



## **GOVERNANCE AND AUDIT COMMITTEE**

**2.00 PM - FRIDAY, 16 JUNE 2023**

**MULTI-LOCATION MEETING - COUNCIL CHAMBER, PORT TALBOT  
& MICROSOFT TEAMS**

### **Webcasting/Hybrid Meetings:**

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### **PART 1**

1. Appointment of Chair and Deputy Chair for the Civic Year 2023/24
2. Chairperson's Announcement/s
3. Declarations of Interest
4. Minutes of Previous Meeting (*Pages 5 - 12*)
5. Forward Work Programme (*Pages 13 - 16*)
6. Audit Wales Register of Regulators Reports and Recommendations (*Pages 17 - 24*)
7. Draft Annual Governance Statement 2022-2023 (*Pages 25 - 114*)
8. Corporate Risk Management Policy (*Pages 115 - 140*)
9. Draft Statement of Accounts for 2022/23 (*Pages 141 - 228*)
10. Revised Anti-Fraud and Corruption Strategy (*Pages 229 - 242*)
11. Internal Audit Update Report (*Pages 243 - 262*)

12. Internal Audit Annual Report 2022/23 (*Pages 263 - 274*)
13. Draft Governance and Audit Committee Annual Report 2022/23 (*Pages 275 - 282*)
14. Urgent Items  
Any urgent items at the discretion of the Chairperson pursuant to Section 100BA(6)(b) of the Local Government Act 1972 (as amended).
15. Access to Meetings  
That pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraph 12 and 15 of Part 4 of Schedule 12A of the above Act.

## **PART 2**

16. Internal Audit - Special Investigations (Exempt Under Paragraph 14) (*Pages 283 - 288*)

**K.Jones**  
**Chief Executive**

**Civic Centre**  
**Port Talbot**

**Friday, 9<sup>th</sup> June 2023**

### **Committee Membership:**

**Chairperson:**           **To be confirmed by the Committee**

**Vice**                           **To be confirmed by the Committee**  
**Chairperson:**

**Members:**               Councillors A.R.Aubrey, A.J.Richards,  
M.Spooner, O.S.Davies, P.D.Richards, P.Rogers,  
R.Mizen and W.Carpenter

**Voting Lay**               J.Jenkins, H.Griffiths, A.Bagley, M.Owen  
**Members:**



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## GOVERNANCE AND AUDIT COMMITTEE

(MULTI-LOCATION MEETING – COUNCIL CHAMBER, PORT  
TALBOT AND MICROSOFT TEAMS)

**Members Present:**

**17 March 2023**

**Chairperson:** J.Jenkins

**Vice Chairperson:** A.Bagley

**Councillors:** O.S.Davies, W.Carpenter, A.J.Richards and  
P.D.Richards

**Officers In  
Attendance:** D.Mulligan, H.Jones, A.O'Donnell, C.Furlow-  
Harris, L.McAndrew, M.Williams, C.Owen and  
C.Plowman

**Representing Audit  
Wales:** N.Jenkins and A.Worthy

**Voting Lay Member:** H.Griffiths

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1. **CHAIRPERSON'S ANNOUNCEMENT/S**

The Chairperson welcomed everyone to the meeting.

2. **DECLARATIONS OF INTERESTS**

There were no declarations of interest received.

3. **MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting held on the 15<sup>th</sup> February 2023 were approved as an accurate record.

4. **AUDIT WALES ANNUAL SUMMARY 2022**

The Committee received the Annual Audit Summary for 2022, which was delivered by Audit Wales.

It was explained that the circulated report contained a summary of the work Audit Wales had undertaken over the past year; most of the work within the report had been reported to the Governance and Audit Committee throughout the year at various different meetings.

Audit Wales highlighted that the circulated report included links to the reports that had been issued and published, and also included matters related to any other inspectorates, as well as national studies.

**RESOLVED**

That the report be noted.

5. **AUDIT WALES WORK PROGRAMME AND TIMETABLE**  
**(QUARTERLY UPDATE)**

An update on the work undertaken by Audit Wales, up to the 31st December 2022, was presented to Members.

In regards to the financial work undertaken, it was confirmed that the audit of the Council's financial statements had been completed; the Auditor General gave an unqualified opinion on 13 January 2023, following the approval of the financial statements at the Governance and Audit Committee on 12 January 2023. It was noted that work relating to the Certification of Grant returns for the 2021/22 financial year was in progress.

Audit Wales provided a summary of the progress of their performance work:

- Building in Well-being of Future Generations Act examinations into all work
- Completed improvement reporting audit
- Assurance and Risk Assessment work for 2021/22 was nearing completion – there was one action left to complete which related to recovery planning, however all other actions had been completed and reported on
- Springing forward work (examining the building blocks for a sustainable future) for 2021/22 was currently being drafted
- Assurance and Risk Assessment for 2022/23 was ongoing – the work relating to performance information and setting of well-being objectives had started, and the capital management programme work was due to start at the end of this financial year

- Thematic review for unscheduled care was nearing completion – will be reporting this back to Committee once it had been finalised
- The digital thematic review was currently being undertaken across all Councils – the timeframe was noted to be between now and the end of September 2023
- Scrutiny review was currently being undertaken

It was mentioned that the circulated report included information relating to the Local Government national studies, planned and in progress, in order to update Members on the work progress of each of the studies.

The circulated report referenced that the deadline for the Certification of Grant returns for financial year 2021-22 was between December 2022 and February 2023, and the status was still progress; Members asked if there were any updates in regards to any outstanding grants and the deadlines. Audit Wales confirmed that they had completed their work on the non-domestic rates, teacher's pensions and social care workforce grants; they had completed the initial testing on the housing benefits subsidy, however the next steps was to discuss the findings on this subsidy. It was noted that Audit Wales were hoping to conclude this work over the next few weeks; nationally there had been a slippage in the deadlines referred to the in the circulated report, therefore there were no specific concerns to raise.

Members queried the outstanding work in relation to the Assurance and Risk Assessment work for 2021/22. It was confirmed that the only action that hadn't been finalised was the recovery planning work.

A discussion took place in regards to the timetable for the springing forward work, which was noted to be April 2022. The Committee were informed that this work was currently being drafted, and hadn't progressed earlier due to resourcing issues within Audit Wales.

**RESOLVED**

That the report be noted.

6. **AUDIT WALES REGISTER OF REGULATORS REPORTS AND RECOMMENDATIONS**

Members were provided with an updated version of the Register of Regulators Reports and Recommendations.

It was highlighted that on 12 January 2023, the Governance and Audit Committee received a report regarding the Register of Regulators Reports and Recommendations; during that meeting Officers stated that they would provide the Committee with feedback relating to the five national reports and one local letter. It was noted that this feedback was contained within Section A of the circulated report.

Officers mentioned that since January 2023, one national report and one local letter had been published; these were contained within Section B of the circulated report, and had since been added to the register.

**RESOLVED** That the report be noted.

7. **STRATEGIC RISK REGISTER**

The Council's Strategic Risk Register was presented to the Committee, which sought to provide assurances that the Council was complying with its risk management policy. It was mentioned that Cabinet recently considered and noted this report at one of their recent meetings.

A discussion took place in regards to the future presentation of the risk register, and the way in which the formatting could be improved to provide for easier reading.

**RESOLVED** That the report be noted.

8. **INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Progress report provided details of the internal audit work undertaken since the last Governance and Audit Committee meeting on 12 January 2023.

Members were informed that since the last meeting of the Governance and Audit Committee in January, a total of 10 reports had been issued; the conclusions of these reports could be found in Appendix 1 of the circulated report. It was mentioned that all 10 reports either had a substantial or reasonable assurance rating.

Reference was made to the report relating to Children's Services, Emergency Payments. Officers were asked to provide information as to why the assurance rating was set as reasonable, as opposed to



substantial. It was explained that the assurance ratings, which were provided following an audit, were formulated by the number of recommendations made, the likelihood that the failure to action the recommendations within six months would lead to a significant system failure, and the impact of any system failure; this information would then be put into a formula and a category rating of 1-4 would be produced, all of which linked to the assurance ratings. It was highlighted that internal audit provided a number of recommendations following the audit, in particular in relation to several petty cash accounts which hadn't been used in a considerable amount of time; auditors recommended that these accounts needed to be formally closed down. It was added that there were also a few reimbursements which had been long outstanding. The Committee were informed that although in general the controls were noted to be of good standard, auditors made recommendations to further enhance the controls that were in place; hence the reasonable rating, instead of the substantial rating.

Queries were made in regards to Brynamlwg Complex Health Service. Officers highlighted that Brynamlwg was a day service, operated by colleagues in Social Services, for service users with very complex health needs.

A discussion took place in regards to the report relating to Fleet – Vehicle Fuel. The circulated report stated that there was a longstanding problem whereby the Fleet Service were not consistently being notified of relevant staffing changes and where driver tags were not being returned. It was noted that internal audit provided a recommendation to the Fleet Service, in which they should undertake an exercise to cancel all of the outstanding driver tags using the information provided by Internal Audit, and update the records accordingly; it was confirmed that this recommendation was in progress. In addition, it was explained that internal audit recommended that the Fleet Service liaise with colleagues in Payroll and IT with a view to creating a report from the Council's iTrent system, which could be generated periodically to show all staff who were in possession of a driver tag and which staff had left the Authority. It was noted that the current process was that the Accountable Manager would notify the Fleet Service when a member of staff left the Authority; however, this wasn't always occurring. Officers mentioned that internal audit also recommended for all management across Neath Port Talbot Council to ensure that they had suitable processes in place for returning driver tags when staff

left their service. It was added that all recommendations will be checked on, as part of the post audit review process.

Further to the above, Officers confirmed that the auditor who undertook the review had been in contact with the Service Manager and colleagues in Payroll to take forward the discussion around reports being produced from the iTrent System. Additionally, Officers highlighted that they had received confirmation from the Service Manager, that no fuel had been purchased from any of the driver tags that were assigned to ex members of staff; all of which had since been cancelled.

Following the discussion, Members stated the importance of recognising that the service should not be reliant on internal audit to detect these matters, and that there should be sufficient controls in place to stop the potential of fraud crimes.

In regards to the Data Protection Registration for Schools, Members asked Officers of the potential consequences of not being registered with the Information Commissioner's Office, and not having paid the appropriate fee. It was confirmed that the schools could be liable to a fine up to the value of £4,350. Officers mentioned that the schools who were identified as not having an up to date registration, had all completed the registration on the day that they were advised by the auditor.

Further to the above, it was asked if schools would need to ensure that they re-visit the Fee Payers Register on an annual basis. Officers confirmed that prior to the date of registration, they recommended that all schools conduct a review to ensure that they were on the correct tier, and had paid the correct fee before the registration lapses.

The Audit Plan Monitoring, detailed in Appendix 2 of the circulated report, made reference to a Pupil Development Grant Working Group; Members asked for further information about this Working Group and how it was established. Officers explained that Welsh Government changed a number of grants within the education field; following these changes, Neath Port Talbot Council were awarded a Pupil Development Grant. It was noted that Welsh Government provided very little guidance in regards to how the money could be utilised; therefore, a working group was set up, consisting of senior staff within the Education Directorate, as well as the Councils senior auditor. Officers highlighted that the discussions in the working group were focused on how to best use the grant monies, and ensure that should

the grant be audited externally, the Council would have a rationale as to why the money was used for the purposes suggested. It was noted that the work of this Group had since concluded, and Officers were content with how the grant monies were intended to be spent across the schools eligible for some of that grant.

**RESOLVED**

That the report be noted.

9. **DRAFT INTERNAL AUDIT STRATEGY AND PLAN 2023/24**

Members were provided with details of the draft Internal Audit Strategy and Risk Based Plan for the period 1 April 2023 to 31 March 2024, along with the revised Internal Charter.

**RESOLVED**

That Members approve the draft Internal Audit Strategy as set out in appendix 1 of the circulated report.

That Members approve the draft Internal Audit Plan as detailed in appendix 2 of the circulated report.

That Members approve the updated Internal Audit Charter as detailed in appendix 3 of the circulated report.

10. **URGENT ITEMS**

Because of the need to deal now with this matter contained in Minute No. 11 below, the Chairperson agreed that this could be raised at today's meeting as an urgent item pursuant to Section 100A(4) and (5) of the Local Government Act 1972.

**Reason**

Due to timescale.

11. **NEATH PORT TALBOT CYBER SECURITY STRATEGY UPDATE 2023**

The Chief Digital Officer presented the Committee with the Neath Port Talbot Cyber Security Strategy.

Reference was made to the Audit Wales report 'Learning from Cyber-Attacks' and the recommendations Audit Wales had made. Officers provided assurances that they had reviewed the current cyber security provision and the cyber security action plan, taking into consideration the key findings and lessons learned from the Audit Wales report; they had ensured those findings were incorporated into the Councils action plan and appropriately prioritised going forward.

**RESOLVED**

That the report be noted.

12. **ACCESS TO MEETINGS**

**RESOLVED**

That pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the above Act

13. **INTERNAL AUDIT - SPECIAL INVESTIGATIONS (EXEMPT UNDER PARAGRAPH 14)**

Officers provided an update on all special investigations reports issued since the last meeting; including details of all current special investigations.

**RESOLVED:** That the report be noted.

**CHAIRPERSON**

# **GOVERNANCE AND AUDIT COMMITTEE**

## **FORWARD WORK PROGRAMME**

**2023-2024**

**Governance and Audit Committee (10am unless otherwise stated)**

<b>Meeting Date 2023</b>	<b>Agenda Item</b>	<b>Type</b>	<b>Contact Officer</b>
<b>31 July</b>	Audit Wales – Audit of Accounts 2022/23	Information	Audit Wales
	Audited Statement of Accounts 2022/23	Decision	Huw Jones / Diane Mulligan
	Draft Annual Governance Statement		Louise McAndrew

Page 14

<b>Meeting Date 2023</b>	<b>Agenda Item</b>	<b>Type</b>	<b>Contact Officer</b>
<b>5 October</b>	Internal Audit Quarterly Update Report	Information	Diane Mulligan/Anne-Marie O'Donnell
	Special Investigations Update Report	Information	Diane Mulligan/Anne-Marie O'Donnell
	Treasury Management Monitoring	Monitoring	Huw Jones

Meeting Date 2024	Agenda Item	Type	Contact Officer
<b>26 January</b>	Internal Audit Quarterly Update Report	Information	Diane Mulligan/Anne-Marie O'Donnell
	Special Investigations Update Report	Information	Diane Mulligan/Anne-Marie O'Donnell
	Treasury Management Monitoring	Monitoring	Huw Jones

Page  
15

Meeting Date 2024	Agenda Item	Type	Contact Officer
<b>21 March</b>	Draft Internal Audit Strategy & Internal Audit Plan for 2024/25	Decision	Diane Mulligan/Anne-Marie O'Donnell
	Internal Audit Quarterly Update Report	Information	Diane Mulligan/Anne-Marie O'Donnell
	Special Investigations Update Report	Information	Diane Mulligan/Anne-Marie O'Donnell




## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### GOVERNANCE & AUDIT COMMITTEE

16<sup>th</sup> JUNE 2023

#### JOINT REPORT OF CHIEF FINANCE OFFICER – H JONES HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT – S REES

#### Matter for Information

**Wards Affected** – All wards

**Register of Regulators Reports & Recommendations.**

#### Purpose of the Report

To provide the Governance & Audit Committee with an updated Register of Regulators Reports and Recommendations.

#### Background

The report presented to this Committee in March 2023 provided an update covering the period January to March 2023. One national reports and 1 local letter were noted for feedback at this meeting, this feedback is included in Section A below.

This report also presents a summary of reports issued by external review bodies since March 2023 (Section B) and an updated Register of Regulators Reports (Appendix 1)

#### Section A

- 1. Assurance & Risk Assessment 2021-2022 Financial Position (April 22)** - The Assurance and Risk Assessment undertaken by Audit Wales, presented to Cabinet on 17<sup>th</sup> May 2023, provides a point in time assurance on the particular aspects of their work undertaken to date, including reviews of a number of key areas including financial strategy, useable resources and performance against budgets.

This update refers to the council's financial position. Audit Wales' findings demonstrated that:

*“The council is financially stable, helped recently by additional Welsh Government funding, but it needs to develop a sustainable plan to address cost pressures and close its medium-term funding gap in an increasingly challenging financial climate”.*

Audit Wales makes reference to future budget pressures and economic uncertainty. The council's Medium Term Financial Plan will address these challenges and set out our options for the next financial year.

## **2. ‘Together we can’ – Community Resilience and Self-Reliance (January 2022)**

This report, the final in a series of three, looks at the challenge of poverty across Wales and how government is responding. Audit Wales reports that the scale of the challenge and weaknesses in current work makes it difficult for Welsh and local government to deliver the systemic change required to tackle and alleviate poverty.

As detailed in the last Governance and Audit report the council continues to be committed to developing its approach to poverty and working in partnership with organisations to prioritise support for residents and businesses. In addition, further resources have been secured via the UK Government's Shared Prosperity Fund (SPF) for 2 posts which will lead on the development of a Poverty Strategy for Neath Port Talbot and progress our work on identifying those hardest hit by the cost of living crisis.

## **Section B**

During the period March 2023 to June, 2 national reports of interest to the Council have been published and 1 local letter has been received.

### National Reports:

- 1. Digital Inclusion Wales (March 2023)** – This report provides a high-level overview of issues relevant to digital inclusion in Wales. Digital inclusion is complex, and the report is not intended to be comprehensive. Audit Wales summarises terminology, key data

and interventions in Wales. Audit Wales have also released a document alongside this report that sets out questions for public bodies to ask themselves as they consider their approach to digital inclusion.

Audit Wales' work follows several other reports related to digital inclusion, infrastructure and connectivity in Wales. These include, among others, our 2015 report on the Welsh Government's Superfast Cymru agreement with BT, the 2020 National Infrastructure Commission for Wales report on digital infrastructure strategy, and the 2022 Senedd Climate Change, Environment, and Infrastructure Committee report on digital connectivity.

The report is being considered by officers and an update on the response to the report will be provided at the next meeting of the Governance & Audit Committee.

- 2. Audit Wales Annual Plan 2023-2024 (April 2023)** – Audit Wales' Annual Plan covers the period from 1 April 2023 to 31 March 2024 and sets out their priorities for the next 12 months, additional information on their longer-term ambitions and key performance indicators for both audit work and the running of the business.

The context for the Plan is set out in Audit Wales' strategy for 2022 – 2027, Assure, Explain, Inspire and sets out the work programmes with a focus on three key areas:

- Strategic, dynamic and high-quality audit programme
- Targeted and impactful approach to communications and influencing
- Culture and operating model that enables Audit Wales to thrive both now and in the future.

## **Local Letter**

- 3. Neath Port Talbot Council – Annual Audit Summary 2022 (March 2023)** - The Annual Audit Summary has been produced to combine the Annual Audit Letter and the Annual Improvement Report that were previously produced as separate documents by Audit Wales in order to provide a single summary of the findings of performance and financial audit work undertaken by Audit Wales as well as planned future audit work.

This summary was presented to Governance and Audit on 17<sup>th</sup> March 2023.

### **Financial Impact**

There are no financial impacts in respect of this item.

### **Integrated Impact Assessment**

There is no requirement for an integrated impact assessment in respect of this item.

### **Valleys Communities Impacts**

There are no impacts in respect of this item.

### **Workforce impacts**

There are no workforce impacts in respect of this item.

### **Legal Impacts**

There are no legal impacts in respect of this item.

### **Risk Management**

There are no risk management issues in respect of this item.

### **Consultation**

There is no requirement under the Constitution for external consultation on this item.

### **Recommendation**

It is recommended that:

- The Governance & Audit Committee note the reports issued by the Council's external review bodies since March 2023 and the updated Register of Regulators Reports and Recommendations.

### **Appendix**

- Appendix 1 – Register of Regulators Reports & Recommendations.

