	Latest
A Fair place to live		
Percentage of children living in relative low-income families ^{xix}		17.4
Percentage of people living in households in material deprivation ^{xx}		8
Difference in average pay between men and women working in the county		85.4
A Green place to live		
Food waste captured from the waste stream and sent to Anaerobic Digestion (tonnes)		5,062
Average annual residual waste produced per person (kilograms) ^{xxi}		130
Average level of nitrogen dioxide pollution in the air (µg/m ³), measured at Air Quality Management Areas in Monmouthshire ^{xxii}		6

Longer term measures in Community & Corporate Plan 2022-2028	Trend	Latest
Number of properties at medium or high risk of flooding ^{xxiii}	Trend data not available	1825
Percentage of the Special Area of Conservation river catchment waterbodies that fail the phosphorus targets ^{xxiv}	Trend data not available	88 for Usk 67 for Wye
A Thriving and Ambitious place		
Average hourly town centre footfall ^{xxv}		288
Percentage of vacant town centre premises ^{xxvi}		8.8
Number of rail passengers using Monmouthshire train stations ^{xxvii}		625,374
Motor vehicle traffic by local authority (million miles) ^{xxviii}		896.1
Gross disposable household income per head (£) ^{xxix}		22,321
A Safe Place to Live		
Median house prices compared to median workplace-based earnings ^{xxx}		9.24
Rate of households unintentionally homeless and in priority need per 10,000 households		19
Percentage of social housing allocated to homeless households		62
Average carbon emissions per capita in Monmouthshire (tonnes) ^{xxxi}		9.1
Rate of anti-social behaviour incidents per 1,000 population		10.59

Longer term measures in Community & Corporate Plan 2022-2028	Trend	Latest
Number of rapes and sexual offences ^{xxxii}		200
Percentage of people feeling safe at home, walking in the local area, and when travelling ^{xxxiii}		75
Percentage of homes that have an energy efficiency rating of C or above ^{xxxiv}		49.2
The percentage of those referred to the youth offending service who subsequently re-offend		12.5
A Connected Place Where People Care		
Percentage of children supported to remain living with their family (not including children looked after)		61.1
Number of children who are rehabilitated after a period of being looked after		19
Percentage of people who are lonely ^{xxxv}		13
Percentage of people satisfied with their ability to get to/ access the facilities and services they need ^{xxxvi}		86
Percentage of people satisfied with local area as a place to live ^{xxxvii}		95
Healthy life expectancy at birth (women) ^{xxxviii}		69.3
Healthy life expectancy at birth (men) ^{xxxix}		68.7
Life expectancy at birth (women) ^{xl}		84.6

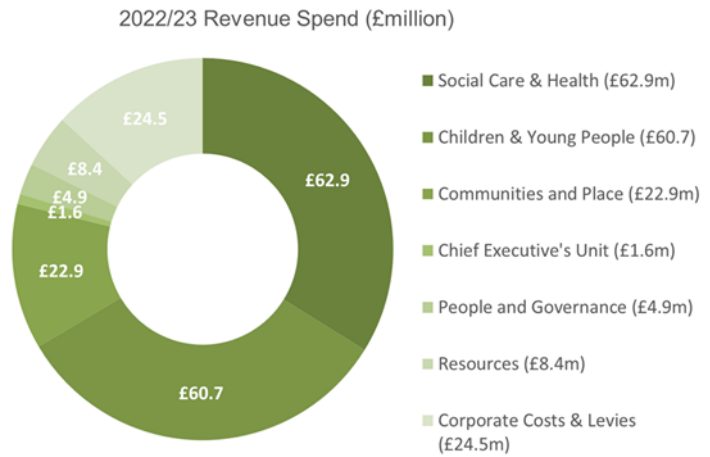
Longer term measures in Community & Corporate Plan 2022-2028	Trend	Latest
Life expectancy at birth (men) ^{xlii}		81.6
Percentage of people participating in sporting activities three or more times a week ^{xliii}		43
Percentage of people who attend or participate in arts culture or heritage activities three or more times a year ^{xliii}	Trend data not available	71
Number of carers and young carers supported by the carers team		168
Number of job vacancies in social care workforce		56
A Learning place		
Rate of fixed term exclusions of less than 5 days per thousand pupils (days) -Primary Pupils ^{xliiv}	Trend data not available	All - 16 eFSM – 37.2
Rate of fixed term exclusions of less than 5 days per thousand pupils (days) -Secondary Pupils		All – 123.7 eFSM – 369
Rate of fixed term exclusions of more than 5 days per thousand pupils (days) -Primary Pupils	Trend data not available	All – 0.6 eFSM – 1.0
Rate of fixed term exclusions of more than 5 days per thousand pupils (days) -Secondary Pupils		All – 2.2 eFSM – 4.5
Percentage of adults with qualifications at Level 4 and above of the National Qualifications Framework		52.6

The use of mechanisms such as the Office of National Statistics' Measuring National Well-being programme (diagram 7 in What Citizens Said section below) are ways in which we are trying to broaden our understanding of well-being in Monmouthshire, in addition to service specific performance measurement.

What we spent in 2022/23

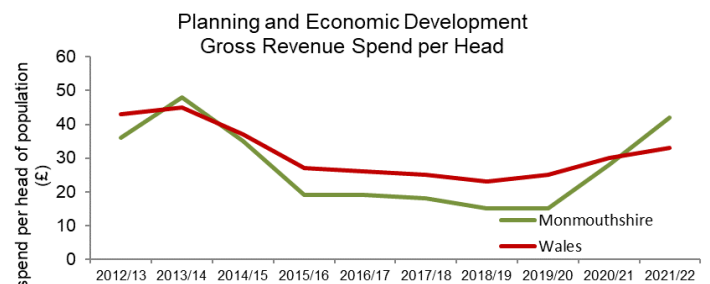
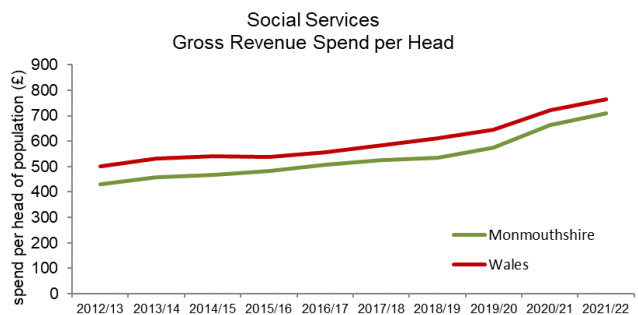
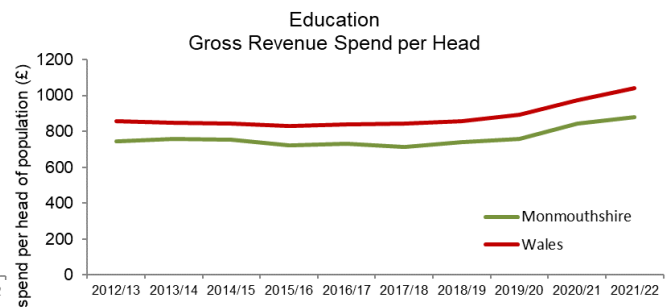
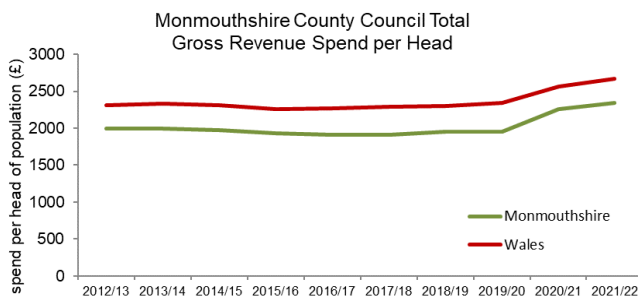
In 2022/23, the council spent £190.3 million providing services for Monmouthshire residents.