## **Background Papers**

None

## **Officer Contact**

For further information on this report item, please contact:

Mr Huw Jones, Chief Finance Officer

E-mail: [h.jones@npt.gov.uk](mailto:h.jones@npt.gov.uk)

Mrs Sheenagh Rees, Head of People & Organisational Development

E-mail: [s.rees5@npt.gov.uk](mailto:s.rees5@npt.gov.uk)

Mrs Caryn Furlow-Harris, Strategic Manager – Policy & Executive Support

E-mail: [c.furlow@npt.gov.uk](mailto:c.furlow@npt.gov.uk)

Mrs Louise McAndrew, Corporate Strategic Planning & Governance Officer

E-mail: [l.mcandrew@npt.gov.uk](mailto:l.mcandrew@npt.gov.uk)

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No.	Name - Inspection /Review	Publication Date	Date noted by Governance & Audit Committee	Status of Report	Scrutiny Committee responsible for monitoring action plan (or other monitoring arrangements)	Date Presented to Scrutiny	Target date for update to Governance & Audit Committee on the monitoring of progress (for assurance purposes)	Responsible Officer	Number of accepted recommendations	Date of update received by Governance & Audit Committee on monitoring of progress	Recommendations for Local Government
1	<a href="#">Audit Wales Annual Plan 2023-2024</a>	Apr-23	16.06.2023	National	N/A	N/A	N/A	N/A	No recommendations	N/A	No Recommendations listed
2	<a href="#">Digital Inclusion in Wales</a>	Mar-23	16.06.2023	National	N/A	N/A	N/A	N/A	No recommendations	16.06.2023	No Recommendations listed
3	<a href="#">Neath Port Talbot Council - Annual Audit Summary 2022</a>	Mar-23	16.06.2023	Local Letter	Council	26.04.2023	N/A	Karen Jones	No recommendations	N/A	No Recommendations listed
4	<a href="#">Neath Port Talbot Council - Assurance and Risk Assessment 2021-22 Financial Position Update</a>	Jan-23	17.03.2023	Local Letter	Cabinet	17.05.2023	16.06.2023	Huw Jones	No recommendations	16.06.2023	No Recommendations listed
5	<a href="#">Together we can' - Community Resilience and Self-Reliance</a>	Jan-23	17.03.2023	National	Cabinet	TBD	16.06.2023	TBD	2 recommendations for local government	16.06.2023	R1 To strengthen community resilience and support people to be more self-reliant, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authorities use the evaluation tool in Appendix 2 to: • self-evaluate current engagement, management, performance and practice; • identify where improvement is needed; and • draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified in completing the evaluation tool. R2 To help local authorities address the gaps they identify following their self-evaluation, we recommend that they: • formally approve the completed Action Plan arising from the evaluation exercise; • regularly report, monitor and evaluate performance at relevant scrutiny committees; and • revise actions and targets in light of the authority's evaluation and assessment of its performance
6	<a href="#">A Missed Opportunity – Social Enterprises</a>	Dec-22	12.01.2023	National	N/A	TBD	16.06.2023	TBD	3 recommendations for local government	17.03.2023	R1 To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to: • self-evaluate current Social Enterprise engagement, management, performance and practice; • identify opportunities to improve joint working; and • jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation R2 To drive improvement we recommend that the local authority: • formally approve the completed Action Plan; • regularly report, monitor and evaluate performance at relevant scrutiny committees; and • revise actions and targets in light of the authority's evaluation and assessment of its performance R3 To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.
7	<a href="#">A Picture of Flood Risk Management</a>	Dec-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
8	<a href="#">Poverty in Wales data tool</a>	Nov-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
9	<a href="#">"Time for Change" – Poverty in Wales</a>	Oct-22	12.01.2023	National	Cabinet	TBD	16.06.2023	N/A	2 recommendations for Welsh Government / 6 recommendations for local government	17.03.2023	R2 In Paragraphs 2.13 – 2.23 and Paragraphs 3.33 – 3.35 we highlight that councils and partners have prioritised work on poverty, but the mix of approaches and a complicated delivery landscape mean that ambitions, focus, actions and prioritisation vary widely. We highlight that evaluating activity and reporting performance are also variable with many gaps. We recommend that the councils use their Wellbeing Plans to provide a comprehensive focus on tackling poverty to co-ordinate their efforts, meet local needs and support the revised national plan targets and actions. This should: • include SMART local actions with a greater emphasis on prevention; • include a detailed resourcing plan for the length of the strategy; • be developed with involvement from other public sector partners, the third sector, and those with experience of poverty; • include a robust set of consistent outcome indicators and measures to increase understanding of poverty locally; and • be subject to annual public reporting to enable a whole system view of poverty locally to help improve delivery and support R3 In Paragraph 2.23 we note that just over a third of councils have lead members and lead officers for addressing poverty. Given the importance of effective leadership in driving the poverty agenda forward and breaking silos within councils and between public bodies, we recommend that each council designate a cabinet member as the council's poverty champion and designate a senior officer to lead and be accountable for the anti-poverty agenda. R5 In Paragraphs 3.2 – 3.6 we highlight that people in poverty are often in crisis, dealing with extremely personal and stressful issues, but they often find it difficult to access help from councils because of the way services are designed and delivered. We recommend that councils improve their understanding of their residents' 'lived experience' through meaningful involvement in decision-making using 'experience mapping' and/or 'Poverty Truth Commissions' to review and improve accessibility to and use of council services. R6 In Paragraph 3.14 we highlight the difficulties people in poverty face accessing online and digital services. To ensure people are able to get the information and advice they need, we recommend that councils optimise their digital services by creating a single landing page on their website that: • is directly accessible on the home page; • provides links to all services provided by the council that relate to poverty; and • provides information on the work of partners that can assist people in poverty R7 In Paragraphs 3.15 and 3.16 we note that no council has created a single gateway into services. As a result, people have to complete multiple application forms that often record the same information when applying for similar services. We highlight that whilst it is important that councils comply with relevant data protection legislation, they also need to share data to ensure citizens receive efficient and effective services. We recommend that councils: • establish corporate data standards and coding that all services use for their core data; • undertake an audit to determine what data is held by services and identify any duplicated records and information requests; • create a central integrated customer account as a gateway to services; • undertake a data audit to provide refresher training to service managers to ensure they know when and what data they can and cannot share; and • review and update data sharing protocols to ensure they support services to deliver their data sharing responsibilities R8 In Paragraphs 3.27 to 3.32 we set out that while all councils undertake some form of assessment to determine the likely socio-economic impact of policy choices and decisions, approaches vary and are not always effective. We recommend that councils review their integrated impact assessments or equivalent to: • ensure that they draw on relevant, comprehensive and current data (nothing over 12 months old) to support analysis; • ensure integrated impact assessments capture information on: - involvement activity setting out those the service has engaged with in determining its strategic policy such as partners, service users and those it is co-producing with; - the cumulative impact/mitigation to ensure the assessment considers issues in the round and how it links across services provided across the council; - how the council will monitor and evaluate impact and will take corrective action; and - an action plan setting out the activities the Council will take as a result of the Integrated Impact Assessment
10	<a href="#">Assurance and Risk Assessment Progress – Carbon Reduction</a>	Oct-22	12.01.2023	Local Letter	Environment, Regeneration and Streetscene Services Cabinet Board	20.01.2023	17.03.2023	Andrew Jarrett	1 recommendation for local government	17.03.2023	In order to meet its net zero ambition the Council needs to fully cost its action plan and ensure that it is aligned with its Medium Term Financial Plan.
11	<a href="#">National Fraud Initiative 2020-2021</a>	Oct-22	12.01.2023	National	N/A	N/A	N/A	N/A	3 recommendations for local government	17.03.2023	All participants in the NFI exercise should ensure that they maximise the benefits of their participation. They should consider whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application. Audit committees, or equivalent, and officers leading the NFI should review the NFI self-appraisal checklist. This will ensure they are fully informed of their organisation's planning and progress in the 2022-23 NFI exercise. Where local auditors recommend improving the timeliness and rigour with which NFI matches are reviewed, NFI participants should take appropriate action
12	<a href="#">Equality Impact Assessments: More than a Tick Box Exercise</a>	Sep-22	12.01.2023	National	Cabinet	N/A	17.03.2023	N/A	1 recommendations for local government	17.03.2023	R4 While there are examples of good practice related to distinct stages of the EIA process, all public bodies have lessons to learn about their overall approach. Public bodies should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government's review of the PSED Wales specific regulations may have implications for current guidance in due course
13	<a href="#">Public Sector Readiness for Net Zero Carbon by 2030 - Evidence Report</a>	Aug-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
14	<a href="#">The Welsh Community Care Information System</a>	Jul-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
15	<a href="#">Public Sector Readiness for Net Zero Carbon by 2030</a>	Jul-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
16	<a href="#">New Curriculum for Wales</a>	May-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
17	<a href="#">Direct Payments for Adult Social Care</a>	Apr-22	12.01.2023	National	Social Services, Housing and Community Safety Cabinet Board	N/A	17.03.2023	Andrew Jarrett	1 recommendations for Welsh Government / 9 recommendations for Welsh Government & Local government	17.03.2023	R1 Review public information in discussion with service users and carers to ensure it is clear, concise and fully explains what they need to know about Direct Payments. R2 Undertake additional promotional work to encourage take up of Direct Payments. R3 Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers. R4 Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers. R5 Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers. R6 Work together to develop a joint Recruitment and Retention Plan for Personal Assistants. R7 Clarify policy expectations in plain accessible language and set out: • what Direct Payments can pay for; • how application and assessment processes, timescales and review processes work; • how monitoring individual payments and the paperwork required to verify payments will work; • how unused monies are to be treated and whether they can be banked; and • how to administer and manage pooled budgets. Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant.

											R9 Work together to establish a system to fully evaluate Direct Payments that captures all elements of the process – information, promotion, assessing, managing and evaluating impact on wellbeing and independence.
											R10 Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement
18	NPT Annual Audit Summary 2021	Mar-22	12.01.2023	Local	Council	16.03.2022	N/A	N/A	No recommendations	N/A	No Recommendations listed
19	<a href="#">Local Government Financial Sustainability Tool</a>	Feb-22	12.01.2023	National	N/A	N/A	N/A	N/A	No recommendations for local government	N/A	No Recommendations listed
20	<a href="#">Care Home Commissioning for Older People</a>	Dec-21	12.01.2023	National	N/A	N/A	N/A	N/A	2 recommendations for Welsh Government / No recommendations for local government	N/A	No Recommendations listed
											No Recommendations listed
21	Audit of NPT's Assessment of Performance (Dec 21) (Public Pack)Agenda Document for Cabinet, 12/01/2022 14:01 (npt.gov.uk)	Dec-21	12.01.2023	Local	Cabinet	12.01.2022	N/A	N/A	No recommendations	N/A	No Recommendations listed



## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### GOVERNANCE AND AUDIT COMMITTEE

16<sup>th</sup> JUNE 2023

#### REPORT OF CHIEF FINANCE OFFICER – H JONES

##### **Matter for Information**

**Wards Affected** – All wards

**Report Title** – Draft Annual Governance Statement 2022-2023

##### **Purpose of the Report:**

1. To present to Governance and Audit Committee the council's draft Annual Governance Statement 2022-2023.

##### **Background:**

2. The draft Annual Governance Statement (AGS) for 2022-2023 (attached at Appendix 1) has been prepared by the Corporate Governance Group, which is chaired by the Chief Finance Officer and is made up of Heads of Service who are directly responsible for governance aspects.
3. The draft AGS complies with the Delivering Good Governance in Local Government Framework: (CIPFA/SOLACE, 2016) and demonstrates the system of internal controls which have been in place within the council for the year ending 31<sup>st</sup> March 2023 and provides examples of how the council demonstrates compliance with good practice and meets the core and sub principles of effective governance. The draft AGS also provides details on the assurances taken during the year on the effectiveness of our governance arrangements.
4. The council 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 is used economically, efficiently and effectively.

5. The draft AGS forms part of the Statement of Accounts and reports on the extent of the council's compliance with its principles and practices of good governance, including how the council has monitored the effectiveness of its governance arrangements in the year ending 31<sup>st</sup> March 2023.
6. The draft AGS also contains:
  - An update on the progress made during 2022-2023 against the improvement areas that were identified during the development of the 2021-2022 AGS (Table 1 on page 74).
  - Improvement areas proposed for 2023-2024 following the development of 2022-2023 AGS (Table 2 - Governance Improvement Acton Plan - on page 76). The Corporate Governance Group will keep this work under review and report progress to Cabinet following a period of six months.
7. The work undertaken to develop the draft AGS will also be used to inform the council's annual Self-Assessment for 2022-2023.
8. As the council moves forward in delivering the priorities contained in the Corporate Plan, the council's governance arrangements will continually be kept under review by the Corporate Governance Group to ensure that they remain effective.

### **Financial Impact**

9. The improvement work undertaken during 2022-2023 was delivered within existing resources.

### **Integrated Impact Assessment**

10. There is no requirement for an integrated impact assessment in respect of this item.

### **Valleys Communities Impacts**

11. There are no impacts in respect of this item.

## **Workforce impacts**

12. There are no workforce impacts in respect of this item.

## **Legal Impacts**

13. The council has a general duty under the Local Government & Elections (Wales) Act 2021 to keep its performance under review and the extent to which:

- a) It is exercising its functions effectively;
- b) It is using resources economically, effectively and efficiently;  
and
- c) Its governance is effective for securing the matters set out in a) and b) above.

14. The Annual Governance Statement explains how the council has met the requirements of Regulation 5(2) of the Accounts and Audit (Wales) Regulations 2014 in relation to an annual review of the effectiveness of the council's systems of internal control and the preparation and approval of an Annual Governance Statement.

## **Risk Management**

15. Risk management is a key component of the council's corporate governance arrangements in supporting and maintaining a strong control environment. The Corporate Risk Management Policy was reviewed and approved by Cabinet on 5<sup>th</sup> April 2023.

## **Consultation**

16. There is no requirement under the Constitution for external consultation on this item.

## **Recommendation**

17. It is recommended that Governance and Audit Committee:

- i. Review the draft Annual Governance Statement 2022-2023 attached at Appendix 1.

## **Appendix**

18. Appendix 1 – Draft Annual Governance Statement 2022-2023

### **Background Papers**

19. None

### **Officer Contact**

20. For further information on this report item, please contact:

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Mrs Caryn Furlow-Harris, Strategic Manager – Policy & Executive Support

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Mrs Louise McAndrew, Corporate Strategic Planning & Governance Officer

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**Neath Port Talbot Council  
Annual Governance Statement  
2022/2023**



## Contents

<b>Introduction</b> .....	3
<b>The Framework</b> .....	5
<b>Putting the Principles into Practice</b> .....	6
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law ...</b>	<b>6</b>
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b> .....	<b>25</b>
<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b> .....	<b>38</b>
<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b> .....	<b>43</b>
<b>Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b> .....	<b>50</b>
<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b> ....	<b>61</b>
<b>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b> .....	<b>67</b>
<b>Review of Effectiveness</b> .....	<b>71</b>
<b>Table 1 – Governance Improvement Action Plan Update - 2022/2023</b> .....	<b>74</b>
<b>Table 2 – Governance Improvement Action Plan - 2023/2024</b> .....	<b>76</b>

## Introduction

The council has adopted the 2016 Delivering Good Governance in Local Government: Framework (the Framework), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

To comply with the Framework, the council must publish an Annual Governance Statement (AGS), which explains the processes and procedures in place to enable the council to carry out its functions effectively. The governance framework comprises of the systems, processes, cultures and values by which the council is directed and controlled, and through which we engage with, and lead, the local community. The framework brings together an underlying set of legal requirements, good practice and management processes.

During 2023/2024 the council will conduct a self-assessment on the effectiveness of its system of internal control in place for the year ending 31<sup>st</sup> March 2023. This Annual Governance Statement contributes to the self-assessment to meet the requirements of the Local Government & Elections (Wales) Act 2021 to ensure that:

- the council's business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for;
- there is sound and inclusive decision making;
- resources are used economically, efficiently and effectively; and
- there is clear accountability for the use of those resources to achieve agreed priorities which benefit local people and communities.

***“Corporate governance is about making sure that the council is run properly. It is about ensuring the council does the right things, at the right time and in the right way.”***

The council’s systems of internal control are designed to manage risk to a reasonable level. The council 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 Framework

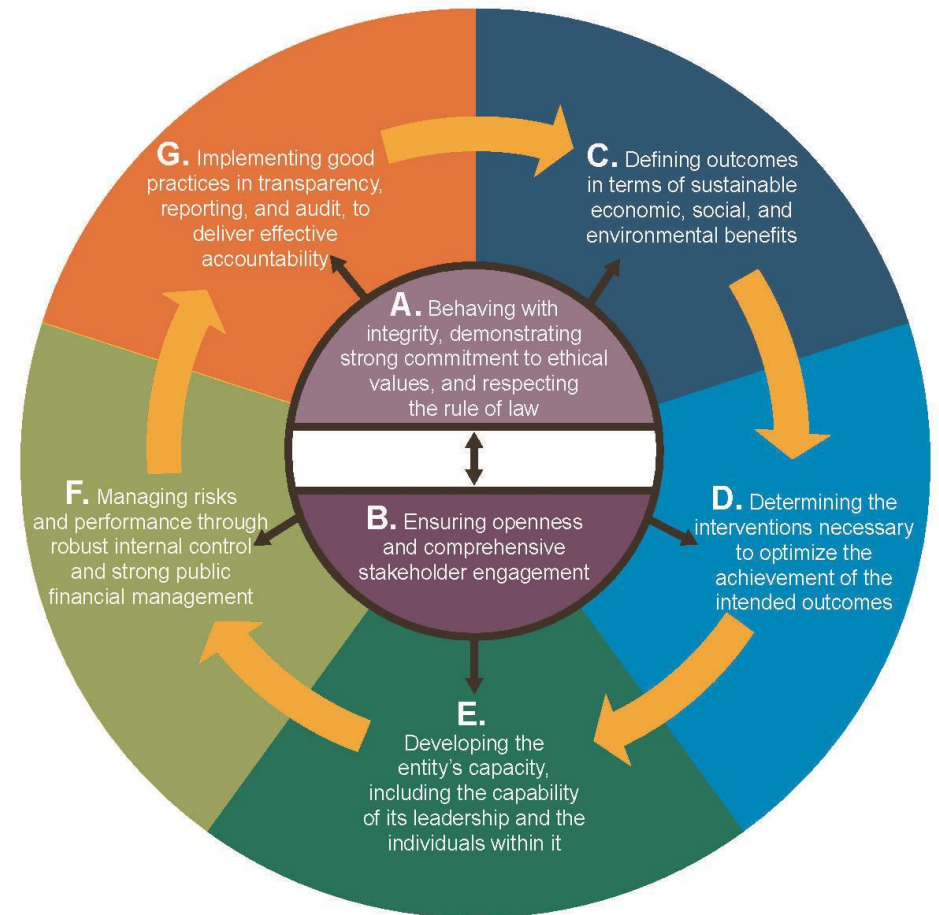
The Framework comprises of two core principles and five supporting principles as illustrated in the diagram.

Principles A and B run through principles C to G but good governance is dynamic, and the council as a whole is committed to improving governance on a continuing basis through a process of evaluation and review.

**The next section: Putting the Principles into Practice,** illustrates examples of how the council demonstrates compliance to meet these seven principles and the assurances taken during the year on the effectiveness of our governance arrangements.

Any governance improvement areas identified from undertaking the self-assessment have been included in an action plan set out in **Table 2** on page 76. The Corporate Governance Group, will oversee the action plan and progress will be reported to Corporate Directors Group, Cabinet and Governance & Audit Committee throughout the financial year.

Progress made on improvement work identified during 2022/2023 is contained in **Table 1** on page 74.