The proportion of our spending on different services in 2022/23 is shown in the diagram. These services are paid for by a combination of central government grants, council tax, non-domestic rates and a contribution from the council Fund.



How our revenue spend compares with other areas

The graphs below shows how much we spend per head of population in some of our priority areas. In 2021/22, we spent 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. For 2023/24 we received an increase in core funding, however our budget settlement from Welsh Government continues to be the lowest per head of population of councils in Wales.



What citizens said

Involvement and working together with residents and communities in Monmouthshire is essential to develop and deliver solutions to achieve outcomes and ensure residents are involved in the decisions that affect them.

Through our self-assessment we have used the views of service users and residents to inform our assessment. Some of the specific engagement exercises we undertaken to involve citizens this year include:

Budget engagement: Monmouthshire County Council launched its draft budget proposals for 2023-2024 in January 2023. Monmouthshire's communities were invited to share their views on these possible changes in an open consultation process. A range of information on the proposals and their potential impacts was shared. Face-to-face budget consultation events took place across Monmouthshire. Two online budget sessions were held and a specific session for Monmouthshire's youth forum. For those unable to join the livestream, the session was uploaded to the website to watch after the event. As part of the consultation process, residents were also asked to share their thoughts via a feedback survey on the budget proposals. Residents were also asked to share their views on whether Monmouthshire County Council should charge a council tax premium to people who own long-term empty properties and second homes in the county.



Regeneration Proposals: The latest improvement plans for Monnow Street in Monmouth were unveiled and a consultation held. A public consultation was also held for residents and businesses in and around Chepstow to gather feedback on ideas being proposed within the Transforming Chepstow Masterplan. For both consultations a number of face-to-face engagement opportunities were available for residents locally, displays were held in the local area on plans and designs and a link to a survey for people to complete placed on the website.

Replacement Local development Plan: We published our new Preferred Strategy for the Replacement Local development Plan: for public consultation and engagement. The strategy sets out provision for new homes and site allocations in the County. Comments were invited on the Candidate Sites Register, which lists all of the sites put forward by landowners, developers and other groups for potential inclusion in the RLDP.

Changes to 20mph speed limits: The Welsh Government passed legislation on 12th July 2022 that will see the speed limit in built-up areas reduced from 30mph to 20mph throughout Wales. In the lead-up to this legislative change, the Welsh Government funded pilot 20mph zones one of which was in Severnside. Although there has been clear support for the 20mph on residential side streets, concerns were received regarding the speed limit on the B4245. Following a review of available information, changes were

proposed to seek to address some of the community concerns raised while balancing this with the benefits of reducing speed limits, that were subject to a statutory consultation process for 28 days and following a review of responses approved.

Customer Complaints and Compliments: We monitor and learn from feedback received from customers. These are reported to the Governance and Audit Committee. Issues included the length of time we can take to respond to people. Not only is it important to deal with complaints effectively, investigating and putting things right for the complainant where necessary, it is also vital to learn from them to minimise the chances of the same problem occurring twice. Twenty complaints were referred to the Public Service Ombudsman for Wales in 2021-22, the last year for which data is available. Monmouthshire has one of the lowest levels of complaints reported to the Ombudsman at 0.21 per 1,000 residents. This ranges from 0.20 to 0.72 with an average of 0.36.

Measuring Individual well-being

The Office of National Statistic’s Measuring National Well-being programme also assesses personal well-being as part of the Annual Population Survey. The survey asks the questions:

- **Life Satisfaction** – overall, how satisfied are you with your life nowadays?
- **Worthwhile** – overall, to what extent do you feel that the things you do in your life are worthwhile?
- **Happiness** – overall, how happy did you feel yesterday?
- **Anxiety** – on a scale where 0 is ‘not at all anxious’ and 10 is ‘completely anxious’, overall, how anxious did you feel yesterday?

The latest full annual results for Monmouthshire (from 2021/22) for these questions are shown in diagram below alongside the UK and Wales averages. This shows that the responses from Monmouthshire residents score slightly better than both the UK and Wales for all measures.



Staff engagement

As part of our process to collate the self-assessment, we held directorate and enabling-service workshops to provide an opportunity for staff to directly feed into the self-assessment via identification of their own strengths and areas for development. Workshop attendees were presented with evidence packs, collated from existing information sources such as scrutiny reports, external regulator feedback, and service business plans, and were facilitated to self-assess their performance. A range of evidence was gathered from the workshops, both in terms of successes and areas for development associated with our strategic goals and our enabling functions, but also on how to strengthen the self-assessment process.

We have also used evidence gathered from a range of staff events and groups. These include the Digital and in-person 'Cwtch' staff engagement sessions, along with fortnightly People Leaders Q&A session and the People Working group. The use of networks and digital communication, surveys and feedback loops to senior managers, has extended the reach of contact with the workforce.

Businesses

We have established stronger engagement networks with businesses in our area since the pandemic and are working to maintain and improve these connections. We have a better understanding of the types of businesses in our area. We are in the final stages of configuring a new system that will act as the database of Monmouthshire businesses and a tool to promote the advice and guidance services we can provide to pre-starts and existing businesses. A Business Data & Communications Officer has been appointed who will facilitate the implementation of this system and help improve the feedback we receive from business to make sure we are capitalising on the conversations that are taking place and can improve our service to businesses as a result. This feedback will continue to inform our self-assessment.

Trade Unions

We engage well with Trade Unions to achieve our outcomes. We have briefed them on the process we undertake to complete our self-assessment and will share our findings with them as part of our self-assessment process.

What Regulators and Inspectors Said

We work closely with our regulators and inspectors to quality-assure our activities as this is vital to ensuring improvement. Their feedback is valued, and we use their assessments to help us focus on the things we need to improve across the council.

Each year, Audit Wales publishes an Audit Plan setting out the work they plan to undertake at the council. As part of the plan Audit Wales have undertaken more detailed Assurance and Risk Assessment work in the council during 2022/23. This focused in particular on the council's Financial position, Implications of the Local Government and Elections (Wales) Act 2021 and Carbon reduction plan.

Reports produced by Audit Wales are available to download on the Audit Wales website (www.audit.wales/publications). This includes local government national reports produced by Audit Wales.

We underwent an Estyn Inspection into Local Government Education Services in February 2020. The inspection recognised the clear vision and strong focus on ensuring 'the best possible start in life' and also identified the commitment to partnership working that has resulted in a good track record of improvement. It also identified areas for development, such as the performance of children eligible for free school meals, and a lack of clarity in how services for learners with special educational needs will be strengthened. Work is underway address the recommendations. The report can be found on www.estyn.gov.wales

Care Inspectorate Wales carried out a Performance review evaluation inspection of adults services in the council in July 2022. The purpose of this inspection was to review the local authority's performance in exercising its social services duties and functions in line with legislation, on behalf of Welsh Ministers. The findings recognise strengths and areas for improvement which the council is addressing. Inspection reports about social services by Care Inspectorate Wales (CIW) can be found on www.careinspectorate.wales

Equality and Diversity

The council has a long-standing commitment to equality and diversity. Our third Strategic Equality Plan, produced under the Equality Act 2010 sets the council's objectives to ensure we deliver better outcomes for people with protected characteristics. This is clearly aligned with the evidence provided by the Well-being Assessment, and also evidence provided by the Equality and Human Rights Commission's report "Is Wales Fairer 2018".