## Putting the Principles into Practice

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law			
Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>1.1 Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p>	<p>1.1.1 <u>Employee Code of Conduct</u></p>	<p>In November 2020 an Internal Audit review was published of the compliance need to make the necessary declarations regarding interests, gifts and hospitality accepted/rejected. The recommendations made were taken into account and the Code was updated in January 2021.</p>	<p>None identified</p>
	<p>1.1.2 Corporate Induction</p>	<p>The HR Future of Work Team have been able to re-instate the Corporate Induction Programme in 2023. In terms of its purpose: participants will benefit from consistent, council-wide information – gaining an appreciation of our purpose and values, prompting them to consider how they can embody these on a day to day basis (in other words: How do I fit into the “big picture”?). There will be contributions from HR colleagues, Health &amp; Safety, Learning &amp; Development etc. as well as a “welcome” from the Chief Executive. New starters will still receive a “local induction” from their line managers – addressing departmental matters.</p> <p>Dates have been scheduled for 2023/2024.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>Page 35</p>	<p>1.1.3 <u>Member Code of Conduct</u></p>	<p>Monitored by the <u>Standards Committee</u> and Corporate Governance Group.</p> <p>On signing their Declaration of Acceptance of Office, Members are required to give an undertaking to abide by the Members' Code of Conduct.</p> <p>A detailed member induction programme took place following local government elections in May 2022. This included specified training relating to the member code of conduct, social media issues, gifts and hospitality and officer/member protocols. By the end of June 2022, all 60 elected members had attended and received this training.</p> <p>Refresher training takes place on an annual basis to enhance member's compliance with the Members Code of Conduct and to ensure members are aware of the responsibility to act ethically and with integrity, with advice provided on a variety of matters throughout the year on interests and predetermination matters.</p> <p>The Local Government and Elections (Wales) Act 2021 provided an additional duty on group leaders to ensure members within their political group also comply with the Members Code of Conduct and ongoing support will be provided on this function via the Standards Committee.</p>	<p>Ensure all members attend annual refreshers in respect of the Members Code of Conduct undertaken by the Monitoring Officer;</p> <p>Ensure all Group Leaders make Standards and Ethics a standing item on their political group meeting agendas;</p> <p>Ensure all members are completing their declarations of gifts and hospitality, including where such gifts and hospitality are declined;</p> <p>Encourage Group Leaders to consider bi-annual meetings with the Monitoring Officer to discuss standards and</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
Page 36		<p>The Standards Committee were pleased to note the approach that Group Leaders take in promoting standards and the personal commitment they have to encourage members within their groups to embed ethical processes in their day to day activities. Of interest particularly to the Standards Committee was how Group Leaders deal with the “thick skin” ideology that the Public Service Ombudsman and other regulatory bodies adopt and the views that all Group Leaders have that often this is an inappropriate test and it is not something that any elected member should have to have if they face abuse from members of the public, particularly in a social media setting.</p> <p>The Standards Committee are required to conduct an assessment of how political group leaders have complied with their new duty to promote high standards of conduct and the Standards Committee are able to confirm that throughout 2022-2023, Group Leaders have discharged their duty, in the views of the Standards Committee, and that there were no ethical concerns arising.</p> <p>The Standards Committee published their <u>Annual Report</u> in April 2023 for the work of the previous finance year.</p>	<p>ethics and how they can work together to promote standards within their political groups;</p> <p>Steps be taken to promote the Member Officer Protocol to all elected members and officers of the Council, with training provided as appropriate;</p> <p>A series of guidance documents be circulated to all members in respect of key conduct matters such as declarations of interest, predetermination, conduct case studies and key information for members.</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
Page 37	1.1.4 Members: An <u>induction programme for Members</u> was published on the council website in 2022.	<p>The induction programme forms part of the authority’s Strategy and Charter for Member Development and is structured for both new and returning members. The aim is to provide a supportive and structured development framework to enable Members perform their duties. Members elected through by-elections receive a tailored induction.</p> <p>This training programme took place following local government elections in May 2022 and continues to be embedded in member training. An annual survey takes place of members to identify any training and development needs.</p>	None identified
	1.1.5 Staff: <u>New Starter Induction Checklist</u>	New starter induction checklist contains information about the expected standards of behaviour) must be signed by managers and their employees.	None identified
	1.1.6 <u>Performance Appraisal Process</u>	In 2023, the Learning, Training & Development Team will continue with progress in relation to the implementation of the iTrent HR / Payroll Database in Phase 2 of the Project, launching the Development module, which will facilitate more effective recording of the appraisal process and provide greater assurance. We will be able to report against the number of appraisals carried out to conclusion.	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>1.2 Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p>	<p>1.2.1 Updated vision and set of values have been published in the <u>Council's Corporate Plan 2022-2027</u></p>	<p>The council's vision and values are incorporated into recruitment processes (and written into all new and revised job descriptions and person specifications).</p>	<p>None identified</p>
	<p>1.2.2 The vision and priorities for staff are contained within the Strategic Workforce Plan: <u>The Future of Work Strategy 2022 – 2027</u></p>	<p>The Strategic Workforce Plan was developed following extensive consultation across the council's workforce and key stakeholders, and agreed by the council's Personnel Committee in October 2022. The 12 month Delivery Plan appended to the strategy will be reviewed later this year.</p>	<p>None identified</p>
	<p>See also 1.1.3 <u>Member Code of Conduct - The Standards Framework for Members</u> (Section 1, Ethical framework)</p>		
<p>1.3 Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p>	<p>1.3.1 Integrated Impact Assessment (IIA) The tool assesses the impact of proposed initiatives (e.g. policy, service, procedures, strategies, projects etc.) relating to key</p>	<p>The implementation of an Integrated Impact Assessment (IIA) Audit Action Plan was agreed by CDG in March 2023. The action plan was developed in light of the recommendations of the three reviews of the IIA process completed in 2022.  Implementation of the action plan will further improve the embedding of the IIA process into decision making.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
Page 39	legislation (i.e. equality, sustainable development, the Welsh language etc.). It is applied to decisions relating to the initiative and to consider whether the initiative will have a positive, negative or neutral impact on the community.	Training to address the recommendations will be part of the New Member Induction Programme following the Local Government Elections in May 2022) for Members. A training programme has also been included for officers including annual refresher training and training on specific elements of the process.	
	1.3.2 Declarations of Interest	<p>These are made by Members at the beginning of Committee meetings and recorded in the meeting minutes, with guidance and training and provided by the Monitoring Officer.</p> <p>The Standards Committee reviews declarations of interest and the granting of dispensations to ensure ethical decision making.</p>	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p style="text-align: center;">Page 40</p>	<p>1.3.3 The <u>Standards Committee</u></p>	<p>Monitored by the <u>Standards Committee</u> and Corporate Governance Group.</p> <p>On signing their Declaration of Acceptance of Office, Members are required to give an undertaking to abide by the Members' Code of Conduct.</p> <p>A detailed member induction programme took place following local government elections in May 2022. This included specified training relating to the member code of conduct, social media issues, gifts and hospitality and officer/member protocols. By the end of June 2022, all 60 elected members had attended and received this training.</p> <p>Refresher training takes place on an annual basis to enhance member's compliance with the Members Code of Conduct and to ensure members are aware of the responsibility to act ethically and with integrity throughout the year, with advice provided on a variety of matters throughout year on interests and predetermination matters.</p> <p>The Local Government and Elections (Wales) Act 2021 provided an additional duty on group leaders to ensure members within their political group also comply with the Members Code of Conduct and</p>	<p>None identified</p>



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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p style="text-align: center;">Page 41</p>		<p>ongoing support will be provided on this function via the Standards Committee.</p> <p>The Standards Committee were pleased to note the approach that Group Leaders take in promoting standards and the personal commitment they have to encourage members within their groups to embed ethical processes in their day to day activities. Of interest particularly to the Standards Committee was how Group Leaders deal with the “thick skin” ideology that the Public Service Ombudsman and other regulatory bodies adopt and the views that all Group Leaders have that often this is an inappropriate test and it is not something that any elected member should have to have if they face abuse from members of the public, particularly in a social media setting.</p> <p>The Standards Committee are required to conduct an assessment of how political group leaders have complied with their new duty to promote high standards of conduct and the Standards Committee are able to confirm that throughout 2022-2023, Group Leaders have discharged their duty, in the views of the Standards Committee, and that there were no ethical concerns arising.</p> <p>The Standards Committee published their Annual Report in April 2023 for the work of the previous finance year.</p>	

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p style="text-align: center;">Page 42</p>	<p>1.3.4 <u>Member and Officer Relations Protocol</u></p>	<p>A protocol is in place as part of the council's Constitution and Employee Code of Conduct. A review of the protocol was undertaken at the early stages of the member induction programme, as part of the wider review of the council's Constitution. Copies of which have been distributed to officers.</p> <p>A detailed member induction programme took place following local government elections in May 2022. This included specified training relating to the member code of conduct, social media issues, gifts and hospitality and officer/member protocols. By the end of June 2022, all 60 elected members had attended and received this training.</p> <p>Training has also been provided to officer groups within the council on the nature of the relationship between officers and members and this training will continue in future years.</p> <p>The protocol is monitored by the Standards Committee who considered the protocol and its implementation at a meeting of the Standards Committee recommending a few minor changes for consideration which will now be included within the Constitution going forward and circulated to officers and members.</p>	<p>Continue with future training of officer groups in the significance of the member and officer relations protocol.</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>1.4 <del>D</del>emonstrating, <del>C</del>ommunicating and <del>E</del>ntrenching the <del>S</del>tandard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<p>1.4.1 The Anti-fraud, Corruption and Malpractice Strategy</p>	<p>Cabinet approved the updated Anti-Fraud &amp; Corruption Strategy at their meeting on 25<sup>th</sup> April 2023. The Strategy will be presented to Governance &amp; Audit Committee at their meeting on 16<sup>th</sup> June 2023. It will also be publicised on the authority's Intranet.</p>	<p>None identified</p>
	<p>1.4.2 <u>Member Interests</u> are shown by individual Members on the council website.</p>	<p>Declarations of Interest for Members is a standing item on all meeting agendas and recorded in minutes of meetings.</p> <p>The Standards Committee reviews declarations of interest and the granting of dispensations to ensure ethical decision making.</p>	<p>None identified</p>
	<p>1.4.3 Staff Interests</p>	<p>An up-to-date register is held by each Director and is subject to Internal Audit review annually.</p>	<p>None identified</p>
	<p>1.4.4 Members: The <u>Constitution</u></p>	<p>The council's Monitoring Officer is required, by law, to keep a Register of all notifications made by Members. The Register is available on the council's website and a copy is open to public inspection during normal office hours.</p> <p>The Standards Committee reviews declarations of interest and the granting of dispensations to ensure ethical decision making.</p> <p>The Constitution is regularly updated and available for public inspection either on the website or in person.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
Page 44	1.4.5 Staff Gifts & Hospitality	An up-to-date register is held by each Director and is subject to Internal Audit review annually.	None identified
	1.4.6 <u>Whistleblowing Policy</u>	<p>Whistleblowing Policy was approved by Personnel Committee in August 2015 and reviewed in January 2020.</p> <p>The Audit Manager presented a report to Standards Committee on 31<sup>st</sup> January 2023. The report provided details of the Whistleblowing Arrangements in place and the number of referrals received in recent years.</p>	None identified
	1.4.7 <u>Corporate Comments, Compliments and Complaints Policy</u>	<p>The Corporate Comments, Compliments and Complaints Policy was revised in March 2021 to meet the requirements set out in the Public Service Ombudsman for Wales Model Complaints Policy.</p> <p>The Local Government &amp; Elections Wales Act 2021 sets out the following functions for the Governance &amp; Audit Committee (from 1<sup>st</sup> April 2021):</p> <ul style="list-style-type: none"> <li>• to review and assess the authority’s ability to handle complaints effectively</li> <li>• to make reports and recommendations in relation to the authority’s ability to handle complaints effectively.</li> </ul> <p>A report to meet the above requirements was presented to the Committee on 18<sup>th</sup> February 2022</p>	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
Page 45	1.4.8 <u>Social Services Compliments and Complaints</u>	The latest <u>Social Services Compliments and Complaints Annual Report 2021/2022</u> was prepared and reported to Social Services, Housing and Community Safety Cabinet on 26 <sup>th</sup> January 2023. No systemic issues were identified.	None identified
	1.4.9 <u>Corporate Comments, Compliments and Complaints</u>	The latest Corporate Comments, Compliments and Complaints Annual Report 2021/2022 was reported to Cabinet on 4 <sup>th</sup> October 2022. No systemic issues were identified. During 2022/2023 quarterly complaints and compliments data have been reported to relevant Cabinet Boards on a quarterly basis.	None identified
	See also 1.4.4 Members: The <u>Constitution</u> , Part 5, Section 3 'Personal Interests' addresses this.	Member's interests are published on the council's website for each meeting throughout the year.  The Standards Committee reviews declarations of interest and the granting of dispensations to ensure ethical decision making.	None identified
	See also 1.1.1 Officers: <u>Employee Code of Conduct</u> (Section 9, 2017)	The council's Contract Procedure Rules, Employee Code of Conduct and the Public Contract Regulations (2015) require officers and members not to have any involvement in a tender process where they have a potential conflict of interest.  They should have no role whatsoever which should negate the need for any declarations of interest to be made.	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>2.1 Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>	<p>2.1.1. Corporate Procurement Team</p>	<p>Ethical standards are acknowledged by the team when undertaking tender work for other sections and when developing and evaluating procurement process.</p> <p>The team also monitor and evaluate compliance looking at what approach sections adopt.</p> <p>The Ethical Employment Code of Practice and Modern Slavery Statement issued to all sections sets out processes that should be valued.</p>	<p>Corporate Procurement to monitor and evaluate compliance looking at what approach sections adopt. Head of Legal &amp; Democratic Services to report annually to the Corporate Governance Group.</p>
<p>2.2 Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</p>	<p>2.2.1 Member training</p> <p>See also 1.1.2 Member Code of Conduct)</p> <p>See also 1.3.3 Standards Committee – special dispensation to vote</p>	<p>The induction programme forms part of the authority's Strategy and Charter for Member Development and is structured for both new and returning members. The aim is to provide a supportive and structured development framework to enable Members to perform their duties. Members elected through by-elections receive a tailored induction.</p> <p>This training programme took place following local government elections in May 2022 and continues to be embedded in member training. An annual survey takes place of members to identify any training and development needs.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
		<p>Annual reports are presented to Standards Committee. Members Declaration of Acceptance of Office – undertaken to abide by the Members’ Code of Conduct.</p> <p>Leading in the Welsh Public Service Behaviours Framework.</p>	
<p>Page 47</p> <p>2.3 Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p>	<p>2.3.1 <u>Recruitment and Selection Policy 2018</u></p>	<p>Training is provided to recruiting managers and courses undertaken in relation to Recruitment and Selection, Safe Recruitment and other Employment Policies and Procedures delivered in 2022/2023.</p> <p>Unconscious bias training is available for managers; a review of equalities training is underway and a matrix approach is being considering, setting out what training is mandatory for particular groups of employees, including recruiting line managers. It will be proposed that all recruiting managers undergo unconscious bias training.</p>	<p>None identified</p>
	<p>2.3.2 <u>Pay Policy Statement 2023/2024</u></p>	<p>The 2023/2024 review has taken place and the revised Pay Policy Statement was presented to Council on 15<sup>th</sup> March 2023.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
	<p><u>2.3.3 Contract Procedure Rules</u></p>	<p>Training is available to staff and advice booklets are provided. Ongoing support is provided to sections in complying with procurement rules and processes. A dedicated section of the council's intranet has provided standard documents and processes for officers to follow.</p>	<p>None identified</p>
<p>Page 48</p> <p>2.4 Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation</p>	<p>2.4.1 <u>Ethical Employment in Supply Chain Policy 2019</u></p>	<p>Policy introduced in 2019 and annual reports brought to Cabinet and Cabinet Scrutiny setting out how the council complies with the arrangements set out in the policy.</p>	<p>None identified</p>
	<p>2.4.2 Continue to participate in a number of partnerships. Governance arrangements are in place for each for partnership which:</p> <ul style="list-style-type: none"> <li>• Clarify the roles of members both individually and collectively in relation to the partnership and to the council;</li> </ul>	<p>Given the importance of collaboration to this council, Scrutiny committees review existing collaborations to make sure they were all on a strong footing, and are productive to enable the council's Cabinet to be confident that those arrangements are working in the best interest of citizens. Also, ensuring that there is clear and effective democratic oversight of those arrangements. The focus of this work was reviewed in 2021/2022 as part of the council's Recover, Reset, Renew work.</p> <p>To ensure that a copy of all partnership agreements are logged centrally with the Head of Legal &amp; Democratic Services. This work is ongoing and proved complex whilst officers were required to work from home. As a result of hybrid working, further work will be undertaken to fully gather this list (given it requires access to the council's Archives in Port Talbot Civic Centre).</p>	<p>None identified</p>



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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
Page 49	<ul style="list-style-type: none"> <li>Clearly set out the legal status of the partnership; and</li> <li>Make clear the extent to which representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</li> </ul>		
3.1 Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<p>3.1.1 Cabinet and Committee reports contain a section entitled “Legal Impacts” so that legal obligations are placed at the forefront of decision making.</p> <p>See also 1.4.4 <u>The Constitution</u></p>	<p>‘Safe and Legal Decision Making Training’ is available for relevant officers and is provided on an annual basis by the Head of Legal and Democratic Services to council officers.</p> <p>Democratic Services Officers and Legal Services monitor reports to ensure legal compliance.</p>	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
3.2 Creating the conditions to ensure that statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	3.2.1 Financial management arrangements	<p>We have a range of policies and procedures (such as financial regulations, financial procedures, contract standing orders, accounting instructions and officer delegations) that conform to the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government (2010).</p> <p>A review of Accounting Instructions has been completed during 2022/2023</p>	None identified
	3.2.2 Democratic Services - support function.	<p>The Head of Democratic Services presents an annual report to Democratic Services Committee and Council, outlining the resource requirements to enable the Council, Cabinet and Committee to receive high level support and discharge of its democratic functions. The Chair of the Democratic Services Committee presents an Annual Report of the Democratic Services Committee to full Council updating Members on the work that has been undertaken by the Committee during the previous civic year.</p>	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p style="text-align: center;">Page 51</p>	<p>See also 1.4.4 The council's Constitution sets out the different responsibilities of Members and Officers. Clear job descriptions for all staff, which highlight their roles and responsibilities.</p>	<p>The Monitoring Officer oversees the council's Constitution and ensures it is kept up to date.</p> <p>A review of the Constitution takes place at regular intervals to ensure it is constantly up to date and annual reports will be produced to the Democratic Services Committee on any updates required to the Constitution and to seek Members views on constitutional provisions.</p>	<p>None identified</p>
<p>3.3 Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p>	<p>3.3.1 Cabinet and Committee Reports contain a section entitled "Legal Impacts" so that legal obligations are placed at the forefront of decision making.</p>	<p>Legal Enterprise Case Management Software providing audit trails of legal advice given and time spent providing legal advice on all matters.</p> <p>Transaction documentation and hard copies of legal advice provided are stored by the council.</p> <p>Legal training provided to officers on regular basis to ensure they are up to date with recent legal developments and powers available.</p>	<p>None identified</p>
<p>3.4 Dealing with breaches of legal and regulatory provisions effectively</p>	<p>3.4.1 Data Protection Breaches Panel review cases.</p>	<p>Head of Legal &amp; Democratic Services and Information Risk Officers report annually to the Corporate Governance Group to give an assurance that the current system for dealing with data protection breaches is fit for purpose. The authority retains a breach register and 0 referrals were made to the Information Commissioner's Office.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p style="text-align: center;">Page 52</p>	<p>3.4.2 Internal Audit Special Investigations / Disciplinary Cases</p> <p>See also 3.3.1 Cabinet and Committee Reports</p>	<p>The council requires that all officers who carry out disciplinary investigations have undertaken the ACAS Investigation Officers training. In addition, Heads of Service who are the decision makers in disciplinary investigations must have attended the ACAS Decision Maker training.</p>	<p>None identified</p>
<p>3.5 Ensuring corruption and misuse of power are dealt with effectively</p>	<p>See 1.4.1 Anti-fraud, Corruption and Malpractice Policy</p> <p>See 1.4.6 Whistle Blowing Policy</p>	<p>Cases are monitored by the Public Services Ombudsman for Wales and the council's Standards Committee in relation to members conduct. During the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023, the Monitoring Officer was notified of a total of 5 complaints made against County Borough Councillors alleging a breach of the Code of Conduct. Three of these complaints were dismissed by the Public Service Ombudsman for Wales as not being appropriate for investigation. Two are presently subject to further consideration.</p> <p>During the period 1st April 2022 to 31st March 2023, the Monitoring Officer was notified of 13 complaints made against Town and Community Councillors alleging a breach of the Code of Conduct. All 13 were dismissed by the Public Service Ombudsman for Wales as not being appropriate for investigation. The Monitoring Officer has not been made aware of any further complaints.</p>	<p>None identified</p>

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>Page 30</p> <p>4.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</p>	<p>4.1.1 The council produces a number of annual reports throughout the year to give assurances about our governance arrangements.</p>	<p>The following reports are available to the public and the Corporate Governance Group oversee any risks identified to governance arrangements, arising from these annual reports.</p> <ol style="list-style-type: none"> <li>1. <a href="#">Corporate Plan Annual Report</a></li> <li>2. <a href="#">Strategic Equalities Plan Annual Report</a></li> <li>3. <a href="#">PSB Well-being Plan Annual Report</a></li> <li>4. <a href="#">Welsh Language Standards Annual Report</a></li> <li>5. <a href="#">Welsh Language Promotion Strategy Annual Report</a></li> <li>6. <a href="#">Internal Audit Report</a></li> <li>7. <a href="#">Complaints, Compliments and Comments Annual Report</a></li> <li>8. <a href="#">Ombudsman Annual Report</a></li> <li>9. <a href="#">Pay Policy Statement</a></li> </ol>	<p>None identified</p>
	<p>4.1.2 <a href="#">FOI Policy / FOI Publication Scheme</a></p>	<p>Freedom of Information (FOI) Policy was published in March 2014. A review of the Publication Scheme took place in 2020, to consider updated advice from the Information Commissioner's Office and found only minor changes were required to consider updated legislative requirements. This was then considered and the Publication Scheme updated in Autumn 2023.</p> <p>This will be continually monitored to ensure legislative compliance. Work is also ongoing to look at ways to further promote and publish</p>	<p>None identified</p>

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
Page 54		other information held by the council such as Freedom of Information Act responses.	
	4.1.3 The council's strategic purpose, vision and values are set out in the <u>Corporate Plan 2022-2027</u>	Purpose, vision and values are set out in the council's Corporate Plan 2022/2027. The Future of Work Strategy embeds the council's vision, values and priorities in everything we do.	None identified
	4.1.4 <u>Council Meeting Cycle</u>	The council agrees its meeting cycle at its Annual Meeting and this is published on the council's website. Meetings are supported with forward work programmes detailing items for the next 3 meetings.	None identified
	4.1.5 Corporate Communications and Community Relations Strategy 2018-2020  This includes new 'Brand' guidelines to create consistency and increase visibility and understanding about what the council does.	The review of the 2018/2020 Strategy has been delayed due to the pandemic. Work is underway to align the revised Strategy and will be completed in early 2023/2024.  We have improved the accessibility of information to better engage all stakeholders in the council's work, with the intention that there will be a continuous flow of information about how the council is delivering on its well-being objectives and to keep stakeholders up-to-date.  Council website ( <a href="http://www.npt.gov.uk">www.npt.gov.uk</a> ) performance is monitored using Google analytics to see how our website is being used. We also carry out an annual website survey to measure our effectiveness and ensure the website is performing as expected.	None identified

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
4.2 Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case the justification for the reasoning for keeping a decision confidential should be provided	4.2.1 Executive and non-executive and regulatory report guidance and report templates	<p>The guidance was developed and circulated to reporting officers in May 2019. As and when changes arise the guidance is updated and circulated to report authors/officers.</p> <p>Report templates ensure the relevant information and advice is presented to substantiate recommendations.</p> <p>Guidance has been presented to officers throughout the year on matters such as Welsh Language considerations and other legislative updates.</p>	None identified
	4.2.2 Safe and Legal Decision Making	Training is available for relevant officers and takes place at regular intervals by the Head of Legal and Democratic Services	None identified
4.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and	<p>4.3.1 <u>Modern.gov system</u></p> <p>See also 1.3.1 Integrated Impact Assessment (IIA)</p>	All publically accessible reports are published on the council website via <u>Modern.gov system</u> showing the decisions taken at each meeting.	None identified

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
consequences of those decisions are clear.			
Page 56 4.4 Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action	4.4.1 Neath Port Talbot Consultation and Engagement Strategy 2018/2020	<p>The review of the 2018/2020 Strategy has been delayed due to the pandemic. Work is now underway to align the revised Strategy and will be completed in early 2023/2024.</p> <p>The council uses Snap Survey software for corporate consultations for both internal and external stakeholders.</p> <p>The Planning Policy Service use Objective consultation software for the Local Development Plan.</p> <p>These arrangements are regularly reviewed to ensure they are effective and value for money when reviewing budget for the forthcoming financial year.</p>	None identified
	4.4.2 Community of Practice on Involvement and Engagement	<p>The NPT Community of Practice on Involvement and Engagement was launched in 2019 and membership has grown to 60+ council officers and representatives from partner organisations. Members regularly engage with a range of specific stakeholder groups as part of their work and the Community of Practice provides a forum for members to work more smartly and in a more collaborative way to ensure that everyone in our communities can have the opportunity to have their say on the decisions that affect them. It is intended to provide a professional and respectful forum for members to share experiences and knowledge on involvement and engagement issues in a spirit of mutual learning and peer support.</p>	None identified



<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
Page 57		The Community of Practice undertook a key role during 2021/2022 in supporting the Let's Talk campaign which informed the priorities contained in the council's Corporate Plan 2022-2027 and will again support the update of the Strategic Change Programme 2023/2024 and Budget setting for 2024/25 and beyond.	
	4.4.3 <u>Citizens' Panel</u>	<p>Launched in January 2020, the NPT Citizens' Panel is made up of more than 500 residents from across the county borough and actively involves them in decision making at a very early stage, so they help shape proposals before these go out to wider public consultation. This will strengthen the council's approach to consultation and engagement and also help us to meet our obligations under the Wellbeing of Future Generations (Wales) Act 2015 and Local Government &amp; Elections (Wales) Act 2021.</p> <p>The Citizens' Panel is due to be review and further developed in 2023/24 in line with the action plan in the Public Participation Strategy. The aims will be to refresh the Panel, and undertake recruitment to increase membership and more closely represent the profile of residents in the county borough in terms of geographical spread and protected characteristics.</p>	<p>Review the Citizens' Panel and further develop in line with the action plan in the Public Participation Strategy</p>

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
Page 58	4.4.4 <u>Public Participation Strategy</u>	<p>The Local Government and Elections (Wales) Act 2021 (“the Act”) requires local authorities to publish, consult on, and regularly review a public participation strategy to encourage local people to participate in their decision making. This includes where councils make decisions in partnership with another council or in conjunction with another individual or body such as a local health board.</p> <p>The Public Participation Strategy 2023-2027 outlines the council’s objectives, approach and mechanisms for encouraging and enabling public participation, together with information on how local people can influence decision-making. It also supports the priorities in the Corporate Plan 2022-2027 and reflects our values by setting out how we will encourage and enable local people and communities in Neath Port Talbot to be actively involved in decisions that affect them.</p> <p>Progress on the Strategy is reported to the Organisational Development Project Board and will be included in the forward work programme for Cabinet going forward.</p>	None identified

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
4.5 Effectively engaging to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	4.5.1 Corporate Communications and Community Relations Strategy 2018-2020 4.5.2 Consultation and Engagement Strategy 2018-2020	See 4.1.5 - Corporate Communications and Community Relations Strategy 2018-2020 See 4.4.1 - Neath Port Talbot Consultation and Engagement Strategy 2018-2020	None identified
	4.5.3 Key Stakeholder List	We have a list of key stakeholders that we engage with on major policies and plans. These include: Youth Council; Black Minority Ethnic Community Association; and consultee database for the Local Development Plan.	None identified
	4.5.4 Youth Mayor	First established in September 2019 and elected by the young people of the borough. The role involves representing the voice of all children and young people across the borough at a number of pre-determined civic duties.	None identified
	4.5.5 Partnership working with our trade unions and teaching associations	This is a major feature of the council's culture in relation to workforce engagement. It involves elected Members, managers, employees and trade unions developing and implementing a way of working based on mutual respect and trust, shared objectives and joint ownership of problem solving.	None identified

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 32</p> <p>4.6 Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p>	4.6.1 Third Sector Partnerships	<p>The council has a long and productive relationship with third sector organisations and awards grant funding to organisations so they can support our communities in a wide range of ways.</p> <p>The Partnership Agreement (Compact), between the council and the voluntary sector in Neath Port Talbot, formally recognises and values the contribution of voluntary work to local people, communities and supporting us to deliver on some of our services. It provides a framework for further developing the many years of partnership working in the county borough, in pursuit of our shared interest to build strong communities where everyone has an equal chance to lead a fulfilled life. It also sets out the partnership responsibilities and expectations on both the council and the voluntary sector.</p>	Commence the review of the Partnership Agreement (Compact) between the council and the voluntary sector (to be completed by September 2024)
	4.6.2 Voluntary Sector Liaison Forum	The Voluntary Sector Liaison Forum meets on a quarterly basis and is regularly consulted on key council policies e.g. budget and Corporate Plan.	None identified
	4.6.3 County Borough Council / Community Councils Liaison Forum	The council meets with the Town and Community Councils throughout the year to discuss a wide number of issues. Meetings were held throughout 2022/2023 to discuss issues of concern to the Town and Community Councils and also to update them on the council's approach to supporting communities.	Commence the review the Charter between the council and Town and Community Councils (to be completed by September 2024)

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
Page 61		Ongoing training was also provided to Town and Community Councils by the Monitoring Officer on the Member's Code of Conduct.	
	4.6.4 Informal partnerships	There are a number of informal partnerships in place, e.g. Equality and Community Cohesion Group which is made up of both officers from across the council and representatives of external organisations.	None identified
	4.6.5 Public Services Board (PSB)	PSB members work together to deliver the objectives set out in the PSB Well-being Plan and monitor progress on delivery of work.	None identified
4.7 Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>• Trust</li> <li>• A shared commitment to change</li> <li>• A culture that promotes and accepts challenge among partners; and</li> <li>• that the added value of</li> </ul>	See 2.4.2 Continue to participate in a number of partnerships and 4.5.4 Youth Mayor	<p>The council plays an active role in collaborative arrangements to ensure the best return for our citizens and other stakeholders.</p> <p>These arrangements are reviewed regularly to ensure they meet the required needs of the council and where they do not reports are brought to members highlighting various risks and concerns for the decisions to be made on future actions.</p>	None identified
	4.7.1 Staff Council (Consists of: LGS Green Book Negotiating Forum, LSPG (Schools trade union partnership forum), Service Joint	All of these groups meet regularly and are an opportunity for two-way information sharing, consultation and where necessary, negotiation. As part of our approach to partnership working, trade unions have representation in other forums; so for example, trade unions sit as an integral part of the Future of Work Team.	None identified

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
partnership working is explicit	Consultative Groups, and the Corporate Health & Safety Trade Union Forum).		
4.8 Engaging stakeholders effectively, including individual citizens and service users - establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	See 1.3.1 Integrated Impact Assessment (IIA)	<p>Consultation with stakeholders is a key element of the IIA process and guidance as to what needs to be considered is readily available to officers.</p> <p>Consultation is imperative as part of this process in order to help determine whether 'initiatives' (e.g. policy, service, procedures, strategies, projects etc.) will have a positive, negative or neutral impact on the community.</p>	None identified

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
4.9 Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	See 4.5.1 Corporate Communications and Community Relations Strategy 2018/2020	<p>Clear strategies are in place to ensure members and officers communicate effectively in relation to community engagement.</p> <p>See 1.1.1 <a href="#">Employee Code of Conduct</a></p> <p>See 1.1.2 <a href="#">Member Code of Conduct</a> - monitored by the <a href="#">Standards Committee</a></p> <p>See 4.1.5 and 4.5.1</p>	None identified
4.10 Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	See section 4.4 and 4.5		
4.11 Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	See section 4.5		

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
4.12 Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	<p>4.12.1 Council has a number of duties through the following legislation to ensure inclusivity of feedback from all stakeholder groups:</p> <ul style="list-style-type: none"> <li>• Equality Act 2010</li> <li>• Welsh Language Standards (No.1) Regulations 2015,</li> <li>• Well-being of Future Generations (Wales) Act 2015</li> <li>• Local Government &amp; Elections (Wales) Act 2021</li> <li>• Environment (Wales) Act 2016)</li> </ul>	See 1.3.1	None identified



<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
4.13 Taking account of the interests of future generations of tax payers and service users	4.13.1 Well-being of Future Generations (Wales) Act 2015.	<p>The Corporate Plan 2022-2027 sets out the council's revised purpose, vision, values and wellbeing objectives. The Corporate Plan demonstrates how the council contributes to the economic, social, environmental and cultural wellbeing of Neath Port Talbot and to the seven national wellbeing goals contained in the Wellbeing of Future Generations (Wales) Act 2015. The priorities under each wellbeing objective in the short and medium term demonstrate how the council intends to maximise its contribution to the seven wellbeing goals set by Welsh Government.</p> <p>The Strategic Change Programme, re-branded 'Working in Partnership for Our People, Our Places and Our Planet', has been reviewed in 2022/2023 setting out our key priorities for 2023/2024.</p>	None identified
	4.13.2 The Council's four Well-being Objectives and statement are published in the <a href="#">Corporate Plan 2022-2027</a>	Audit Wales has issued certificates confirming that the council has discharged its duties under relevant legislation for both the council's <a href="#">Corporate Plan</a> and <a href="#">Annual Report</a> .	None identified

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits			
Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvements / action
5.1 Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	See 4.1.4 - The council's vision is set out in the Corporate Plan	The council's vision is set out in the published <a href="#">Corporate Plan 2022-2027</a> .	None identified
	5.1.1 Corporate Performance Management Framework (CPMF)	<p>An interim Corporate Performance Management Framework (CPMF) has been developed and demonstrates how the council will meet the duties contained within the Local Government &amp; Elections (Wales) Act 2021.</p> <p>These duties include the undertaking of an annual corporate self-assessment. Service Recovery Planning at an accountable manager level.</p> <p>The CPMF is an "interim" framework as it is acknowledged performance management arrangements require strengthening across the authority at the strategic, service and individual levels. The proposed review, we will define an improved performance management capability that will enable the council to better deliver the vision, purpose and priorities set out in the Corporate Plan and to achieve the required savings as part of the council's Medium Term Financial plan (MTFP) in future years.</p> <p>It would also facilitate the detailed requirements gathering for a replacement Corporate Performance Management System, following the decision to no longer utilise the CAMMS platform.</p>	Review business planning and performance management arrangements across the council

<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvements / action</b>
5.2 Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	5.2.1 Commissioning	<p>The council delivers or commissions an enormous range of services and functions that affect the day to day life of everyone who lives in the county borough.</p> <p>Service user questionnaires are undertaken as part of contract monitoring; contracts require processes to be in place to ensure providers actively engage with service users, informing service and feedback on proposed changes. Contract Monitoring Officers review practice, including interviewing service users.</p>	None identified
5.3 Delivering defined outcomes on a sustainable basis within the resources that will be available	See section 4.1	We examine the progress made in achieving our well-being objectives set out in the <u>Corporate Plan</u> , including the key performance indicators. On an annual basis progress is summarised in our <u>Annual Report</u> which includes data on key areas of performance.	None identified
5.4 Identifying and managing risks to the achievement of outcomes	5.4.1 Corporate Risk Management Policy	<p>The council's <u>Risk Management Policy</u> has recently been reviewed and approved by Cabinet in 2023.</p> <p>The Strategic Risk Register will be reviewed at CDG quarterly and taken to Cabinet every six months.</p> <p>Directorate Risk Registers will also be reviewed at CDG every six months (at a minimum)</p>	Ensure all strategic risk are embedded and further refine Directorate (operational) Risk Registers
	5.4.2 Senior Information Risk Owner (SIRO)	In January 2021 the Chief Finance Officer and Corporate Services took over the role of SIRO, which was subsequently passed to the newly appointed Chief Digital Officer in July 2021.	None identified

<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvements / action</b>
		<p>The SIRO reports directly to the Corporate Directors Group and Corporate Governance Group on information security matters.</p> <p>The SIRO is accountable for information risk throughout the Authority and ensures that information risks are treated as a priority across all service areas.</p>	
<p>5.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</p>	<p>5.5.1 Let's Talk Campaign</p> <p>See 4.13.1 The Council's strategic vision and priorities</p>	<p>The priorities set out in the Corporate Plan 2022-2027 were informed by an extensive engagement exercise "Let's Talk". This was undertaken in two phases between July 2021 and January 2022.</p>	<p>Revisit the Let's Talk campaign during 2023/2024 to inform priorities for 2024/2025.</p>
<p>5.6 Sustainable economic, social and environmental benefits - considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p>	<p>See also 1.3.1 Integrated Impact Assessment (IIA)</p> <p>See also <u>Corporate Plan 2022-2027</u></p>		

<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvements / action</b>
5.7 Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	5.7.1 <u>Welsh Government Procurement Policy</u>  <u>See also 2.4.1 Ethical Employment in Supply Chain Policy 2019</u>	Complying with the policy, by ensuring that contracts over the value of £1,000,000 include community benefits clauses and contracts split into "Lots" or smaller arrangements – allowing smaller organisations to bid for elements of contracts if they are unable to bid for larger packages.  The council has made a commitment to actively examine where it sources its goods and services from to ensure those arrangements are ethical.	None identified
5.8 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social, and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	See section 5.7 / 4.3 / 4.4		
5.9 Ensuring fair access to services	5.9 <u>Strategic Equality Plan (SEP)</u>	Work to review the actions as contained in the SEP commenced during 2022-2023. During the early stages of the review a	None identified

<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvements / action</b>
Page 70		<p>number of actions have been identified as being no longer appropriate for inclusion for variety of reasons, including:</p> <ul style="list-style-type: none"> <li>• Are now considered ‘business as usual’</li> <li>• Have been completed; and</li> <li>• Circumstances in which they were developed have now changed.</li> </ul> <p>However, the review has since been paused to allow for a more comprehensive review during 2023-2024 which will consider and aim to address the inequalities faced by our communities as well as having the opportunity to better align the SEP with the Corporate Plan 2024 – 2027.</p>	

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>6.1 Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<p>6.1.1 <u>Corporate Self-Assessment</u></p>	<p>The requirement to publish an annual self-assessment is contained within the Local Government and Elections (Wales) Act 2021 and is a corporate, organisational assessment rather than an assessment of individual services.</p> <p>As part of the self-assessment, the council is required to consider the extent to which it is:</p> <ul style="list-style-type: none"> <li>• exercising its functions effectively (how well are we doing?)</li> <li>• using its resources economically, efficiently and effectively (how do we know?)</li> <li>• ensuring its governance is effective for securing the above (what and how can we do better?)</li> </ul> <p>In undertaking this self-assessment process across 7 key areas, in addition to stating what arrangements we have in place to ensure we do the above well, we have also considered how effective those arrangements are by reflecting and scoring ourselves and identifying how these areas can be further improved.</p>	<p>Further refine the council's annual self-assessment process.</p>

<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
	See 1.4.4 The council's Constitution sets out the different responsibilities of Members and Officers. Clear job descriptions for all staff highlight roles and responsibilities.	<p>The Monitoring Officer oversees the council's Constitution and ensure it is kept up to date.</p> <p>The report guidance for both Executive and Non-Executive reports requires report authors to describe all options that have been considered, not just any preferred option.</p>	None identified
6.2 Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	<p>See sections 4.4.4 / 4.10 / 4.11 / 4.12</p> <p>The Monitoring Officer oversees the council's Constitution and ensure it is kept up to date.</p> <p>The report guidance for both Executive and Non-Executive reports requires report authors to describe all options that have been considered, not just any preferred option.</p>		None identified