As well as this, it is important to us as it is the right thing to do. We produce annual monitoring reports that provide updates on progress on the action plan in the Strategic Equality Plan and evidence good practice being carried out across the council departments. These can be found [here](#).

The Welsh Language

The Welsh language is central to the goals introduced as part of the Well-being of Future Generations Act, particularly for our contribution to a Wales of vibrant culture and thriving Welsh language. It also makes an important contribution to the Welsh Government goal of having a million Welsh speakers by 2050.

The Welsh Language (Wales) Measure 2011, and accompanying Welsh Language standards, place a legal duty on councils to treat Welsh and English equally, to promote the Welsh Language and provide services to the public through the medium of Welsh. There are 176 standards that apply to the Council. This is a

significant challenge, but systems have been put in place comply with these. We have a Welsh Language Strategy for 2022-2027, which identifies a vision of how the language will look in Monmouthshire in five years and is accompanied by targets to help achieve it. Our annual monitoring report 2022/23 reflect our progress against our Welsh language commitments under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards. The report can be found [here](#).

Appendix 1 – Self-assessment process

Legislation

The Local Government and Elections (Wales) Act 2021 (“the Act”) provides for a new and reformed legislative framework for local government elections, democracy, governance and performance. The Act replaces the previous improvement duty for councils set out in the Local Government (Wales) Measure 2009. The Act requires each council in Wales to keep under review the extent to which it is meeting the ‘performance requirements’, that is the extent to which it is exercising its functions effectively; it is using its resources economically, efficiently and effectively; its governance is effective for securing these.

The performance and governance provisions in the Act are framed within the context of the well-being duty in the Well-being of Future Generations (Wales) Act 2015, which sets out a legally binding common purpose for public bodies to improve the social, economic, environmental and cultural well-being of Wales.

The mechanism for a council to keep its performance under review is self-assessment, with a duty to publish a report setting out the conclusions of the self-assessment once in respect of every financial year. Self-assessment will be complemented by a panel performance assessment once in an electoral cycle, providing an opportunity to seek external insights (other than from auditors, regulators or inspectors) on how the council is meeting the performance requirements.

Why

Self-assessment is a way of evaluating, critically and honestly, the current position in order to make decisions on how to secure improvement for the future. It is about the council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve. It needs to be embedded as effective self-assessment helps the council to continually learn and achieve sustainable improvement and better outcomes for citizens, service users and its own workforce.

The WLGA have identified draft principles for self-assessment for councils to ensure that they have arrangements in place that:

- demonstrate self-awareness derived from evidence-based analysis that focuses on outcomes;
- are owned and led at a strategic level and are not an exercise in compliance;
- further develop a culture of challenge to facilitate improvement as part of an ongoing process;
- are integrated as part of the council’s corporate planning, performance and governance processes; and
- enable an organisation-wide assessment rather than an assessment of individual services.

Further developing this culture and embedding an evaluative mindset will be a key development point through the first few iterations of the self- assessment report.

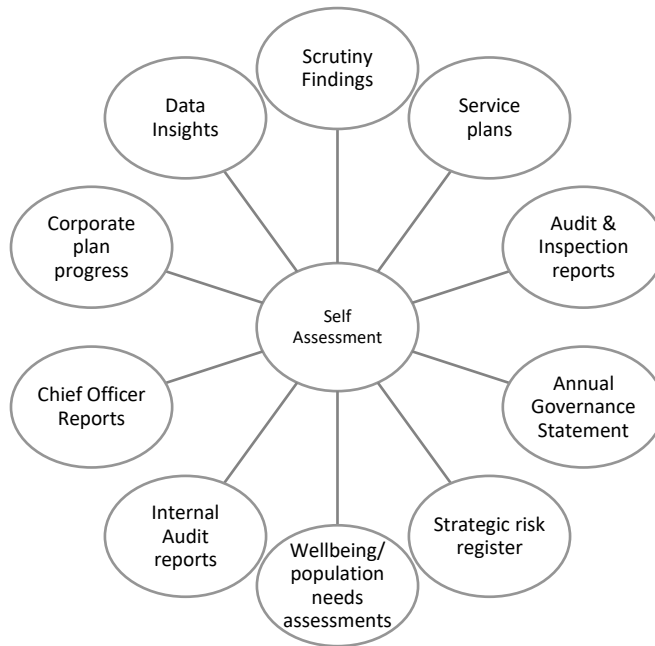
Process

The council has developed a process to undertake its second self-assessment under the Act, assessing performance in the 2022/23 financial year. The main component parts of the process and timeline are:

Feb – April Desk-based evidence gathering	April - June Directorate self-assessment Workshops	Jul – August Council self-assessment report drafted	September Draft report to Scrutiny and Governance & Audit Committee	October Self-assessment agreed in line with council process.
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This timeline ensures that the self-assessment can inform and be informed by the policy direction of the council and how it uses its resources efficiently and effectively, particularly the budget setting process.

Evaluative evidence to inform the assessment has been compiled at a directorate level. Most of the evidence has been collated by using intelligence already held corporately in an insightful way; this includes, for example, the Annual Governance Statement, audit and inspection reports, and service level business plans.



The evidence gathered has been explored further, and challenged where necessary, at directorate and enabling function based self-assessment workshops, to determine if the objectives (outcomes) of the council are being achieved.

Self-assessment workshops

Directorate workshops	Enabling functions workshops
Children & Young People	Policy & Governance – Workforce planning
Social Care & Health	Resources – Financial planning, Assets and Digital
Communities & Place	Communities & Place – Procurement
MonLife	Policy Performance & Scrutiny – Performance, Data and scrutiny

The workshops were facilitated through the following questions:

- How well are we achieving our agreed outcomes? (The self-assessment areas for development & Community & Corporate Plan objectives)
- How do we know? (Evidence)
- How effectively are resources being used to deliver our priorities? (Enablers)
- How effectively does the council work with stakeholders and partners on agreed outcomes? (Partnership working)

- What could we do better? (Actions – including a review of actions from the previous report)

The full evidence and conclusions from workshops have been collated and will be used by directorates and enabling functions to inform their services business plans.

Following the workshops, the evidence has been reviewed, further challenged, and collated into a corporate level evaluative self-assessment. This has been integrated with the council's requirement to report on the progress it has made in meeting its well-being objectives for the preceding financial year (2022/23) under the Well-being of Future Generations Act. The report is structured under these headings:

- Understanding our local place
- Outcomes (progress against objective areas for development):
 - How well are we achieving our agreed outcomes?
 - How do we know?
 - Areas for development
- Enabling functions
 - Corporate planning, performance and risk management
 - Financial planning
 - Workforce planning
 - Procurement
 - Assets
 - Digital
 - Data
 - Democracy & Scrutiny
- Our work with partners
- Our Actions (including progress against previous actions)

The self-assessment report will be scrutinised by the council's Performance and Overview Scrutiny Committee. A draft of the self-assessment report will be made available to Governance and Audit committee, who must review the draft report and make recommendations for changes to the conclusions or action the council intends to take. The self-assessment will be approved in accordance with the council's agreed processes at Council.