<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
6.3 Planning Interventions - establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	See 5.1.1 Corporate Performance Management Framework		
6.4 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	See 6.2		
6.5 Considering and monitoring risks facing each partner when working collaboratively including shared risks	See 2.4.2 Continue to participate in a number of partnership and 5.4.1 Corporate Risk Management Policy		

<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
6.6 Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	See 4.13.1 Well-being of Future Generations Act (Wales) 2015		
6.7 Establishing appropriate local performance indicators (as well as relevant statutory or other national performance indicators) as part of the planning process in order to identify how the performance of services and projects is to be measured	See 5.1.1 Corporate Performance Management Framework	<p>There is a clear structure in place for delivering the priorities set out in the Corporate Plan, which includes performance measures for each Well-being Objective.</p> <p>At service level, Service Recovery Plans require the inclusion of key service recovery performance measures that are linked to service priorities and outcomes and improvements and changes that the service wants to achieve. Key business as usual service performance measures can be included as well.</p> <p>Officers are encouraged to include qualitative measures of success (inspection/reviews or feedback results/what the aim is/what you want to achieve/ what does good look like?) as well as performance measures.</p>	None identified
6.8 Ensuring capacity exists to generate the information required to review service quality regularly	See also 5.1.1 Corporate Performance Management Framework		

<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
6.9 Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	6.9.1 <u>Budget</u> setting process	On 2 <sup>nd</sup> March 2023, Council approved the 2023/2024 budget following stakeholder consultation. The requirement to set a balanced budget was met.	Further development of a medium term financial strategy.
6.10 Informing medium and long-term planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	See above 6.9.1 Budget setting process		
6.11 Optimising achievement of intended outcomes - ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	See above 6.9.1 Budget setting process		

<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
6.12 Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	See 6.9.1 Budget setting process		
6.13 Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	See 6.9.1 Budget setting process		

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>6.14 Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community....over and above the direct purchasing of goods, services and outcomes"</p>	<p><u>See 2.4.1 Ethical Employment in Supply Chain Policy 2019</u></p>		

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
<p>7.1 Developing the entity's capacity - reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p>	<p>See 1.2.2 The purpose, vision and values of the council are contained within the Corporate Plan 2022 – 2027, along with key objectives and priority actions for the next twelve months. The Strategic Workforce Plan, <u>The Future of Work Strategy 2022 – 2027</u> is aligned to the Corporate Plan.</p>	<p>The Strategic Workforce Plan identifies the key challenges and priorities for our employees over the next 5 year period, as set out in the Corporate Plan objectives and priorities, Medium Term Financial Plan, Digital Strategy and the Risk Register.</p> <p>The 12 month Delivery Plan appended to this strategy sets out how the council will address these challenges, and to ensure that the council has the right number of people, with the right skills and attitudes, in the right place, at the right time, and in order to deliver its services and functions. The Delivery Plan will be reviewed every 12 months.</p>	<p>None identified</p>
<p>7.2 Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently</p>	<p>7.2.1 There are a number of examples of research and benchmarking exercises undertaken across the council:</p> <p>See 6.1.1 Corporate Self-Assessment</p>	<p>The Corporate Policy team has key performance contacts in a number of authorities who periodically meet and discuss best practice in relation to planning and performance management.</p> <p>The Corporate Policy Team are members of Data Cymru's Corporate Performance Data network (CPDn). Its purpose is to inform and support the development of the self-assessment performance dataset (SAPD). The current SAPD data tool holds</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
		<p>data across range of services/themes and can be used to compare against other authorities. The link to this data has been shared with strategic officers, all service managers and performance leads.</p> <p>A number of services benchmark via APSE (Association for Public Service Excellence). A number of service areas also benchmark data with other services from other local authorities via benchmarking groups/networks/data platforms, some of which are provided by Data Cymru, Welsh Government and Welsh Local Government Association (WLGA).</p> <p>Examples of benchmarking groups include:</p> <ul style="list-style-type: none"> <li>• The council's Electoral Services officers participate in the Association of Electoral Administrators network to benchmark electoral administration.</li> <li>• Participation by officers and members in networks facilitated by the WLGA to benchmark and research out best practice across Democratic Services functions in other councils</li> <li>• Wales waste data flow for fly tipping;</li> <li>• County Surveyor Society Wales benchmarking;</li> </ul>	

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
		<ul style="list-style-type: none"> <li>• Road Safety Benchmarking;</li> <li>• Workforce planning benchmarking;</li> </ul> <p>Services also use other platforms for benchmarking data such as Welsh Government STATS Wales's website and other platforms provided by Data Cymru.</p> <p>From April 2022, where benchmarking data is available, all services were required to use benchmarking data to inform their self-assessment of performance when they complete their Service Recovery Plans. All services through self-assessment will also have to demonstrate if they are achieving their intended outcomes and delivering value for money. The Service Recovery Plan process helps services reflect on and challenge what they do to help them continuously improve. Benchmarking arrangements within Service Recovery Plan guidance has been further strengthened from April 2023, a link has also been made within the guidance to the SAPD data tool referred to above.</p> <p>Benchmarking data (where available) is included in performance reports provided to members as part of our performance scrutiny arrangements.</p>	



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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
7.3 Recognising the benefits of partnerships and collaborative working where added value can be achieved	See 2.4.2 / section 4.6 and 4.7		
7.4 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	7.4.1 Social Care Wales Workforce Development Partnership (SCWWDP)  See also section 7.1 <u><a href="#">Future of Work Strategy 2022-2027</a></u>	The broad aim of the SCWWDP is to ensure partnership working to support social care staff across all organisations, support the ambition of the health and social care workforce strategy and build a digitally ready workforce. In addition, deliver excellent education and learning, provide qualifying and post qualifying social work training and shape and supply the workforce.	None identified
7.5 Developing the capability of the entity's leadership and other individuals - developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	See 1.4.4 The council's Constitution (different responsibilities of Members and Officers / clear job descriptions for all staff).		

2022-2027

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
7.6 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	7.6.1 List of officer delegation	<p>The Constitution requires the Head of Legal &amp; Democratic Services to keep a list of all officer delegations made in accordance with the Constitution.</p> <p>The work to review all proposals and to keep a central electronic list of delegations is ongoing. Work with individual Directorates to gather evidence of delegations is continuing with the aim of a report to Corporate Governance Group on methods of record keeping.</p>	None identified
7.7 Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	7.7.1 Cross party panel	The panel which is made up elected Members (and chaired by the Leader) undertakes the Chief Executive's appraisal and agrees the objectives for year ahead and personal learning.	None identified
	See 1.4.4 The council's Constitution sets out the different responsibilities of Members and Officers. Clear job descriptions for all staff highlight roles and responsibilities.	The Monitoring Officer oversees the council's Constitution and ensures it is kept up to date.	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
<p>7.8 Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>• Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>• Ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from both internal</li> </ul>	<p>7.8.1 Member support and development.</p>	<p>The Local Government Elections took place in May 2022 and the main focus for the year was their induction. Members were invited to undertake the following sessions as part of their induction:</p> <ul style="list-style-type: none"> <li>• Introduction to the Council, its role, Corporate Governance, Corporate Plan, Wellbeing Goals</li> <li>• Code of Conduct and Ethics (including civility and respect)</li> <li>• Health and Safety</li> <li>• Replacement Local Development Plan</li> <li>• Service Area Introductions</li> <li>• Community Leadership and Casework</li> <li>• Budget and Financial Management</li> <li>• Treasury Management</li> <li>• Committee Procedures and the role of Scrutiny and how to be an effective Scrutiny Member</li> <li>• Equalities, Diversity and the Socio-Economic Duty</li> <li>• Safe Data Management and GDPR</li> <li>• Freedom of Information (FOIs)</li> <li>• Welsh Language</li> <li>• Corporate Parenting</li> <li>• Social Media</li> <li>• Safeguarding</li> <li>• Housing</li> </ul>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
<p>and external governance weaknesses</p>		<ul style="list-style-type: none"> <li>• Violence against Women, Domestic Violence and sexual violence</li> <li>• Member Officer Relations</li> <li>• Women's Rights/Gender Equality</li> <li>• Public Speaking and Working with the Media (Cabinet Members only)</li> <li>• The role of members in relation to the Wellbeing of Future Generations Act. To include sustainable development.</li> <li>• The role of members in relation to the Social Services and Well-Being (Wales) Act</li> <li>• Climate Change, mitigation and decarbonisation</li> </ul> <p>Members undertook committee specific training depending on their committee allocations, with particular mandatory training for members of the Licensing, Planning, Governance and Audit, Standards and other regulatory committees. Chairs and Members of Scrutiny also undertook targeted training by external providers.</p> <p>Member Seminars were also presented on the following topics:</p> <ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Waste Strategy Review</li> </ul>	

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
		<ul style="list-style-type: none"> <li>• UK Shared Prosperity Fund</li> <li>• Cost of Living</li> <li>• 20mph Speed Limits</li> <li>• NPT Green Infrastructure</li> <li>• Budget Review</li> <li>• Scams, caller blockers &amp; trader approval schemes</li> <li>• Draft budget proposals out for consultation</li> <li>• Swansea Bay University Health Board Updates</li> <li>• Liberty Protection Safeguards (LPS)</li> <li>• Strategic School Improvement Plan</li> <li>• EFC Carers Induction</li> <li>• RLDP</li> <li>• Major Incidents</li> <li>• Introduction Voter ID and other election act reforms</li> </ul>	
	7.8.2 Reviewing individual member performance	This is done on a regular basis taking account of their attendance and considering any training or development needs.	None identified
	7.8.3 Officer support and development	The training available for officers is reviewed and updated on an ongoing basis to ensure they can fulfil their roles and responsibilities.	None identified

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
	7.8.4 Reviewing individual officer performance: See also 1.1.3 An <u>induction programme for Members</u> 1.1.4 Staff: the Induction Checklist, (which contains information about the expected standards) 1.1.5 Performance Appraisal Process 1.2.2 The vision and priorities for staff		
7.9 Ensuring that there are structures in place to encourage public participation	See section 4.4.4 and 4.5		

98969

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement /action
<p>7.10 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<p>7.10.1 External regulator inspections</p>	<p>Reports and reviews undertaken by Audit Wales including the Annual Report and Assurance Risk Assessment reference the council's leadership approach and provide improvement recommendations where necessary.</p> <p>Both Estyn and Care Inspectorate Wales have a programme of inspections based on their annual performance evaluation.</p> <p>The Local Government &amp; Elections (Wales) Act 2021 also contains a requirement for Panel Assessments (Peer reviews) to be undertaken once every electoral (ordinary) cycle.</p> <p>Public Services Ombudsman for Wales undertakes regular 'own initiative' pieces of work which investigate service provision linked to particular areas across the public sector.</p>	<p>None identified</p>
	<p>7.10.2 Internal Process</p> <p>See also 6.1.1 Self-Assessment</p>	<p>The Strategic Workforce Plan, The Future of Work Strategy 2022 – 2027 sets out actions for the development of leadership and management across the council which are being implemented in 2023.</p>	
<p>7.11 Holding staff to account through regular performance reviews which</p>	<p>See 1.1.5 <u>Performance Appraisal Process</u></p>	<p>The majority of employees within the council have regular 1:1s or supervision sessions with their</p>	<p>None identified</p>

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

<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement /action</b>
take account of training or development needs		manager to address their performance and to discuss training and development needs.	
7.12 Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<p>See 1.2.2 <u>The Future of Work Strategy - Strategic Workforce Plan 2022-2027</u></p> <p><u>Maximising Attendance at Work Procedure</u></p> <p><u>Health and Safety</u></p>	<p>The council has signed the Time to Change Wales Employer Pledge. We have in place an action plan which contains initiatives to support employees across the council with mental ill health. Progress on the action plan is reported annually to Personnel Committee.</p> <p>As part of the Future of Work Strategy we have set out an intention to develop a Health and Wellbeing Strategy. The Council has a dedicated Occupational Health &amp; Safety &amp; Well-being Team providing advice, support and expertise in relation to the health, safety and well-being of our employees.</p> <p>The council has a number of policies and procedures to support the health and well-being of employees, including the Maximising Attendance at Work Procedure and the Rehabilitation Procedure, as well as a suite of Health and Safety at procedures all aiming to protect the health and safety of people in our workplaces.</p>	None identified



<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
8.1 Managing risk - recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	See 5.4.1 / 5.4.2 and section 6.5		
8.2 Implementing robust and integrated risk management arrangements and ensuring that they are working effectively			
8.3 Ensuring that responsibilities for managing individual risks are clearly allocated			
8.4 Managing Performance - monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	8.4.1 Corporate Performance Management Framework  Our interim CPMF outlines our current evaluation, planning, risk and performance measurement arrangements at corporate, service and individual level. These arrangements will be reviewed during 2023/24.  See also 5.1.1 Corporate Performance and Risk Management system (CPMS)  We have a range of performance indicators that enable the council to measure performance of services. To support the delivery of the framework, there is a corporate performance management team as well as directorate performance management teams.		

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
8.5 Making decisions based on relevant, clear, objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<p>See also 1.4.4 The council's Constitution</p> <p>The Constitution sets out how the council operates and the process for policy and decision-making. Within this framework all the decisions are taken by Council, Cabinet or Cabinet Boards. The decisions are presented in a comprehensive written format in a standard template. The Cabinet Scrutiny Committee considers any decisions directly before the Cabinet meets. This is referred to as contemporaneous scrutiny. A record of decision-making and supporting materials are published (publically accessible reports only) on the council's website via Modern.gov.</p>		
8.6 Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the organisation's performance and that of any organisation for which it is responsible	8.6.1 Scrutiny Committees	<p>The role and responsibility for scrutiny has been established and is clear. Annual forward work programme sessions are arranged to identify items for the committees to focus on in the new civic year.</p> <p>Throughout the year scrutiny Members also undertake specific training to enhance their skills (e.g. Chair and Vice Chair training).</p>	None identified
8.7 Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<p>See 4.1.4 <u>Council Meeting Cycle</u></p> <p>The cycle of meetings sets out a calendar of dates for submitting, publishing and distributing timely performance reports.</p>		

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
8.8 Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)	8.8.1 Financial standards, guidance and regulations	The Chief Finance Officer is responsible for ensuring there are proper arrangements in place for the administration of the financial affairs of the council. Corporate Directors are responsible for the financial management of their respective services and are supported by regular financial management information, which includes monthly financial monitoring reports.	None identified
8.9 Robust internal control - aligning the risk management strategy and policies on internal control with achieving objectives	See also 5.4.1 Corporate Risk Management Policy		
8.10 Evaluating and monitoring risk management and internal control on a regular basis	See 5.4.1 Corporate Risk Management Policy		
8.11 Ensuring effective counter fraud and anti-corruption arrangements are in place	See 1.4.1 The Anti-fraud, Corruption and Malpractice Strategy		

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
<p>8.12 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	<p>8.12.1 Annual Governance Statement</p> <p>See also 9.9.1 Internal audit service</p>	<p>The Annual Governance Statement reports on the extent of the council's compliance with its principles and practices of good governance, including how the council has monitored the effectiveness of its governance arrangements in the year. The Annual Governance Statement is reviewed every year and updated to reflect the improvement work undertaken during the year.</p>	<p>None identified</p>
<p>8.13 Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon</p>	<p>Governance and Audit Committee (Terms of reference, Membership and Training)</p>	<p>Governance and Audit committee complies with best practice (Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2022) and the Public Sector Internal Audit Standards.</p> <p>Three new external Lay Members have been appointed to the Committee and took up their roles at the first meeting on the Committee held on 27<sup>th</sup> September 2022.</p>	<p>None identified</p>

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>8.14 Managing Data - ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p>	<p>8.14.1: Data management framework and procedures / data protection officer / policies and procedures</p>	<p>The Information Governance (IG) Team provide support to the Information Asset Owners who have local responsibility for Information Management in their area.</p> <p>The team develop, implement and maintain information management and information security policies and guidance. Providing operational support, training, expert advice, guidance on these areas.</p> <p>The Information Governance team provide additional assurance through the undertaking of information governance and information security audits and information risk assessments with Information Asset Managers and key stakeholders.</p> <p>The Information Governance Strategy Group provides overview and scrutiny of IG arrangements. Making recommendations to both the Head of Legal &amp; Democratic Services as the council's Data Protection Officer (DPO) with responsibility for ensuring compliance with the Data Protection Act 2018 and the Chief Digital Officer as the council's Senior Information</p>	<p>A review of Data Processing, Data Protection and Data Sharing work to be undertaken by the Information Governance team.</p> <p>A number of actions have been completed as part of the information governance work including registers of the relevant agreements and assessments, with procedures to identify new processing and sharing.</p> <p>Assurance is in place through information audits and the Information Asset Audit for the Information Asset Register.</p>

Page 65

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
		<p>Risk Owner with responsibility for information risk and security.</p> <p>The DPO and SIRO report directly to the Corporate Governance Group on information governance and security matters.</p>	
8.15 Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	See 8.14.1		
8.16 Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	See 9.9.1 Internal audit service		
8.17 Strong public financial management - ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	<p>See 3.2.1</p> <p>The CIPFA Financial Management Code 2019 (FM Code) was introduced during 2020/2021, to improve the financial resilience of organisations by embedding enhanced standards of financial management.</p>		
8.18 Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	See 3.2.1		

<b>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>			
<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
9.1 Implementing good practice in transparency - writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	See 4.3.1 Modern.gov system		
9.2 Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	See 4.1.1 The council produces a number of annual reports throughout the year to give assurances to our governance arrangements.		
9.3 Implementing good practices in reporting - reporting at least annually on performance, value for money and the stewardship of its resources			
9.4 Ensuring members and senior management own the results	See 1.4.4 The <u>Constitution</u>		

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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>9.5 Ensuring robust arrangements for assessing the extent to which the principles contained in the framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)</p>	<p>9.5.1 Corporate Governance Group</p>	<p>The Corporate Governance Group ensure that the governance arrangements of the council are robust and fit for purpose. The group oversee any risks identified to governance arrangements and meet on a regular basis and have terms of reference to fulfil their role.</p>	<p>Work to deliver governance awareness training across the council is ongoing and will continue during 2023/2024 to ensure appropriate training takes place with council officers.</p>
<p>9.6 Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate</p>	<p>See 8.12.1 Annual Governance Statement</p>		
<p>9.7 Ensuring the performance information that accompanies the financial statement is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations</p>	<p>See 8.12.1 Annual Governance Statement</p>		
<p>9.8 Assurance and effective accountability - ensuring that recommendations for corrective action made by external audit are acted upon</p>	<p>9.8 <u>External audit / regulatory reports</u></p>		



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

Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
<p>9.9 Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p>	<p>9.9.1 Internal audit service</p>	<p>The annual Internal Audit Plan was approved by the Governance &amp; Audit Committee at their first meeting on 27<sup>th</sup> September 2022. Members also approved the revised Internal Audit Charter at the September meeting.</p> <p>The Governance &amp; Audit Committee received quarterly updates of progress against the Internal Audit Plan and details of any factors affecting achievement of the plan. Members were provided with the assurance rating of each completed audit.</p> <p>All recommendations made by auditors were accepted by the service managers and implementation will be confirmed during the post audit review process.</p> <p>Compliance with CIPFA’s Statement on the Role of the Head of internal Audit (2019).</p> <p>Compliance with Public Sector Internal Audit Standards.</p>	<p>None identified</p>
<p>9.10 Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	<p>See 9.8</p>		

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

<b>Behaviours and actions that demonstrate good governance in practice</b>	<b>Evidence of key systems, documents and processes</b>	<b>Assurance of arrangements in place</b>	<b>Suggested improvement / action</b>
9.11 Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	See 8.12.1 Annual Governance Statement		
9.12 Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	See 2.4.2 Governance arrangements are in place for each partnership we are involved in.		

## Review of Effectiveness

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 Chief Officers and the Internal Audit Service who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies and inspectorates. A Corporate Governance Group, reporting to the Corporate Directors Group ensures that improvement work is scheduled, resourced and monitored. The council uses a number of ways to review and assess the effectiveness of its governance arrangements, the table below highlights the different mechanisms during 2022/2023:

Governance Arrangements	Update for 2022/2023
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 99</p> <p><b>Constitution Review &amp; Monitoring</b></p>	<p>The Constitution is reviewed on a regular basis to ensure it is up to date and amendments taken through the decision making process as and when required.</p> <p>Amendments took place in summer 2022 to reflect decision making structures within the council and the changes proposed by the new administration.</p> <p>Reports are taken as and when necessary to ensure the Constitution is up to date and Democratic Services Committee have been tasked to work with the Monitoring Officer to review arrangements as and when necessary.</p> <p>Formal reports by s151 or Monitoring Officer – no reports were issued by the s151 or Monitoring Officer in 2021/22.</p>
<p><b>Internal Audit Service</b></p>	<p>The focus of Internal Audit work in 2022/2023 was on auditing areas considered to be a high risk. Overall 85% of the plan was completed and 82% of high risk audits undertaken, the remaining high risk audits completed during the early part of 2023/24.</p> <p>The Head of Internal Audit's opinion is that the council's internal control environment and systems of internal control in the areas audited are satisfactory and reasonable assurance can be given that</p>

	<p>there have been no major weaknesses noted in relation to the internal control systems operating within the authority.</p>
<p><b>Governance &amp; Audit Committee</b></p>	<p>Approved the Council’s Internal Audit Plan in 27th September 2022</p> <p>Monitored Internal Audit performance against the plan.</p> <p>Monitored External Audit Performance and received update reports from Audit Wales.</p> <p>The Committee received Treasury Management Progress Reports in order to fulfill their obligations in relation to the Scrutiny of Treasury Management activity.</p>
<p>Page 100</p> <p><b>Standards Committee</b></p>	<p>On signing their Declaration of Acceptance of Office, Members are required to give an undertaking to abide by the Members’ Code of Conduct.</p> <p>A detailed member induction programme took place following local government elections in May 2022. This included specified training relating to the member code of conduct, social media issues, gifts and hospitality and officer/member protocols. By the end of June 2022, all 60 elected members had attended and received this training. Refresher training takes place on an annual basis to enhance member’s compliance with the Members Code of Conduct and to ensure members are aware of the responsibility to act ethically and with integrity throughout the year, with advice provided on a variety of matters throughout year on interests and predetermination matters.</p> <p>The Local Government and Elections (Wales) Act 2021 provided an additional duty on group leaders to ensure members within their political group also comply with the Members Code of Conduct and ongoing support will be provided on this function via the Standards Committee.</p> <p>The Standards Committee were pleased to note the approach that Group Leaders take in promoting standards and the personal commitment they have to encourage members within their groups to embed ethical processes in their day to day activities. Of interest particularly to the Standards Committee was how Group Leaders deal with the “thick skin” ideology that the Public Service Ombudsman and other regulatory bodies adopt and the views that all Group Leaders have that often this is an inappropriate test and it is not something that any elected member should have to have if they face abuse from members of the public, particularly in a social media setting.</p>

	<p>The Standards Committee are required to conduct an assessment of how political group leaders have complied with their new duty to promote high standards of conduct and the Standards Committee are able to confirm that throughout 2022-2023, Group Leaders have discharged their duty, in the views of the Standards Committee, and that there were no ethical concerns arising.</p> <p>The Standards Committee published their Annual Report in April 2023 for the work of the previous finance year.</p>
<p><b>External Auditors</b></p>	<p>In the Audit Wales Annual Audit Summary 2022, which detailed the work completed since the council's last Annual Audit Summary, the Auditor General provided an unqualified true and fair opinion on the council's financial statements on 12<sup>th</sup> January 2022, in line with the statutory deadline.</p> <p>The Auditor General also certified that the council has met its legal duties for improvement planning and reporting, and believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 and Local Government &amp; Elections Act (Wales) 2021 during 2020/2021.</p>

## Governance Improvement Areas

**Table 1 – Governance Improvement Action Plan Update - 2022/2023**

Ref (action)	Improvement Action to be undertaken during 2022/2023	Responsible Officer	Progress During 2022/2023
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law</b>			
A3.2.1	Complete the review of Accounting Instructions.	Chief Finance Officer	All Accounting Instructions have been reviewed and updated.
<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>			
Page 102 A5.1.1	Develop and implement a revised Corporate Performance Management Framework that meets the new duties under the Local Government & Elections (Wales) Act 2021	Strategic Manager - Policy & Executive Support	<p>An interim Corporate Performance Management Framework has been developed.</p> <p>The council's first <a href="#">Corporate Self-Assessment</a> was approved by Cabinet on 22<sup>nd</sup> February 2023.</p> <p>100% (86 of 86) of SRPs that were required to be completed by Accountable Managers for 2022/2023 have been completed and include the requirement to undertake an ongoing self-assessment at the service level.</p>
<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>			
A5.4.1	Complete the review of the council's Risk Management Policy and ensure the Council's Risk Register is updated regularly.	Chief Finance Officer / Strategic Manager Policy & Executive Support	<p>The review of the Corporate Risk Management Policy was completed in 2022-2023. The policy was approved by Cabinet on 23<sup>rd</sup> March 2023.</p> <p>The policy outlines the frequency that risk registers need to be reviewed and reported to Corporate Directors and Cabinet, along with escalation process.</p>

Ref (action)	Improvement Action to be undertaken during 2022/2023	Responsible Officer	Progress During 2022/2023
A6.9	Develop a Medium Term Financial Strategy.	Chief Finance Officer	Work is ongoing to develop a medium term financial strategy. The technical work regarding identifying the funding gap over the period is almost complete. Work has also commenced on developing appropriate strategic interventions with the intention of closing the estimated funding gap.
<b>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>			
Page 103 5.1	Work to deliver governance awareness training across the Council is ongoing and will continue to ensure appropriate training takes place with Council officers.	Head of Legal & Democratic Services	<p>As part of the Member Induction sessions, following local elections in May 2022, officers have provided a series of training sessions for members on governance processes such as decision making, officer/member protocols and code of conduct.</p> <p>Similar training sessions have been provided to officers, for example a series of training on the importance of the member/officer protocol was provided to all Environment Accountable Managers in June 2022.</p> <p>Further training sessions and ad hoc advice notes to officers continues on a regular basis to officers to ensure they are kept abreast of all new legislative and governance matters.</p>

**Table 2 – Governance Improvement Action Plan - 2023/2024**

Ref (action)	Improvement Action to be undertaken during 2023/2024	Responsible Officer
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law</b>		
Page 104 1.3	<ul style="list-style-type: none"> <li>I. All members ensure they attend annual refreshers in respect of the Members Code of Conduct undertaken by the Monitoring Officer;</li> <li>II. All Group Leaders make Standards and Ethics a standing item on their political group meeting agendas;</li> <li>III. All members ensure they are completing their declarations of gifts and hospitality, including where such gifts and hospitality are declined;</li> <li>IV. Group Leaders consider bi-annual meetings with the Monitoring Officer to discuss standards and ethics and how they can work together to promote standards within their political groups;</li> <li>V. Steps be taken to promote the Member Officer Protocol to all elected members and officers of the Council, with training provided as appropriate;</li> <li>VI. A series of guidance documents to be circulated to all members in respect of key conduct matters such as declarations of interest, predetermination, conduct case studies and key information for members.</li> </ul>	Head of Legal & Democratic Services
1.3.4	Continue with future training of officer groups in the significance of the member and officer relations protocol.	Head of Legal & Democratic Services
2.1.1	Corporate Procurement to monitor and evaluate compliance looking at what approach sections adopt. Head of Legal & Democratic Services to report annually to the Corporate Governance Group.	Head of Legal & Democratic Services



Ref (action)	Improvement Action to be undertaken during 2023/2024	Responsible Officer
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
4.4.3	Review the Citizens' Panel and further develop in line with the action plan in the Public Participation Strategy	Strategic Manager - Policy & Executive Support
4.6.1	Commence the review of the Partnership Agreement (Compact) between the council and the voluntary sector (to be completed by September 2024)	Strategic Manager - Policy & Executive Support
4.6.3	Commence the review of the Charter between the council and Town and Community Councils (to be completed by September 2024)	Strategic Manager - Policy & Executive Support
<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>		
4.1.1	Review business planning and performance management arrangements across the council	Strategic Manager - Policy & Executive Support
4.4.1	Ensure all strategic risk are embedded and further refine Directorate (operational) Risk Registers	Chief Finance Officer / Strategic Manager - Policy & Executive Support
5.5.1	Revisit the Let's Talk campaign during 2023/2024 to inform priorities for 2024/2025.	Strategic Manager - Policy & Executive Support
<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>		
6.1.1	Further refine the council's annual self-assessment process.	Strategic Manager - Policy & Executive Support
6.9.1	Further development of a medium term financial strategy.	Chief Finance Officer

Ref (action)	Improvement Action to be undertaken during 2023/2024	Responsible Officer
<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>		
8.14.1	A review of Data Processing, Data Protection and Data Sharing work to be undertaken by the Information Governance team.	Chief Digital Officer
<b>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>		
9.5.1	Work to deliver governance awareness training across the council is ongoing and will continue during 2023/2024 to ensure appropriate training takes place with council officers.	Head of Legal & Democratic Services

Page 106

**Signed:**



**Chief Executive: Karen Jones**

**Date:**

**Signed:**



**Leader of the Council: Cllr Steve Hunt**

**Date:**

## Financial Management Code of Self-Assessment

CIPFA issued a new code, The FREM, which sets out the standards of financial management for local authorities. Adoption of the Code commenced in April 2021. This appendix provides a self-assessment which has been approved by Corporate Directors Group and provides assurance that the financial management of the council are being met.

### *Section 1: The Responsibilities of the Chief Finance Officer and the Leadership Team*

Standard Reference	Financial Management	Rating (Red / Amber / Green)
A	The Leadership Team is able to demonstrate that the services provided by the authority provide value for money.	<p>The Auditor General examines whether the council has put in place arrangements to get value for money for the resources it uses, and has to be satisfied that it has done this. The 2022 Annual Audit Summary issued by Audit Wales identified no issues in relation to value for money.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

Page 107

B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	<p>We comply with the requirements of the code.</p> <p>The Chief Finance Officer (CFO) is a CIPFA qualified accountant with over 20 years of local government experience. Reports directly to Chief Executive Officer and sits on the Leadership Team, influencing material decisions and ensuring financial implications are provided in all reports. The Chief Finance Officer is responsible for maintaining and resourcing an effective Internal Audit service and leads on risk management.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
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**Section 2: Governance and Financial Management Style**

Standard Reference	Financial Management	Rating (Red / Amber / Green)
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	<p>The council adopts the Nolan principles as can be evidenced in the Annual Governance Statement (AGS). The AGS was signed off by Audit Wales as part of the accounts audit process.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

D	The authority applies CIPFA/ SOLACE Delivering Good Governance in Local Government: Framework 2016.	<p>The Governance &amp; Audit committee reviews the adequacy of Governance arrangements of the authority, reviewing the AGS and receiving risk management updates. An independent review of governance arrangements commissioned and reported upon in 2021/22 recommended period internal audit of the action plan produced from the review. During 2022/23 confirmation that all recommendations of the external review had been implemented was reported to Governance &amp; Audit committee.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
E	The financial management style of the authority supports financial sustainability.	<p>Audit Wales Annual Audit Summary for 2022 concluded that the council is financially stable, helped recently by additional Welsh Government funding, but needs to develop a sustainable plan to address cost pressures and close its medium-term funding gap in an increasingly challenging financial climate.</p> <p style="text-align: right;"><b>RAG Rating = Amber</b></p>

### ***Section 3: Long to Medium-Term Financial Management***

Standard Reference	Financial Management	Rating (Red / Amber / Green)
F	The authority has carried out a credible and transparent financial resilience assessment.	<p>The budget setting for 2022/23 includes a statement relating to the robustness of the estimates used in calculating the budget requirement and indicates the budget process has been prepared in conjunction with officers. It also identifies the risk areas that will be actively managed during the financial year.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<p>The Council has developed a Medium Term Financial Plan (MTFP) to 2027/28 and are in the process of finalising the 2028/29 MTFP.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
H	The authority complies with the Prudential Code for Capital Finance in Local Authorities	<p>The authority complies with all elements of the Prudential Code.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
I	The authority has a rolling multi-year financial plan with sustainable service plans	<p>During 2021/22 the Council developed its medium-term financial plan, work is ongoing in finalising 2028/29 MTFP. Service recovery plans have been developed and are being monitored and updated annually.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

Page 110

**Section 4: The Annual Budget**

Standard Reference	Financial Management	Rating (Red / Amber / Green)
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J	The authority complies with its statutory obligations in respect of the budget setting process	<p>The council complies with its statutory obligations in respect of the budget setting process as set out in the Local Government Finance Act (1992). A legal and balanced budget set by the council by the statutory deadline was approved by Council on 2 March 2023.</p> <p>The council is aware of the circumstances under which a S114 notice should be issue.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates on the adequacy of the proposed financial reserves.	<p>The budget setting report comments upon the robustness of the estimates included therein and a balanced affordable budget has been set.</p> <p>The reserves are reported within the budget setting process and monitored throughout the financial year. The council agreed a general reserves policy which states reserves should be maintained at circa 4% of the net revenue budget.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

**Section 5: Stakeholder Engagement and Business Plans**

Standard Reference	Financial Management	Rating (Red / Amber / Green)
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L	The authority has engaged with key stakeholders where appropriate in developing its long term financial strategy, medium term financial plan and annual budget.	<p>Key stakeholders are consulted on key projects for example stakeholder views were sought when developing the corporate plan.</p> <p>Member workshops are run at budget setting. Cabinet approved the consultation process with stakeholders on the draft budget. Consultation responses are reported to Council.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	<p>An investment proposal template has been created and utilised. More work is needed to refine the processes around agreement and priority of the investment appraisals put forward.</p> <p style="text-align: right;"><b>RAG Rating = Amber</b></p>

### **Section 6: Monitoring Financial Performance**

Standard Reference	Financial Management	Rating (Red / Amber / Green)
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N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	<p>Monthly reports are considered by budget holders and reported to the Corporate Directors Group. Quarterly Finance revenue and capital reports are presented to Cabinet.</p> <p>Treasury management reports are taken to Cabinet on a quarterly basis, any significant issues identified are reported to Senior Management Team</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>
O	The leadership team monitors the elements of its balance sheet that pose a significant to its financial sustainability.	<p>The balance sheet is monitored by the relevant service department accountants as part of the budget monitoring process. With the balance sheet being reviewed by the Chief Finance Officer as part of the closure of accounts process.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

**Section 7: External Financial Reporting**

Page 13

Standard Reference	Financial Management	Rating (Red / Amber / Green)
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the Code Practice in Local Authority Accounting in the United Kingdom.	<p>The Chief Finance Officer's responsibilities are set out in the "Statement of responsibilities" within the Statement of accounts. This clearly sets out that the Chief Finance Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out by the Code of Practice on Local Authority Accounting in the United Kingdom. The annual audit letter confirms that the statement of accounts have been prepared on time and in accordance with the code of practice.</p> <p style="text-align: right;"><b>RAG Rating = Green</b></p>

Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	The outturn figures are reported to Corporate Directors Group and Cabinet and is included in the narrative report of the Statement of Accounts.  <b>RAG Rating = Green</b>
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## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### GOVERNANCE AND AUDIT COMMITTEE

16<sup>th</sup> JUNE 2023

### JOINT REPORT OF

CHIEF FINANCE OFFICER – H JONES &

HEAD OF PEOPLE AND ORGANISATIONAL DEVELOPMENT – S  
REES

#### **Matter for Information**

**Wards Affected** – All wards

**Report Title** – Corporate Risk Management Policy

#### **Purpose of the Report:**

1. To present the council's Corporate Risk Management Policy, which was approved by Cabinet on 5<sup>th</sup> April 2023.

#### **Background:**

2. The council has a duty to be efficient, transparent and accountable to local people and to observe high standards of management and corporate governance when responding to current and future economic challenges.
3. As part of the work to produce the Annual Governance Statement for 2021-2022, the council's Corporate Governance Group identified the need to undertake a review of the Corporate Risk Management Policy during 2022/2023 and take forward the necessary improvement work needed to provide and sustain effective corporate risk management.
4. The revised Corporate Risk Management Policy, contained in Appendix 1 provides a structured and focussed approach to managing corporate risks.

5. The policy does not aim to bring about a one-size-fits-all approach to managing risks across the council, but it does aim to provide a broad and high level approach by providing a framework of good practice, and ensures the management of risk is structured and comprehensive.

### **Integrated Impact Assessment**

6. There is no requirement for an integrated impact assessment in respect of this item.

### **Valleys Communities Impacts**

7. There are no impacts in respect of this item.

### **Workforce impacts**

8. There are no workforce impacts in respect of this item.

### **Legal Impacts**

9. There are no legal impacts arising from this report.

### **Risk Management**

10. Risk management is a key component of the council's corporate governance arrangements in supporting and maintaining a strong control environment.

### **Consultation**

11. There is no requirement under the Constitution for external consultation on this item.

### **Recommendation**

12. It is recommended that Governance and Audit Committee take assurance that the Corporate Risk Management Policy provides a structured and focussed approach to managing corporate risks.

## **Appendix**

13. Appendix 1 – Corporate Risk Management Policy

### **Background Papers**

14. None

### **Officer Contact**

15. For further information on this report item, please contact:

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**NEATH PORT TALBOT  
COUNTY BOROUGH  
COUNCIL**

**CORPORATE RISK  
MANAGEMENT POLICY**

**March 2023**

## **Statement of Intent**

We have a duty to be efficient, transparent and accountable to local people and to observe high standards of corporate governance and management when responding to current and future challenges.

Risk management is an important aspect of corporate governance and the key to successful risk management is the provision and co-ordination of appropriate resources to enable risk management decisions to be made which are appropriate and commensurate to the level of risk.

This policy provides a systematic and focussed approach to corporate risk management which, if used effectively, will identify, manage, mitigate any potential risks and enable opportunities to be confidently explored, promoting and supporting improvement and innovation.

Whilst I have ultimate responsibility for risk management within Neath Port Talbot County Borough Council by virtue of my position as Chief Executive, the Corporate Directors and their Heads of Service will ensure that their areas of responsibility are managed and resourced appropriately commensurate to the level of risk

.....

**Karen Jones**

**Chief Executive**



## **Contents**

- 1.0 Introduction
  - 2.0 Scope
  - 3.0 Definition of Risk
  - 4.0 What is risk management and why do we need arrangements in place to manage risk
  - 5.0 Aims of the Policy
  - 6.0 Objectives of the Policy
  - 7.0 The Corporate Performance Management Framework and Corporate Risk Management
  - 8.0 The Corporate Risk Management Framework
  - 9.0 The Corporate Risk Management Process
  - 10.0 Review
- Appendix 1 – Roles and Responsibilities
- Appendix 2 – Template for Directorate / Strategic Risk Registers

## **1. Introduction**

The council is committed to a proactive approach to risk management and recognises risk management is an essential part of delivering good governance and reduces the uncertainty of achieving the council's vision, purpose and priorities, as set out in the Corporate Plan.

## **2. Scope**

This policy applies to all of the activities of the council and builds on existing operational risk management practices within the council and complements the other systems of governance which form the Council's internal systems of control.

## **3. Definition of Risk**

For the purpose of this policy, strategic risk is defined as:

*“The threat that an event, action or inaction will adversely affect the council's ability to successfully achieve its vision, purpose and priorities”*

## **4. What is risk management and why do we need arrangements in place to manage risk?**

Risk management is the process followed to control the level of risk in decision making, functions and service activities which could impact on the achievement of the council's vision, purpose and priorities as set out in the Corporate Plan.

The council recognises that an effective system of corporate governance leads to good management, good performance good stewardship of public funds, good public engagement and ultimately is essential for the council to demonstrate that it is acting in the best interests of the communities across Neath Port Talbot.

Risk management is a key component of corporate governance in maintaining a strong control environment. It can help prioritise attention and ensure considered decision making.