-
- ⁱ This measures primary school pupils to receive Universal Free Primary Schools rather than the number of pupils who are eligible for free school meals
- ⁱⁱ The National Exercise Referral Scheme is an evidence-based health intervention incorporating physical and behavioural change to support clients to make a lifestyle change to improve both health and wellbeing
- ⁱⁱⁱ National Survey for Wales - <https://www.gov.wales/national-survey-wales>
- ^{iv} Make Your Mark: Monmouthshire's Local Ballot is an annual consultation for young people ages 11-25. See <https://www.monlife.co.uk/connect/youth-service/make-your-mark/make-your-mark-monmouthshire/> for more details
- ^v National Survey for Wales - <https://www.gov.wales/national-survey-wales>
- ^{vi} Disability Confident is a UK Government scheme designed to encourage employers to recruit and retain disabled people and those with health conditions.
- ^{vii} Measured by the Annual Population Survey for Wales. While this is not considered as accurate as the Census, it has the benefit of being updated more frequently allowing the authority to track progress.
- ^{viii} This includes both emissions from the council's operations and land-based and supply chain operations
- ^{ix} Active travel means getting about in a way that makes you physically active, like walking or cycling. It usually means short journeys, like walking to the shops or school or cycling to work.
- ^x Amount of municipal, or 'everyday' waste, set to be recycled, reused or composted as a percentage of total waste generated. [Annual reuse/recycling/composting rates by local authority \(gov.wales\)](#)
- ^{xi} Measured using the STEAM which is a tourism economic impact modelling process
- ^{xii} Percentage of Year 11 school leavers who are NEET. [Pupil destinations | Careers Wales \(gov.wales\)](#)
- ^{xiii} This includes new leased accommodation, conversion of existing properties, acquisition of existing properties for this purpose and those brought back into use and funded through the social housing grant. It differs from planning data which is focused on new builds and those granted planning permission
- ^{xiv} Adult Social Care Service User Questionnaire
- ^{xv} MonGames is a skills and sports activity programme, usually run in the school holidays, aimed at children aged between 5-11
- ^{xvi} This is externally grant funded so risk that this model could change or stop
- ^{xvii} Active Play is a two-hour programme designed for children aged between 5-11 where they are able to take part in a range of physical activities and also arts and crafts
- ^{xviii} Adult Social Care Service User Questionnaire
- ^{xix} Relative low income refers to people living in households with income below 60% of the median in that year
- ^{xx} Material deprivation is a measure of living standards. A person is considered to be living in material deprivation if they are unable to access a certain number of goods or services. Further information can be found here: [Material deprivation and low income | GOV.WALES](#)
- ^{xxi} [Annual residual household waste produced per person \(kilograms\) by local authority \(gov.wales\)](#)
- ^{xxii} [Air Quality Indicators, by Local Authority \(gov.wales\)](#)
- ^{xxiii} Measures combined numbers at risk from rivers, tidal and surface water. Source: [https://naturalresources.wales/evidence-and-data/research-and-reports/water-reports/compliance-assessment-of-welsh-river-sacs-against-phosphorus-targets/?lang=en](https://stats.wales.gov.wales/Catalogue/Environment-and-Countryside/Flooding/High Risk; Greater than or equal to 1 in 30 (3.3%) chance in any given year. Data in baseline is for 2019. Medium Risk; Less than 1 in 30 (3.3%) but greater than or equal to 1 in 100 (1%) chance in any given year for rivers and surface water flooding and less than 1 in 30 (3.3 per cent) but greater than or equal to 1 in 200 (0.5 per cent) for the sea. Low Risk; Less than 1 in 100 (1%) for rivers and surface water flooding and 1 in 200 (0.5 per cent) for the sea but greater than or equal to 1 in 1,000 (0.1%) chance in any given year.</p>
<p>^{xxiv} Compliance Assessment of Welsh River SACs against Phosphorus Targets Report No: 489. <a href=)
- ^{xxv} <https://www.monmouthshire.gov.uk/planning-policy/annual-monitoring/retail/>
- ^{xxvi} <https://www.monmouthshire.gov.uk/planning-policy/annual-monitoring/retail/>
- ^{xxvii} Measure of entries and exits. Source: <https://dataportal.orr.gov.uk/statistics/usage/estimates-of-station-usage>
- ^{xxviii} https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1144656/tra8902.ods
- ^{xxix} Gross Disposable Household Income (GDHI) is the amount of money individuals or households have for spending or saving. [Gross Disposable Household Income by area and measure \(gov.wales\)](#)
- ^{xxx} [House price to workplace-based earnings ratio - Office for National Statistics \(ons.gov.uk\)](#)

^{xxxi} Includes territorial emissions of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Source: <https://www.gov.uk/government/statistics/uk-local-authority-and-regional-greenhouse-gas-emissions-national-statistics-2005-to-2020>

^{xxxii} Source: Gwent Police

^{xxxiii} National Survey for Wales - <https://www.gov.wales/national-survey-wales>

^{xxxiv} [Energy efficiency of Housing, England and Wales, local authority districts - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

^{xxxv} National Survey for Wales - <https://www.gov.wales/national-survey-wales>

^{xxxvi} [Percentage of people satisfied with their ability to get to/access facilities and services they need \(gov.wales\)](https://gov.wales)

^{xxxvii} National Survey for Wales - <https://www.gov.wales/national-survey-wales>

^{xxxviii} Healthy Life Expectancy is the number of years lived in self-assessed good health

^{xxxix} Healthy Life Expectancy is the number of years lived in self-assessed good health

^{xl} Source:

<https://www.infobasecymru.net/IAS/themes/healthandsocialcare/generalhealth/tabular?viewId=47&geold=1&subsetId=>

^{xli}

<https://www.infobasecymru.net/IAS/themes/healthandsocialcare/generalhealth/tabular?viewId=47&geold=1&subsetId=>

^{xlii} National Survey for Wales - <https://www.gov.wales/national-survey-wales>

^{xliii} National Survey for Wales - <https://www.gov.wales/national-survey-wales>

^{xliv} Exclusions are split by the length/type of exclusion, into 3 categories: i) Fixed term exclusions: 5 days or less; ii) Fixed term exclusions: over 5 days iii) Permanent exclusions. These are measured for all pupils and those eligible for free school meals (further detail can be found at <https://www.gov.wales/sites/default/files/pdf-versions/2022/10/4/1666254621/permanent-and-fixed-term-exclusions-schools-september-2020-august-2021.pdf>).



SUBJECT: Internal Audit Review of Partnership & Collaboration Arrangements

DIRECTORATE: Resources

MEETING: Governance & Audit Committee

DATE: 20th September 2023

DIVISION/WARDS AFFECTED: All

1. PURPOSE

To inform the Governance & Audit Committee of the results of the Internal Audit of Monmouthshire County Council Partnership and Collaboration Arrangements as requested by the Committee.

2. RECOMMENDATION(S)

That the Committee notes the audit opinion and findings from the Partnership and Collaboration Arrangements Internal Audit Review.

3. KEY ISSUES

3.1 As part of the 2022/23 Internal Audit Plan and at the request of the Governance & Audit Committee an Internal Audit review of Monmouthshire County Councils Partnership and Collaboration Arrangements was undertaken. A draft report was issued on the 30th June 2023 with the final report issued on the 8th September 2023.


3.2 The objective of the audit was to carry out a risk-based audit review of the Authority's Strategic Partnership and Collaboration arrangements. The audit was to ensure that all current partnerships were known, monitored, and effectively governed to ensure that the expected outcomes were achieved.

3.3 The following areas were examined:

1. The Authority is aware of the strategic partnerships and collaborations that are in place to help it achieve its corporate strategy, goals and aims.
2. Appropriate governance arrangements have been established between the Authority and its strategic partners and collaborators.
3. Robust performance and risk management frameworks have been established to ensure that the expected outcomes of the partnerships and collaborations are being realised.

4 REASONS

- 4.1 For the basis of this audit review, Internal Audit used the list of twenty-six collaborations and partnerships that had been reported to the Governance and Audit Committee on the 26th January 2023 to select a sample.
- 4.2 The following key collaborations and partnership were chosen for high level audit assessment:
- Shared Resource Service (SRS);
 - Gwent Local Resilience Forum;
 - South East Wales Education Achievement Service (EAS);
 - Gwent Wide Integrated Community Equipment Services (GWICES);
 - Monnow Vale (Health and Social Care Facility);
 - Procurement with Cardiff Council;
 - Sport Wales;
 - Monmouthshire Destination Partnership;
 - Gwent Police Property Services collaboration; and
 - Gwent Public Services Board
- 4.3 Our audit identified a number of strengths in each of the areas reviewed. Some significant (3) and moderate (8) risks were also detected which require addressing, no critical risks were identified. Consequently, we have given a '**Reasonable**' assurance rating which reflects that there is a generally sound system of governance, risk management and control in place.

	SUBSTANTIAL ASSURANCE	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
	REASONABLE ASSURANCE	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
	LIMITED ASSURANCE	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
	NO ASSURANCE	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- 4.4 Appendix 1 of this report details the weaknesses raised during this audit review.

- 4.5 Following the report being issued in draft to the Chief Officer People, Performance & Partnerships and the Performance & Data Insight Manager on the 30th June 2023, management actions were submitted and a draft report meeting was held on 06th September 2023. This meeting took longer than normal to arrange due to Officers annual leave commitments throughout July and August.
- 4.6 At the draft report meeting a number of Management Actions were agreed to address the recommendations raised within the report. These can be seen within the extract included in Appendix 1.
- 4.7 The implementation of the agreed management actions will be monitored by the internal audit team as per our commitment to the Governance & Audit Committee to follow up all recommendations issued.

5. RESOURCE IMPLICATIONS

None.

6. CONSULTEES

Deputy Chief Executive & Chief Officer Resources
Chief Officer People, Performance & Partnerships
Performance & Data Insight Manager

Results of Consultation:

N/A

7. BACKGROUND PAPERS

N/A

8. AUTHORS AND CONTACT DETAILS

Jan Furtek, Audit Manager
Telephone: 01600 730521
Email: janfurtek@monmouthshire.gov.uk

Ref.	Weakness & Risk	Recommendation & Agreed Management Action	By Who	By When
1.03	<p>The Authority does not have a detailed policy or guidance document on how to administer partnership / collaboration arrangements.</p> <p><i>Risks - Key governance, performance or risk management controls may not be established.</i></p> <p><i>Development of inconsistent control frameworks, some partnerships/collaborations could be over or under controlled.</i></p>	<p>Recommendation: The Authority should introduce specific guidance around partnerships and collaborations, which provides detail around their establishment, the management arrangements and process required for exiting out of any arrangements (if required).</p> <p>Agreed Management Action: The responsibility for establishing and governing individual collaboration and partnership arrangements sits with the relevant responsible officer(s) within service areas. A guidance note is being produced in response to the recommendation and will be finalised following input from the Governance Working Group. Further guidance on specific projects can be sought from relevant support services as required e.g. legal, financial and performance.</p> <p>The scale and responsibility of partnership and collaborations the Council has in place varies significantly. Therefore, the application of the guidance will need to be proportionate to the arrangements in place. The guidance will be applied to existing as well as new arrangements. Assurance for existing arrangements will be sought on a programmed basis, informed by an assessment of risk and capacity available.</p> <p>The Council does not have one 'central' role responsible for all governance and collaboration arrangements and within current financial challenges we will need to use existing expertise and resources to develop, maintain and support specific guidance. A</p>	Chief Officer People, Performance and Partnerships	December 2023

APPENDIX 1 - ANALYSIS OF STRENGTHS & WEAKNESSES / ACTION PLAN

Ref.	Weakness & Risk	Recommendation & Agreed Management Action	By Who	By When
		specific lead to oversee the implementation and ongoing application of the guidance will be identified.		
2.07	<p>Although partnership agreements contained details around notice periods for withdrawing from or ending a partnership, there was found to be no exit plans or contingency strategies drawn up for any of the partnerships in the event of a withdrawal or failure of the service.</p> <p><i>Risk - Service provision may be affected if there is no back up plan. Over resilience or dependency on the partnership.</i></p>	<p>Recommendation: Service Managers responsible for managing the key partnerships or collaborations should formulate exit / contingency strategies.</p> <p>Agreed Management Action: Exit / contingency strategies will be part of the development of specific guidance around partnerships and collaborations for lead officers to apply. This will provide guidance on developing a back-up plan should for whatever reason the partnership end or our participation cease, including links to business continuity. It will also link to performance management arrangements in ensuring there are plans in place should concerns over performance arise. The guidance will be applied to existing as well as new arrangements on a programmed basis.</p>	<p>Chief Officer People, Performance and Partnerships</p> <p>(Partnership / Collaboration Lead Officers)</p>	March 2024
3.03	<p>The risks in relation to current partnership arrangements were not always formally documented and reviewed.</p> <p><i>Risk - Risks are not effectively identified, assessment and managed effecting the delivery of the service.</i></p>	<p>Recommendation: The Authority should ensure that it manages any risks in relation to the partnership or collaboration and ensure that they have robust risk management processes in place.</p> <p>Agreed Management Action: Risk management will be part of the development of specific guidance around partnerships and collaboration for lead officers to apply. This will provide guidance on risk management for arrangements within the partnership and also risks to the Council around the partnership and its delivery,</p>	<p>Chief Officer People, Performance and Partnerships</p> <p>(Partnership / Collaboration Lead Officers)</p>	March 2024

APPENDIX 1 - ANALYSIS OF STRENGTHS & WEAKNESSES / ACTION PLAN

Ref.	Weakness & Risk	Recommendation & Agreed Management Action	By Who	By When
		including links to exit / contingency strategies. The guidance will be applied to existing as well as new arrangements on a programmed basis.		

Ref	Weakness	Noted
1.04	There were no specific or measurable criteria to consider if a partnership or collaboration should be classed as being key or strategically important. <i>Risk – The most important partnerships and collaborations are not identified. The current level of scrutiny, control and management placed on these may not be appropriate.</i>	Chief Officer People, Performance & Partnerships
1.05	Proforma's used to collect information on the partnerships and collaborations have not always been fully and comprehensively completed. <i>Risk - Full details of the partnerships are not known. Strategic importance of the partnerships or collaboration could be incorrectly interrupted.</i>	Chief Officer People, Performance & Partnerships
1.06	The list of MCC partnerships and collaborations was not readily available to staff, elected members and members of the public. The list did not detail who was the lead authority for the arrangement. <i>Risk – people may not be aware of the partnerships and collaborations which exist within Monmouthshire and who is responsible for delivering the service.</i>	Chief Officer People, Performance & Partnerships
2.08	Evidence could not always be provided of the business case and decision making process for entering into a partnership arrangement.	Chief Officer People, Performance &