## **5. Aims of the Policy:**

- to promote an open, consistent and proactive risk management attitude which encourages the taking of opportunities to better serve the needs of our communities within the resources available to the council
- to recognise that understanding, assessing and managing risk is part of good management and shows we are risk aware not averse.

The council is committed to the management of risk in order to:

- Support the delivery of the council's vision, purpose and priorities;
- Ensure statutory obligations are met;
- Ensure effective stewardship of public funds, efficient deployment and use of resources and securing value for money for the public purse;
- Safeguard all stakeholders to whom the council has a duty of care;
- Protect physical and information assets and identify and manage potential liabilities;
- Learn from previous threats, opportunities, successes and failures;
- Preserve promote and protect the reputation of the council; and
- Build a workforce where improvement, innovation and a responsible approach to risk taking is part of its culture.

The policy does not aim to bring about a one-size-fits-all approach to managing risks, but it does aim to provide a broad and high level approach by providing a framework of good practice and ensures the management of risk is structured and comprehensive.

## 6. Objectives of the Policy

The objectives of this policy are to:

- Integrate and embed risk management into the culture of the council;
- Assign risk management roles, responsibilities and accountability;
- Ensure risk awareness and proportionate and consistent management of risk;
- Prevent injury, damage, breaches and losses; and
- Enhance realisation of opportunities and resulting benefits.

The aim and objectives will be achieved by:

- Training and developing relevant managers, officers and members
- Timely risk identification, mitigation, monitoring, reporting, ownership and oversight
- Application of risk management in service planning, corporate/strategic planning, decision making, programme, project, partnership and collaborative activities.

Measurable outcomes will be:

- Officers and members to be appropriately aware and trained;
- Officers to proactively, identify, assess and manage risks within their service area taking action where appropriate;
- For the council's Risk Management Framework to be embedded, with standardised effective risk identification, controls, actions and escalation processes across all services, functions, projects, programmes, partnerships, contracts and decision making arrangements
- Members and officers receive appropriate information in relation to risk appropriate to their role in effective risk management

- Independent assurance that the council’s Risk Management Policy and Framework is followed and is effective.

## **7. The Council’s Corporate Performance Management Framework and Corporate Risk Management**

The infographic over page provides a visual of the council’s revised Interim Corporate Performance Management Framework (CPMF).

The framework is made up of a number of core activities that all fit together to ensure that the council has, not only fit for purpose performance management arrangements, but a mechanism that helps to further improve the performance management culture across the organisation.

The CPMF has a clear line (golden thread) linking up all council business from employee level to council level and is aligned to achieving our vision, purpose and priorities.

The framework has a continuous cycle of Evaluate, Plan, Do and Check. This cycle ensures the council is self-aware through evaluation and performance monitoring to identify:

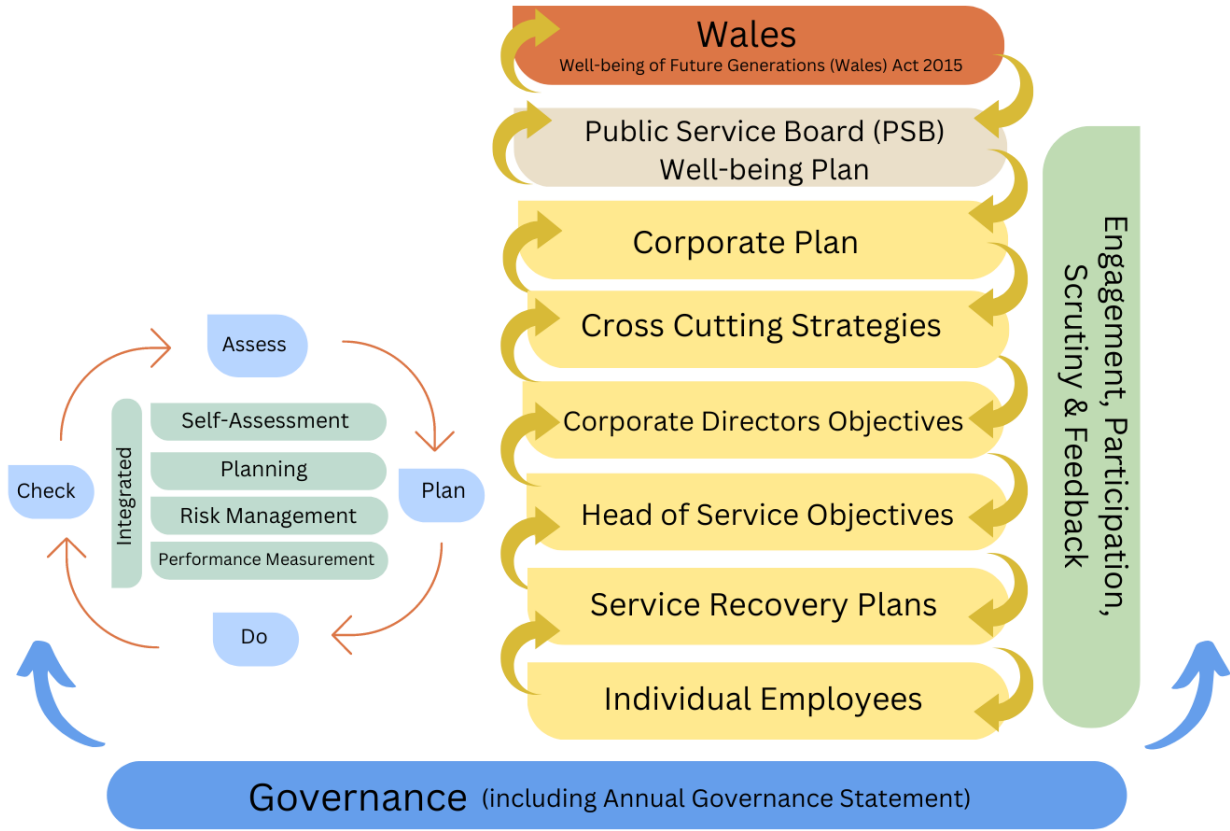
- How well we are doing?
- Are we are making an impact?
- Areas of concern that need further work
- If we need to change the way we do things

It is imperative that our planning, performance and risk processes are robust and interwoven into our decision making at every level of the organisation.

In addition, public sector spending decisions, coupled with increasing demands on major services such as social services and education following the pandemic combine to place severe pressures on the council’s resources.

This requires an unprecedented scale of change in the way the council functions and delivers services in order to deliver the required savings in future years.

Risk management has a strong link to performance management. If risks are not managed effectively then it is unlikely the council will deliver its vision, purpose and priorities as planned.



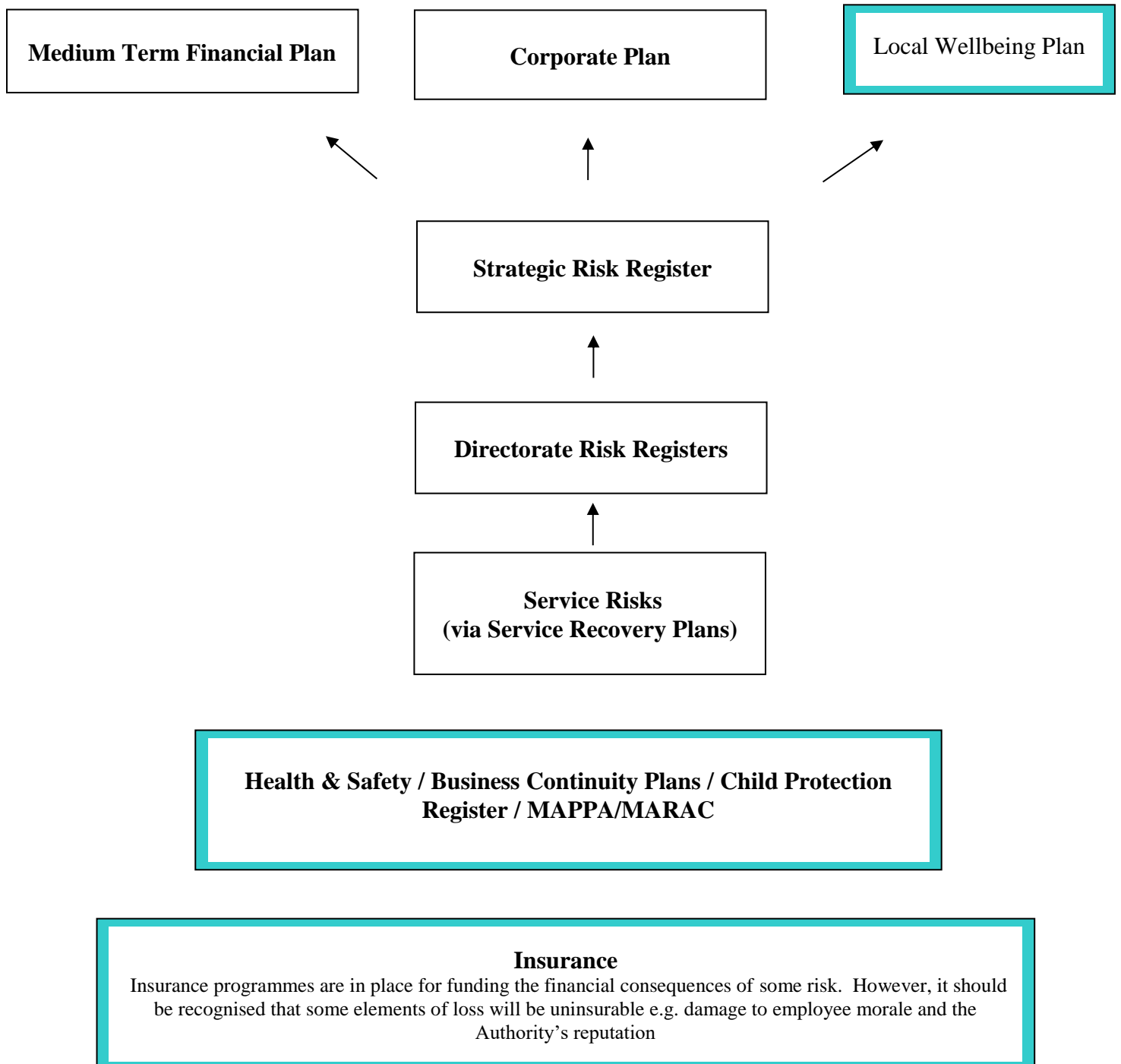
## **8. The Corporate Risk Management Framework**

The council's Corporate Risk Management Framework set out in this policy is designed to ensure risk management is effective.

Roles and responsibilities for managing risk are clearly assigned (see Appendix 1 – page 17) and the key risk management business processes are aligned in a framework to form a coherent, corporate risk management system.

The framework (overleaf) illustrates how risk will be managed at different levels and how that information will be used to influence the council's priorities (Corporate Plan), the allocation of resources (Medium Term Financial Plan) along with sharing of relevant risks with partners (Local Well-being Plan).

# The Corporate Risk Management Framework





# The Corporate Risk Management Framework

## Escalation / Reporting / Monitoring

### Governance & Audit Committee

- Review and assess the Council's Corporate Risk Management arrangements and to make reports and recommendations to the Council on the adequacy and effectiveness of those arrangements
- Ensure the annual internal audit plan takes account of the contents of the Strategic Risk Register.
- Review the outcomes of audits, highlighted risks and officer responses

### Internal Audit

- Strategic / Directorate Risk Registers and risks identified at the service level (via Service Recovery Plans) to inform the Internal Audit Action Plan.

### Cabinet

- Approve the Corporate Risk Management Policy and review on a 3 yearly basis (at a minimum)
- Review the content and effective management and monitoring of risks on the Strategic Risk register on a six monthly basis
- Ensure relevant risks are considered as part of every Cabinet report decision

### Corporate Directors Group

- Agree risks and mitigating actions to be included on the Strategic risk register (including those escalated from Directorate Risk Registers)
- Manage, monitor and review the Strategic Risk Register on a quarterly basis (at a minimum)
- Provide assurance to Cabinet on a six monthly basis (at a minimum) that Strategic Risks are being actively managed and monitored.
- Take assurance from Heads of Service that medium and high risks identified at the Directorate level are being managed appropriately by receiving Directorate Risk Registers on a six monthly basis (at a minimum)

### Senior Management Teams

- Agree Directorate risks for inclusion on the Directorate Risk Register (to be informed by those risks identified in Service Recovery Plans) and any others identified
- Manage, monitor and review the Directorate Risk Register on a quarterly basis (at a minimum) to ensure risks are being managed appropriately
- Identify Directorate risks for escalation to the Strategic Risk Register
- Present Directorate Risk Registers to Corporate Directors Group on a six monthly basis (at a minimum)

### Accountable Managers

- Identify risks at the service level and include in relevant Service Recovery Plan
- Manage, monitor and review service level risks (ongoing)
- Escalate high level risks to Senior Management Team for consideration of inclusion on Directorate Risk Register

## **9. The Corporate Risk Management Process**

### **Step 1 - Risk Identification**

The council's established key risk management processes for identifying risk are as follows:

#### **i) The Council's Wellbeing Objectives**

Corporate Directors Group actively identify risks associated with the delivery of the vision, purpose, well-being objectives and associated priorities as set out in the council's Corporate Plan. Those risks will be recorded on the Strategic Risk Register.

#### **ii) The Council's wider business**

At the Directorate level, a Directorate risk register will be populated by Senior Management Teams with the risks identified via the service recovery planning process and any additional risks requiring inclusion on the Directorate risk register.

Corporate Directors will present their Directorate Risk Registers to Corporate Directors Group (on a six monthly basis – at a minimum) highlighting those risks that have been identified for escalation to the Strategic Risk Register and also to provide assurance to Corporate Directors Group that Directorate and significant service risks are being managed, monitored and reviewed appropriately.

The template for both Directorate and Strategic Risk Registers is contained in Appendix 2 (page 21).

#### **ii) Service Delivery**

At the service level, Accountable Managers identify service risks and manage, monitor and review them in their respective Service Recovery Plans. The format of the service level risk register is contained within the Service Recovery Plan template.

### **iii) Operational Risk Management**

In addition to the above there are a number of service / operational risk systems e.g. Child Protection Register / MAPP/MARAC which should inform the Strategic Risk Register and Directorate Risk Registers.

### **iv) Business Continuity**

Business continuity management is a process which analyses the impact on a business which directly affects the services provided by the council. Its purpose is to identify critical activities and functions that have to continue at a minimum during a disruption of service delivery or when responding to an emergency.

### **v) Health & Safety**

Processes for evaluating the risk arising from a hazard(s), taking into account the adequacy of any existing controls, and deciding whether or not the risk(s) is acceptable, are now well-embedded across the council. External quality assurance of the council's risk management arrangements is in place and there is clear evidence of risk being prioritised, resourced and evaluated at operational, service and corporate levels.

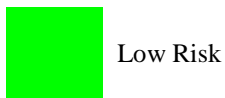
## **Step 2 – Risk Assessment**

### **i) Assessment**

This involves an assessment of the likelihood and impact of the risks that have been identified. This assessment is undertaken utilising the following 5x5 risk evaluation matrix.

## 5 x 5 Risk Matrix

Key								
Likelihood	Impact*							
1. Very Unlikely	1. Low	Likelihood	5	Yellow	Yellow	Red	Red	Red
2. Unlikely	2. Low / Medium		4	Green	Yellow	Red	Red	Red
3. Likely	3. Medium		3	Green	Green	Yellow	Red	Red
4. Very Likely	4. Medium / High		2	Green	Green	Yellow	Yellow	Yellow
5. Certainty	5. High		1	Green	Green	Green	Green	Green
		0	1	2	3	4	5	
			Impact					



Low Risk



Medium Risk



High Risk

\*The impact of the risk should be assessed on the basis of:

- Reputation
- Finances
- Significant service / operational change

### Step 3 – Monitoring, Reviewing and Escalation of Risks

#### a) Service level risks – Service Recovery Plan

For those risks at the service level Accountable Managers are responsible for managing, monitoring and reviewing those risks. Significant risks should be escalated to Senior Management Teams for consideration for inclusion on the relevant Directorate Risk Register.

## **b) Directorate Risk Register**

For those risks on the Directorate Risk Register the process of managing, monitoring and reviewing those risks remains the responsibility of Senior Management Teams.

Directorate risk registers should be regularly reviewed and monitored on a quarterly basis (at a minimum).

Reviews shall include evidence so as to accurately determine and measure the Directorate's performance in mitigating / controlling the identified risks.

Typical inputs include the following although this list must not be considered exhaustive:

- the extent to which the risk being controlled / mitigated
- follow-up actions from previous Senior Management Team reviews of the Directorate Risk Register.

Information shall be collated by the Senior Management Team in advance of each review to enable the Team to address the need, if appropriate, for changes to the way in which the Directorate risks are being controlled / mitigated, the resources allocated, whether any risks require escalation to the Strategic Risk Register, if any risks can be removed from the Register or new risks have been identified to be added to the Register.

Directorate Risk Registers will be reported to Corporate Directors Group on a six monthly basis (at a minimum) to provide assurance to Corporate Directors Group that Directorate Risks and significant service risks are being effectively managed and mitigated and will provide the opportunity for the identification of significant Directorate Risks to be escalated to the Strategic Risk Register.

## **b) Strategic Risk Register**

Once Corporate Directors Group have agreed which risks are to be included on the Strategic Risk Register the process of managing, monitoring and reviewing those risks will be at the corporate level.

The Strategic Risk Register will be reviewed and monitored quarterly (at a minimum) by Corporate Directors Group. The review shall include the production of evidence so as to accurately determine and measure performance in managing the Strategic Risk Register. Typical inputs include the following although this list must not be considered exhaustive:

- the extent to which the risk is being controlled / mitigated
- follow – up actions from previous reviews

Information shall be collated by Corporate Directors in advance of each review to enable the Group to address the need, if appropriate for changes to the way in which the strategic risk is being controlled / mitigated, the resources allocated, whether any risks can be removed or given back to the appropriate Directorate Risk Register for monitoring and review or new risks have been identified to be added to the Register.

The Strategic Risk Register will be reported to Cabinet on a 6 monthly basis (at a minimum).

## **10. Review**

This Policy will be reviewed by Cabinet on a 3 yearly (at a minimum) basis.

This review will be informed by any independent assurance reports provided by the Governance & Audit Committee on the adequacy and effectiveness of the Council's corporate risk management arrangements. The Chief Finance Officer (S151 Officer) will also provide input to this review in respect of any changes to legislation and the working practices of the council.

### **Roles and Responsibilities within the Corporate Risk Management Policy**

High standards of risk management shall be achieved through proactive and positive leadership. To achieve this it is necessary to detail the organisational arrangements within which risk can be managed and to specify the roles and responsibilities for the identification, monitoring, mitigation and review of risks.

#### **The role of the Chief Executive is to:**

- i) Lead on the implementation of this Policy at the strategic level.
- ii) Ensure Corporate Directors establish and maintain effective risk management systems and ensure the arrangements are followed as appropriate.
- iii) Keep the council's arrangements for Risk Management under review and where appropriate to do so, make a report to council setting out proposals in respect of Risk Management.

#### **The role of the Chief Finance officer (S151 Officer) is to:**

- i) Provide corporate leadership on Risk Management ensuring the policy and associated procedures provide good governance.
- ii) Be responsible for risk profiling and management and maintaining the internal control environment and associate controls.

#### **The role of Corporate Directors' Group is to:**

- i) Monitor and review on a quarterly basis (at a minimum) the Strategic Risk Register.
- ii) Identify any emerging strategic risks and identify mitigating actions.
- iii) Allocate sufficient resources to address strategic risks.
- iv) Utilise the Strategic Risk Register when setting the council's priorities and updating the Medium Term Financial Plan.
- v) Report on a 6 monthly basis (at a minimum) to Cabinet on the progress made in controlling and mitigating strategic risks.



- vi) Create an environment and culture where risk management is promoted, facilitated and appropriately undertaken within the council.
- vii) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within the council.