Ref	Weakness	Noted
	<p><i>Risk - Reason for entering into the agreement and appropriate consideration / approval for setting up the partnership may not have occurred.</i></p> <p><i>Partnership working may not have been the most appropriate way to deliver the service.</i></p>	Partnerships
2.09	<p>The roles and responsibilities of the Monmouthshire Destination Partnership was based upon a draft term of reference.</p> <p><i>Risk - Roles and responsibilities have not been formally agreed, dispute could emerge and intended roles not fully achieved.</i></p>	<p>Chief Officer People, Performance & Partnerships</p> <p>(Partnership / Collaboration Lead Officer)</p>
2.10	<p>The Cardiff Procurement Partnership agreement did not contain a right of access for audit.</p> <p><i>Risk – Records cannot be accessed by ether internal or external audit working on behalf of the Authority.</i></p>	<p>Chief Officer People, Performance & Partnerships</p> <p>(Partnership / Collaboration Lead Officer)</p>
2.11	<p>No assurance mechanisms have been built into the Monmouthshire Destination Partnership.</p> <p><i>Risk - Poor governance of the partnership.</i></p>	<p>Chief Officer People, Performance & Partnerships</p> <p>(Partnership / Collaboration Lead Officer)</p>

APPENDIX 1 - ANALYSIS OF STRENGTHS & WEAKNESSES / ACTION PLAN

Ref	Weakness	Noted
3.04	Performance management arrangements were not always adequate. <i>Risk - Service targets and deliverables are not achieved.</i>	Chief Officer People, Performance & Partnerships (Partnership / Collaboration Lead Officer)

CONFIDENTIAL

GOVERNANCE & AUDIT COMMITTEE WORK PROGRAMME IN LINE WITH ITS TERMS OF REFERENCE

Review and scrutinise the authority's financial affairs and make reports and recommendations in relation to them

- Review the financial statements prepared by the authority
- To receive and approve the Council's Annual Statement of Accounts in accordance with the Accounts and Audit Regulations

	29 June 23	27 July 23	20 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
2022/23 MCC Statement of Accounts Head of Finance – Jonathan Davies			✓ Draft		✓ Final			
Statement of Accounts 2022/23 - Charitable Trust Funds Head of Finance – Jonathan Davies		✓ Draft				✓ Final		
Treasury Report Head of Finance – Jonathan Davies		✓ 22/23 Outturn ✓ 23/24 Q1			✓ 23/24 Q2	✓ 23/24 Q3		
Capital & Treasury Strategy Head of Finance – Jonathan Davies							✓	
Draft Financial Strategy				✓ Draft				

Review and assess the risk management, internal control, performance assessment and corporate governance arrangements of the authority and make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements

- To consider the draft annual self-assessment performance and recommend changes as required ahead of it being considered by Council.

- To consider the report of the (independent) panel performance assessment is also to be made available to the Governance & Audit Committee. A panel performance assessment is to take place at least once during the period between two consecutive ordinary elections of councillors to the Council

	29 June 23	27 July 23	20 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
Annual Governance Statement 2022 Audit Manager – Jan Furtek		✓ Draft						
Freedom of Information (FOI) & Data Protection Act (DPA) Breaches & Date Subject Access Request (DSARs) Head of Information Security & Technology – Sian Hayward	✓					✓		
Draft Self Assessment Report Performance & Data Insight Manager – Richard Jones			✓ Draft					
Governance & Audit Committee Annual Report - 2022/23 Chair of Governance & Audit Committee – Andrew Blackmore		✓						
Anti Bribery Risk Assessment Deputy Chief Executive – Peter Davies				✓				
Audit Wales Work Programme: Council Progress Performance & Data Insight Manager – Richard Jones				✓				✓
Annual Performance Review of Investment Committee Development Manager - Nick Keyse				✓				
Cyber security						✓		

Head of Information Security & Technology – Sian Hayward								
Feedback on Collaboration & Partnership arrangements Performance & Data Insight Manager – Richard Jones / Audit Manager – Jan Furtek			✓					
Self Assessment of Performance Management arrangements Performance & Data Insight Manager – Richard Jones							✓	
Effectiveness of Strategic Risk Management Framework Performance & Data Insight Manager – Richard Jones					✓			✓

Review and assess the authority's ability to handle complaints effectively make reports and recommendations in relation to the authority's ability to handle complaints effectively								
	29 June 23	27 July 23	20 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
The Ombudsman's Annual Letter (2022/23) Customer Relations Manager – Annette Evans					✓			
Whole Authority annual complaints report Customer Relations Manager – Annette Evans							✓	

Oversee the authority's internal audit arrangements

Internal Audit								
	29 June 23	27 July 23	20 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
Internal Audit Operational Plan 2023/24 Audit Manager – Jan Furtek	✓ Draft	✓ Final						
Internal Audit Annual Report 2022/23 Audit Manager – Jan Furtek	✓							
Internal Audit Revised Opinions Audit Manager – Jan Furtek	✓							
Internal Audit quarterly progress reports Audit Manager – Jan Furtek		✓			✓		✓	
Implementation of Internal Audit agreed recommendations Audit Manager – Jan Furtek								✓
Internal Audit Plan and Annual Report for Shared Resource Service (SRS) – Torfaen CBC IA Team	✓							

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Oversee the authority's external audit arrangements								
	29 June 23	27 July 23	20 Sept 23	19 Oct 23	23 Nov 23	11 Jan 24	22 Feb 24	11 Apr 24
Annual Audit Plan 22-23 Audit Wales Manager – Rachel Freitag		✓						✓
Annual Audit Plan 22-23 - Welsh Church Funds Audit Wales Manager – Rachel Freitag				✓				

Assurance and Risk assessment review Audit Wales – Colin Davies				✓				
Annual Grants report Audit Wales Manager – Rachel Freitag				✓				
ISA260 Response to Accounts Audit Wales Manager – Rachel Freitag / Head of Finance – Jonathan Davies					✓			
ISA 260 or equivalent for Trust Funds Audit Wales Manager – Rachel Freitag / Head of Finance – Jonathan Davies						✓		
Audit Wales Well-Being Objective Setting Review Audit Wales – Charlotte Owen			✓					
Audit Wales Performance Data Review – Audit Wales – Charlotte Owen					Estimated ✓			
Audit Wales Digital Review Audit Wales – Charlotte Owen				✓				

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Public Document Pack Agenda Item 11

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held
at Council Chamber, County Hall, The Rhadyr USK on Thursday, 27th July, 2023 at 2.00
pm

PRESENT: Andrew Blackmore (Chairman)
County Councillor Tony Easson (Vice Chairman)

Lay Members: Colin Prosser and Rhodri Guest

County Councillors: Ben Callard, Phil Murphy, Peter Strong and
Ann Webb

OFFICERS IN ATTENDANCE:

Peter Davies	Deputy Chief Executive and Chief Officer, Resources
Jan Furtek	Audit Manager
Wendy Barnard	Democratic Services Officer
Richard Jones	Performance and Data Insight Manager
Jonathan Davies	Head of Finance
Rachel Freitag	Audit Wales Officer

APOLOGIES:

County Councillors John Crook, David Jones and Malcolm Lane and Lay Member
Martin Veale.

1. Declarations of Interest

No declarations of interest were made.

2. Public Open Forum

No members of the public were present.

3. To note the action list from the previous meeting

The Action List from the previous meeting was noted.

1. Key Collaborations and Partnerships: The Chief Internal Auditor (CIA) reported that the draft report was issued in June with an opinion of "Reasonable Assurance". The audit was a risk-based review of strategic partnerships and collaboration arrangements to ensure that all partnerships were identified, monitored and effectively governed. The draft report is with the Performance and Data Insight Manager and Head of Policy, Performance and Scrutiny to consider the recommendations and management actions. The report will be presented at the next meeting.

[ONGOING]

MONMOUTHSHIRE COUNTY COUNCIL

Minutes of the meeting of Governance and Audit Committee held at Council Chamber, County Hall, The Rhadyr USK on Thursday, 27th July, 2023 at 2.00 pm

2. Finance Team Capacity: An e mail from the Head of Finance had been circulated to Committee Members providing background information and outlining a plan for resolution. The staffing structure budgets for 35.41 FTE and there are currently 32.6 FTE in post (Vacancy rate 7.9%). The Assistant Head of Finance post was vacated in Spring 2022 and interim arrangements have been in place since but there is some impact on workloads. High-risk areas have been prioritised mainly to maintain the financial sustainability of the authority and to ensure that timely, accurate financial information is available.

It is planned to resolve the issue in 8 to 12 weeks. In doing so, key areas to strengthen include grant administration (as the volume and value of specific grants has increased), capital scheme support, project work and to reduce the draw on senior finance officer time to concentrate on strategic financial focus given the turbulence and challenge this year and forecast over the medium term.

The Team was congratulated on bringing forward the date of the draft statement of accounts.

A verbal update was requested at the next meeting on progress in filling these vacancies and further information on which items were being de-prioritised.

[ONGOING]

3. People Strategy and Asset Management Plan: To be reported to the November meeting.

[ONGOING]

4. Social Enterprise (slippage of nearly a decade Wales-wide): A written response to the question was circulated to the Committee yesterday. The Action to remain open to allow the opportunity for all Members to read the response.

[CLOSED]

5. Annual Complaints Report Weighting System: Consideration to be given to this matter before presentation of the next annual complaints report.

[ONGOING]

6. Strategic Risk Register: To be reported upon in November 2023.

[ONGOING]

7. Audit of the SRS (Torfaen CBC): Noting that the SRS is likely to be the authority's most significant collaboration, it was agreed that the Committee

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considers this action as part of its deliberations on the draft report on key collaborations and partnerships (at 1. above), when presented.

[ONGOING]

8. Freedom of Information, Data Protection and Data Subject Access Requests:

- i) Information on mandatory training completion rates to be sent to the Committee outside the meeting
- ii) Information on governance arrangements for the policies for these areas to be sent to the Committee outside the meeting
- iii) Consideration of corporate risk control policies (extending beyond IT and data protection) that the Committee should periodically review and recommend for approval across the authority: It is planned to report back in October once the Governance Working Group has met.

[ONGOING]

9. Internal Audit Annual Report - Old Station Tintern: The CIA provided a verbal report when this matter was considered later in today's meeting.

[CLOSED]

10. Draft Operational Plan:

The Deputy Chief Executive explained that there are 5.5 FTE in the Internal Audit Team structure. The recruitment in progress for the Senior Auditor post will increase staff to 5 FTE. In terms of the senior roles, the Audit Manager is acting up as the CIA, and 0.5 FTE is unfilled. This situation will be managed in the interim and will provide vacancy savings. There is flexibility, subject to available budget, to draw on Internal Audit Consortia or other services to cover any shortfall in the interim whilst the regional consortium option is explored. The Chair expressed concern about the potential for material shortfall at this time. The Deputy Chief Executive provided assurance that funds would be secured from the wider budget to return to a satisfactory position agreeing that stability in the Team is a priority. A further update was requested at the next meeting.

[ONGOING]

4. Treasury Outturn Report 2022/23

The Head of Finance presented the Treasury Outturn Report 2022/23. Committee Members were invited to ask questions:

- A Member asked if the report could be made more easily readable, if possible, in future.
- The Member asked about Broadway Partners Ltd. which had recently moved into administration and queried if there were any implications/risks arising from this. The Head of Finance explained that the Council entered a

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commercial loan special purpose vehicle in Spring 2020 with Broadway Partners. Two tranche payments totalling £1.15 million were drawn down. Repayments on the loan have been made monthly until it was announced that administrators had been appointed in April 2023 when loan repayments ceased and are now overdue. The Investment Committee resolved to defer the loan repayments to allow the special purpose vehicle to remain solvent in the administration process. The total outstanding loan at the current time is around £745,000 with accrued interest of £15,000. There is regular communication with the administrators. The Deputy Chief Executive commented that the administrators are in a process of seeking interest from prospective purchasers.

- Referring to the Capital Financing requirement, a Member asked how close the authority is to the borrowing ceiling. The Head of Finance confirmed that the borrowing levels are affordable and prudent noting that there is an indicator in the treasury strategy at the start of the year. That, and the impact on the revenue budget, is monitored regularly.
- Addressing a question around the unrealised capital loss of £401,000 and pooled funds, the Head of Finance confirmed the position noting that the regulations have been extended both by UK government and Welsh Government for at least two Financial years and that allows the unrealised loss to be carried forward on the balance sheet. If an opportunity arose, the authority may look to undo that position over the medium term. In the meantime, the returns are satisfactory, and a treasury reserve is held to cover the risk of the unrealised loss materializing and the position with volatility of the markets is kept under review. In response to a question, it was confirmed that the treasury risk reserve is approximately £590,000.
- In response to a question, the Head of Finance noted that returns on commercial and investment properties are in the report (s.10). There are variable returns from the solar farm and Newport Leisure Park. There was a net loss on Castlegate Business Park
- A question was asked about the advice from our advisors recommending a maximum duration limit for unsecured deposits within banking institutions of 35 days and queried if this was unduly risk adverse. The Head of Finance confirmed that there are regular updates from the treasury advisers. The authority keeps its investments liquid linked to the internal borrowing position and staying very close to the £10million minimum investments requirement. Referring to the 35 days, the authority is comfortable with the professional advice and would not wish to take action which could adversely impact levels of liquidity at this time.
- The Head of Finance was able to confirm that the authority has complied with the treasury policy during 2022/23 and the learning from this period has been applied to treasury strategy this year. Treasury management indicators and strategy were set at the start of the year and have been fully complied with.

As per the report recommendations, the Governance & Audit committee reviewed the results of treasury management activities and the performance achieved in 2022/23 as part of its delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council.

5. Quarter 1 Treasury Report 2023/24

The Head of Finance presented the Quarter 1 Treasury Report 2023/24. Following this, Committee Members were invited to comment and ask questions:

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- Answering a question, the Head of Finance confirmed that Cineworld is in administration in the UK (and US) and that the authority is in regular communication with the administrators. The tenancy at Newport Leisure Park has not been impacted to date and there is no evidence that the security of the rental payments is at risk; payments are on time. The company is aiming to restructure its operations to remain sustainable in the UK.
- In terms of the anchor tenant at Castlegate Business Park, it was confirmed that the rent-free period continues.
- A Member noted the material change and net investment position over a two-year period from £48million to forecast £15million.
- Referring to LOBO (Lender Option Borrower Option) loans, it was confirmed that there are loans with three banks. These types of loans were available in the 2000s. In the current rising interest rate environment, banks may wish to exercise their option on loans and the authority is in discussion with its treasury advisors should that situation materialise. The next option date is in August so options are being considered.
- Responding to a question, the Head of Finance informed the Committee that money market funds have traditionally provided better returns than deposits with the Bank of England however this has not been true during the recent volatile period. A priority is avoiding unnecessary risk. Investments could be subject to bailing (regulations for the security of the funds) if an institution fails, It has been noted that bailing exposure has increased slightly and deposits have been made with the Bank of England to reduce bailing exposure and to increase investment returns during this period of high interest rates.

As recommended the Governance & Audit Committee reviewed the treasury management activities and the performance achieved in the first quarter of 2023/24 as part of its delegated responsibility to provide scrutiny of treasury policy, strategy and activity on behalf of Council.

6. Draft Statement of Accounts 2022/23 - Charitable Trust Funds

The Head of Finance presented the Draft Statement of Accounts 2022/23 – Charitable Trust Funds. Following presentation of the report, questions were invited from Committee Members:

- In response to a question, it was confirmed that the Board of Trustees for the respective charitable trust funds have been sent the draft statement of accounts and will consider them at their next scheduled meetings. It was confirmed by a Board Member that the Monmouthshire Farm School Trust Board has considered, and is satisfied with, the accounts.
- A Member noted the capital loss on the Welsh Church Fund and the Monmouthshire Farm School Trust because of the volatility of UK markets and asked if that trend is likely to continue exposing the potential for greater or lesser losses. The Head of Finance explained that the purpose of making these investments is to provide regular income generation to support the annual grant process. The returns are significantly higher than prior to the pooled fund investments and provide a reliable income stream and support the objectives of the trust funds. As long-term investments, it is accepted that capital values rise and fall, and it was noted that some investments have recovered significantly recently.
- A question was asked about the responsibility of the Governance and Audit Committee, and if the Committee had seen the investment strategy for these bodies. It was commented that there is a separate investment strategy for these funds closely aligned to the overall investment strategy for the whole authority. The Deputy Chief Executive

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explained that Cabinet approved the trust fund investment strategies 2023/24 (1st March 2023) and in the future a report can be scrutinised by this Committee.

- It was noted that relatively few grants had been issued during the period and explained that limited numbers of applications were received so efforts are being made to provide information and encourage applications from students.

As per the report recommendations, the Governance & Audit Committee reviewed the 2022/23 draft Statement of Accounts for the above bodies and had the opportunity to provide comments or proposed amendments which will be considered alongside the external audit process and prior to publication of final accounts.

7. Draft Annual Governance Statement

The CIA presented the Draft Annual Governance Statement. Following presentation of the report, questions were invited from Committee Members:

- A Member asked when the new Head of Law would be taking up the post. The CIA explained there is a three-month notice period so a start date is under negotiation. The Governance Working Group and senior officers, including those in the Legal Team, will monitor and cover as necessary in the interim.
- A Member welcomed the areas for improvement and suggested that consideration in future years could be given to the effectiveness points that appeared to be actions as opposed to explaining how they were effective. It was suggested that, where a few have multiple points but less effectiveness examples, they could be reviewed. This was agreed.
- A Member asked how the Committee can be confident that the assessments are true and reasonable. The CIA explained that the assessments in the report have been challenged by the Governance Working Group and separately challenged by members of the Senior Leadership Team and the areas of effectiveness were changed considerably following this process. The Deputy Chief Executive said that considering multiple perspectives is an important aspect. There is also value in the interim CIA, as a new officer, looking at the document with “fresh eyes” to validate the accuracy of the information presented to the Governance and Audit Committee.
- Referring to the Action Plan, a Member noted that the date to produce a new socially responsible procurement strategy is June 2023 and asked if there was any progress. The Deputy Chief Executive reported that this item had recently been approved by Cabinet and the plans supporting that strategy now take effect.
- A Member asked about the ability of the Governance and Audit Committee to identify potential misconduct and questioned if there are sufficient measures and checks in place to do so. It was noted that there hasn't been any reported misconduct over the period of the current committee. It was queried if a test could be put in place to rehearse the process to provide assurance of the effectiveness of any response. The CIA reported that there were no special investigations last year so nothing to report to Governance and Audit Committee. The CIA to liaise with HR colleagues to check if there are instances to report. The Member recalled some concern about complaints that weren't received.
- Suggesting some minor amendments, a Member did not recall seeing a report on exemptions of contract procedures rules and suggested that nil reports should be presented. Also, there had not been an opportunity to review procurement processes. It was suggested that some observations about areas for further improvement from the

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Governance and Audit Committee's Annual Report could be considered for inclusion in the revised Annual Governance Statement.

- The Committee were satisfied with overall effectiveness. The Deputy Chief Executive commented that the ratings originally designated were downgraded to improve accuracy based on multiple perspectives and to promote future excellence.

As recommended, the Governance & Audit Committee contributed to the appropriateness and content of the draft Annual Governance Statement (2022/23) and considered the review of effectiveness and the assessment made against each of the governance principles. Subject to some minor amendments, the Committee endorsed the Annual Governance Statement for inclusion within the Draft Statement of Accounts 2022/23.

The Chair asked that the Action Plan is brought back to the Committee periodically so that Members can understand the actions taken ahead of consideration of next year's Annual Governance Statement.

8. Internal Audit Quarterly Progress Report

The CIA presented the Internal Audit Quarterly Progress Report. Members were invited to comment and ask questions:

- In response to a question, the CIA reported that it was hoped to have the tracker live by the end of Quarter 2.
- Responding to a question about Tintern Old Station, the CIA confirmed that the Team is following up the findings from the original audit report concerning the third-party concession and contract (previous to the catering service being returned to in-house provision). The Team is looking at current arrangements for catering to provide assurance that the controls in place are effective. A Member said he had received complaints that only card payments are available and the CIA agreed to investigate if cash payments are taken.

As per the report recommendations, the Committee 1) noted the audit opinions issued and 2) noted the progress made by the Section towards meeting the 2023/24 Operational Audit Plan and the Section's performance indicators at the 3-month stage of the financial year which are currently ahead of the profiled target.

9. Governance and Audit Committee Annual Report 2022/23

The Governance and Audit Committee's Annual Report 2022/23 was approved for presentation to Council.

The Chair asked that a date is sourced in the Autumn for the Committee to meet to undertake a self-evaluation exercise to review the Committee's own effectiveness.

10. Final Internal Audit Operational Plan 2023/24

The Final Internal Audit Operational Plan 2023/24 was presented by the CIA. Following presentation of the report, questions were invited from members:

- Agreeing the need for additional resource, a Member asked how cost effective and efficient it is to buy in resource instead of appointing FTE staff. It was queried if the authority uses freelance consultants or other public sector shared resource. The CIA confirmed that it is

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not cost effective to buy in resource; the daily rate is high due to lack of availability in the market. The recent appointment of a senior auditor will limit the need to procure external resource. It was explained that such external resource can be procured from regional collaboration or from internal audit companies in the area. In either case availability and available budget are key factors.

- A Member queried why Democratic Services and Electoral Registration had been identified as high-risk. The CIA explained that Electoral Registration was rated as high risk due to the number of legislative changes at this time. In terms of Democratic Services, this is related to governance and the review will feed into the Governance Working Group to inform the annual governance statement.
- A Member noted that there were a few high-risk areas that have never been reviewed in the plan. It was queried what triggers the inclusion of services areas if they hadn't been reviewed before. It was explained that it is possible they have been audited before under a different name.

As in the report recommendations, the Governance and Audit Committee reviewed and approved the Internal Audit Operational Plan for the 2023/24 financial year.

11. Annual Audit Plan 2022/23

The Audit Wales Officer introduced the report and following presentation, Members were invited to ask questions. No questions were asked.

12. Forward Work Plan

The Forward Work Programme was noted. The following additions were made:

September

- Key collaborations and partnerships report
- Verbal update on Finance Team Capacity

November

- People Strategy and Asset Strategy

13. To approve the minutes of the previous meeting

The minutes of the previous meeting were approved as an accurate record.

14. To confirm the date of the next meeting as 20th September 2023

The minutes of the previous meeting were approved.

Meeting ended at 4.08 pm