**The role of Senior Management Teams is to:**

- i) Identify any emerging directorate risks and address them by identifying future mitigating actions.
- ii) Monitor and review respective Directorate Risk Registers on a quarterly basis.
- iii) Utilise the Directorate Risk Registers in the planning of future service delivery.
- iv) Report Directorate Risk Registers to Corporate Directors Group on a six monthly basis (at a minimum), identifying any significant Directorate risks to be escalated up to the Strategic Risk Register.
- v) Consider any significant service risks for inclusion on the Directorate Risk Register.
- vi) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within the council.

**The role of accountable managers is to:**

- i) Identify any emerging service risks and address them by identifying future mitigating actions
- ii) Monitor and review service risks via the Service Recovery Planning process
- iii) Escalate significant risks to Senior Management Teams for consideration for inclusion on the relevant Directorate Risk Register.

**The role of all staff:**

- i) To manage risk effectively in their job.

**The role of Internal Audit is to:**

- i) Function as “an independent, objective assurance and consulting activity” designed to add value and improve the council’s corporate risk management arrangements.
- ii) Assist the council to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.
- iii) Utilise the Strategic Risk Register, the Directorate Risk Registers and risks identified at the service level (via Service Recovery Plans) to inform the Internal Audit Action Plan

**The role of Cabinet is to:**

- i) Approve the Corporate Risk Management Policy and its review on a 3 yearly basis (at a minimum).
- ii) Monitor and review the Council’s Corporate Risk Register on a six monthly basis.

**The role of Governance and Audit Committee is to:**

- i) Review and assess the Council’s corporate risk management arrangements
- ii) Report and make recommendations to the Cabinet on the adequacy and effectiveness of the arrangements.
- iii) Ensure the Internal Audit Action plan reflects the corporate risks identified.

**The role of all Members is to:**

- i) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within the council.

## Appendix 2

### Directorate / Strategic Risk Register Template:

Risk Ref	Risk Description	Risk Owner	Mitigation Plan	Progress of each item Complete – in progress – not started	Responsible Person	Inherent		Revised		Risk Rating	Please indicate whether there has been any change in risk rating since last report	Risk Owner Comment
						Impact	Likelihood	Impact	Likelihood			
R1												
R2												



## **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

### **GOVERNANCE AND AUDIT COMMITTEE**

**16<sup>th</sup> JUNE 2023**

### **REPORT OF THE CHIEF FINANCE OFFICER**

#### **Matter for Information**

**Wards Affected** – All wards

#### **Closure of Accounts 2022/23**

#### **Purpose of the Report**

The purpose of this report is to present the Council's Draft (unaudited) Statement of Accounts for 2022/23 to committee for information purposes.

#### **Background**

The Council's financial year ends on 31<sup>st</sup> March and following this date, the exercise starts to complete the annual outturn and the statutory statement of accounts.

The Council prepares its revenue and capital position which provides financial information reflecting the structure and operations of the Council. A draft statement of accounts is also prepared to comply with the current Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Accounts and Audit (Wales) regulations requires the responsible financial officer to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the Council by 31 May 2023 and following this certification that published audited statement of accounts should be completed by 31 July 2023.

Following the pandemic and infrastructure asset audit issues raised in 2020/21 there has been some disruption in the standard accounts preparation timetable for a number of years. Audit Wales (AW) recently set out their proposed timetable for the next three years:

- Audit of Accounts 2022-23 – AW certification by 30 November 2023;
- Audit of Accounts 2023-24 – AW certification by 31 October 2024;
- Audit of Accounts 2024-25 – AW certification by 30 September 2025.

The Accounts and Audit (Wales) Regulations 2014 already make provision for an authority having to delay preparing and publishing their annual financial accounts. By virtue of regulation 10(4) authorities are able to include a note on websites to say why they haven't prepared or published their accounts within existing deadlines to comply with legislation.

### **Closure of Accounts 2022/23**

The draft (unaudited) statement of accounts are included in Appendix 1, the statements were signed and certified by the Chief Finance Officer and passed to Audit Wales on 26th May 2023.

The statements are now subject to audit by Audit Wales culminating in them being signed by the Chair of this Committee once the audit has been completed.

### **Summary**

The Draft Statement of Accounts for 2022/23 are forwarded to Governance & Audit Committee for information and review.

### **Financial Impact**

All financial impacts are contained within the body of the report.

### **Integrated Impact Assessment**

There is no requirement for an integrated impact assessment in respect of this item.

### **Valleys Communities Impacts**

There are no impacts in respect of this item.

### **Workforce impacts**

There are no workforce impacts in respect of this item.

### **Legal Impacts**

There are no legal impacts in respect of this item.

### **Risk Management**

There are no risk management issues in respect of this item.

### **Consultation**

There is no requirement under the Constitution for external consultation on this item.

### **Recommendations**

It is recommended that Members of the Governance and Audit Committee **note** the contents of the report.

### **Appendix**

Appendix 1 –Draft (Unaudited) Statement of Account 2022/23

### **Background Papers**

Outturn / Closing working papers 2022/23

### **Officer Contact**

For further information on this report item, please contact:

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## CONTENTS

<b>Section</b>	<b>Page</b>
Narrative Report	1-9
Statement of Responsibilities	10
Expenditure and Funding Analysis	11
Comprehensive Income and Expenditure Statement	12
Movement in Reserves Statement	13
Balance Sheet	14
Cash Flow Statement	15
Notes to the Accounting Statements	16-74
Auditors Report	75-78
Glossary of Terms	79-82

# NARRATIVE REPORT

## 1. INTRODUCTION

Neath Port Talbot County Borough covers over 170 square miles. It is home to around 141,000 people living and working in more than 64,000 households in communities across the County Borough. The Council provides many different services to residents and business. We are responsible for maintaining approximately 860 Kilometres of roads, 940 Kilometres of footpaths and over 19,000 street lights within the borough.

### **Our Services and the Way We Work**

The Council provides a variety of services on a daily basis, a number of which are shown below:

Education, Leisure & Lifelong Learning	Social Services, Health & Housing
<ul style="list-style-type: none"> <li>• Primary, Secondary &amp; Special Schools</li> <li>• School Catering</li> <li>• Adult Education</li> <li>• Youth Services</li> <li>• Libraries</li> <li>• Theatres and Leisure</li> </ul>	<ul style="list-style-type: none"> <li>• Homecare</li> <li>• Residential Care</li> <li>• Supporting Children &amp; Vulnerable Adults with Disabilities</li> <li>• Homelessness</li> <li>• Disabled Facility Grants</li> </ul>
Environment	Corporate Services
<ul style="list-style-type: none"> <li>• Highways Maintenance</li> <li>• Street Lighting</li> <li>• Building Control</li> <li>• Planning and Economic Development</li> <li>• Waste Management</li> <li>• Food Hygiene and Trading Standards</li> <li>• Pest Control</li> <li>• Cemeteries &amp; Crematoria</li> <li>• Waste Collection, Recycling &amp; Disposal</li> </ul>	<ul style="list-style-type: none"> <li>• Council Tax Support &amp; administration</li> <li>• Licencing</li> <li>• Finance and Human resources</li> <li>• ICT, Customer and Digital Services</li> <li>• Legal Services</li> </ul>
Other Housing Services	Other Corporate Services
<ul style="list-style-type: none"> <li>• Housing Benefit Support and Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Precepts, Levies and Contributions</li> <li>• Other Corporate Initiatives</li> </ul>

# NARRATIVE REPORT

The Council is made up of 60 locally elected councillors who represent 34 divisions of Neath Port Talbot. The constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure decision are efficient, transparent and accountable to local people. Council appoint a leader of the Council who appoints Cabinet Members, each with a responsibility for a specific portfolio of services.

The role of Cabinet is:

- to be responsible for most major decisions;
- provide leadership;
- propose the budget framework and subsequent budget.

Scrutiny Committees support the work of the Cabinet and Council by:

- Monitoring decisions of the Cabinet
- Allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council
- Producing reports and recommendations to support development of policies and decision
- Having the ability to review a decision that has been made but not yet implemented

Regulatory and other committees support delivery of Council services. Council has given Governance & Audit Committee the responsibility to review and approve the Financial Statements of the Council. The Councils Management Team is led by the Chief Executive and includes Corporate Directors and the Chief Finance officer (including the monitoring Officer and Section 151 Officer). They are responsible for:

- providing impartial advice on policy and implementing decisions of the Cabinet and Council; and
- delivery of services and performance

## 2. ACCOUNTING STATEMENTS

The statement of accounts is made up of a number of statements that are accompanied by explanatory notes. The following paragraphs provide an explanation of the purpose of the information included within these statements.

### **Statement of Responsibilities**

This sets out the respective responsibilities of the Authority and the Section 151 officer for the preparation and approval of the Statement of Accounts.

### **Expenditure and Funding Analysis**

The expenditure and funding analysis starts by showing how annual expenditure is used and funded from resources, such as government grants, council tax and business rates. It then updates this position to show 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 directorates, which reflect the Council's management structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

# NARRATIVE REPORT

## **Comprehensive Income and Expenditure Statement**

This 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 and this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

## **Movement in Reserves Statement**

This shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves, that is, those that can be applied to fund expenditure or reduce local taxation and other unusable 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. These are different from the statutory amounts required to be charged to the general fund balance.

## **Balance Sheet**

This shows a snapshot of the Authority's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

## **Cash Flow Statement**

This 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 borrowing to the Authority.

## NARRATIVE REPORT

### 3. REVENUE SPENDING IN 2022/23

The Authority's budget requirement for 2022/23 was set at £338.020m Actual spending compared to the budget was as follows:

Neath Port Talbot Management Accounts	Revised Budget £000	Actual £000
<b>Expenditure</b>		
Directly Controlled Expenditure	286,186	288,730
Capital Financing	20,514	20,514
Levies, Contributions and Miscellaneous Funds	8,773	8,845
Council Tax Support	19,621	18,291
Contingencies and Reserves	2,926	3,298
<b>Net expenditure</b>	<b>338,020</b>	<b>339,678</b>
<b>Income</b>		
Revenue Support Grant / NNDR	(258,073)	(258,073)
Council Tax	(80,334)	(81,834)
Less Discretionary Rate Relief	387	229
<b>Total Income/Budget Requirement</b>	<b>(338,020)</b>	<b>(339,678)</b>
<b>NET BUDGET (SURPLUS)/DEFICIT TO BALANCES</b>	<b>0</b>	<b>0</b>
<b>General Fund Working Balance</b>		
Opening Working Balance 1st April		(20,151)
Movement in Working Balance		0
<b>Closing Working Balance 31st March</b>		<b>(20,151)</b>

### 4. CAPITAL SPENDING IN 2022/23

	Actual £000
<b>Capital Investment</b>	<b>44,097</b>
<b>The expenditure was financed by:</b>	
Government Grants and Other Contributions	(21,196)
Loans	(16,147)
Capital Receipts	(3,416)
Direct Revenue Contributions and Reserves	(3,338)
	<b>(44,097)</b>

The capital investment figure of £44.097 includes £43.642m incurred directly by the Council and £455k incurred on behalf of the Council by Caerphilly CBC. Caerphilly CBC are acting on behalf of all Welsh Authorities in purchasing schools ICT infrastructure as part of the Welsh Governments HWB Programme. Whilst the expenditure is being incurred by Caerphilly, for accounting purposes each Authority is required to reflect their element within their Statement of Accounts.

## NARRATIVE REPORT

### 5. EXTERNAL DEBT

At the year end, the Authority's total external debt was £295.195m which excludes accrued interest of £2.628m that is included within debt in the balance sheet. Sources of borrowing include the Public Works Loan Board and banks for long term borrowing and other financial institutions for short term borrowing.

### 6. RESERVES AND BALANCES AT 31<sup>ST</sup> MARCH 2023

The Authority holds both General and Earmarked Reserves. Earmarked reserves are set aside to support specified future revenue expenditure while the General Reserve is available to support the Authority against unexpected events and emergencies. Reserves held by the authority are as follows:

	Actual £000
Earmarked Reserves to Support Revenue Expenditure	70,799
General Reserve Working Balances	20,151
<b>Total General Reserve Balance</b>	<b>90,950</b>

### 7. REVALUATION OF ASSETS

The net book value of assets increased during 2022/23 by £39.290m There was a £41.520m gain relating to the revaluation of assets undertaken by the Director of Environment / Strategic Property and Valuation Manager.

The Authority's property, plant and equipment are valued on a five year rolling programme by the Director of Environment / Strategic Property and Valuation Manager in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuation Practice.

The significant assumption applied when estimating the fair value of property, plant and equipment is that the asset will continue in its existing use. Where there is a market value for the asset, its value will be determined with reference to the market, but in instances where no market exists for an asset, depreciated replacement cost, which is the current cost of replacing an asset with the modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, will be used as the basis of valuation.

During 2022/23, the following categories of assets were revalued:

- Residential Home, Day & Other Centres were valued as at 1<sup>st</sup> February 2023 on a Current Value Depreciated Replacement Cost and a Current Value Existing Use Valuation basis;
- Industrial Workshops and Sites were valued as at 1<sup>st</sup> December 2022 on a Current Value Existing Use Valuation basis ;
- Cemeteries & Crematoriums were valued as at 1<sup>st</sup> December 2022 and 1<sup>st</sup> February 2023 on a Current Value Depreciated Replacement Cost and Historic Cost basis;
- Country Parks were valued as at 1<sup>st</sup> January 2023 on a Current Value Depreciated Replacement Cost basis;
- Sports Centres and Pools were valued as at 1<sup>st</sup> March 2023 on a Current Value Depreciated Replacement Cost basis;

## NARRATIVE REPORT

During 2022-23 not all assets valued under the Depreciated Replacement Cost basis have been fully revalued, only those in the current cycle were revalued in line with our accounting policy, whilst those assets not within the current cycle were only partially revalued. This partial revaluation exercise was undertaken to more accurately reflect the current economic climate and the increase in construction costs relating to these asset valuations.

Assets held for sale are valued annually and six assets with a value of £1.980m were valued at 31st March 2023.

### 8. INTERNATIONAL ACCOUNTING STANDARD 19 - PENSIONS

The accounts comply with the requirements of the above standard with the revenue accounts reflecting the current year cost of pension provision to employees as advised by the pension fund actuary. The balance sheet contains the actuary's assessment of the Authority's share of the pension fund liability at 31<sup>st</sup> March.

The pension fund liability disclosed in the balance sheet is the total projected deficit that exists over the expected life of the fund. This deficit changes on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

The fund is subject to a 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2022/23 relates to the valuation undertaken on 31st March 2022.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation. The Department for Communities and Local Government legislated for a new scheme which commenced in April 2014 which was designed to have a material and beneficial effect on the projected cost of the scheme over future years.

The Pension Fund Deficit at 31st March 2023 is £51.62m.

### 9. SIGNIFICANT PROVISIONS

The Authority holds three significant provisions:

- An insurance provision of £3.043m to cover the likely cost of settling outstanding insurance liabilities. This is made up of a long term provision of £2.033m and a short term provision of £1.010m.
- A provision of £0.923m for housing warranties following the transfer of the Housing stock to Tai Tarian in March 2011.
- A provision of £0.073m to provide the costs of early retirements and redundancies which have been agreed by 31<sup>st</sup> March 2023, with leaving dates during 2023/24.



# NARRATIVE REPORT

## 10. IMPACT OF CURRENT ECONOMIC CLIMATE ON THE AUTHORITY

2022/23 has been another extraordinary year for the Council following the Covid-19 pandemic and brexit, with the past 36 months having had an extensive impact on communities, our local economy and the way in which the Council works. This together with a sustained period of reductions in funding the Public Sector has received in real terms, with Neath Port Talbot securing reductions in the revenue budget of circa £90m since 2008. As well as finding genuine efficiencies and economies in the cost of services and functions, as has been the case in other councils, the scale of austerity measures imposed by the UK Government has also seen deep cuts in services and jobs, particularly in those services delivered under discretionary powers.

The Corporate plan for 2022-2027 set out how we will approach recovery in the short, medium and longer term and has been informed by many residents, employees, elected members, community organisations, business and other partners. A considerable amount of evidence has also been used to understand how things have changed as a result of the pandemic including wider influences, like climate change, digital disruption and government policy. All of this information has been brought together to reset and renew the Councils wellbeing objectives, priorities vision values and relationships. These priorities have been reflected in the Councils revenue and capital budgets.

When the Council set its budget for 2022/23, it appeared that the immediate future looked more settled. An increase in funding through the Local Government Settlement of 8.8% for 2022/23 followed by indicative allocations of 3.5% for 2023/24 and 2.4% for 2024/25 meant that for the first time in a long time, the Council had an idea of the resources available to it for a three year period and could plan with a greater degree of certainty.

As a result of the 8.8% settlement, the Council was able to target investment at the recovery plans that were developed in 2021-22 and did not consider it necessary to increase council tax in 2022-23 to fund Council services. The Council was also able to allocate £2 million into a specific reserve to address the developing concerns at the time around cost of living.

However, within weeks of agreeing the 2022/23 budget, Russia invaded Ukraine and what has unfolded since has materially changed our operating environment. Energy prices and energy security are having major impacts across Europe and more widely. We estimate energy costs for the Council to rise by 150% from April 2023 (circa. £8million if maintained for the entire financial year). Inflation has already reached levels not seen since the 1980's which is feeding through in terms of contract and other costs as well as contributing to a cost of living crisis across all of our communities. The UK Government has increased the National Living Wage (NLW) by 10% and is set to increase the NLW by a similar degree in 2023-24. The Welsh Government has, additionally, committed to providing funding to enable at least the Real Living Wage to be paid to care workers across Wales. The combined impact of the pandemic and Brexit has also had a mixed impact across our local economy. Ongoing supply chain disruptions are adding to cost pressures.

## NARRATIVE REPORT

Income levels have been impacted by the pandemic too with many residents having made significant changes to their lifestyles during the pandemic period – this is particularly affecting theatres, car parks and leisure services where the number of paying customers is yet to return to pre-pandemic levels.

Furthermore, the labour market is far more competitive with post pandemic unemployment rates at very low levels and more employers seeking to fill jobs than there are people looking for work. This is placing pressure on recruitment and retention with consequential implications for pay and our wider employment offer.

On a positive note, the county borough is also seeing an unprecedented level of investor interest from existing and new investors. Whilst the level of investor interest is very welcome, this is placing considerable pressure on Planning, Economic Development and other regulatory services.

In setting the budget, Members consider the requirement of delivering its statutory services, as well as those other services that the public and users have come to expect. The challenge is to set a budget at activity levels that are sustainable and equitable. Members also have to consider the demand for services and changes to these services in light of the impact on:

- Service users
- Employees
- Legislation including the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 considerations
- Income generation
- Council tax level

The Council has set a budget of £360.972m for 2023/24. This includes increased funding from the Welsh Government of 7.1%, an increase of 4.5% in council tax and the use of £3.5m from the Councils general reserve balance to underpin the budget.

The medium term financial outlook over the next five years is challenging. With inflation currently running at 10.1% (CPI January 2023) and the national living wage rising by 9.7% in 2023/24 there looks to be no let-up in the cost increases facing the Council

The current medium term financial plan (MTFP) to 2027/28 includes pay and inflationary pressures over the five year period amounting to £85m; unavoidable service pressures of £17m and local growth pressures arising from changing demographics of £16m.

After taking account of assumed Welsh Government funding of £47m over the period 2023-2028 there still remains a funding gap of £48m which represents 20% of the Council's overall net revenue budget (excluding schools). Work is already ongoing in developing a number of strategies to close this gap.

During 2022/23 the Council acted on behalf of the Welsh Government and Central Government Departments as an agent with regard to various Covid 19 and cost of living grants. The Council received £20.502m from Government departments to cover these payments to recipients. The Council also received £2.130m from Welsh Government to cover increased service costs for administering these grants. Further details can be found in note 24.

# NARRATIVE REPORT

## 11. GROUP ACCOUNTS

There is a requirement for local authorities to produce group accounts to recognise material financial or controlling interests in companies, voluntary organisations, public bodies, etc. An assessment was made of all such interests and this did not identify any relationship which is considered material, therefore, group accounts have not been prepared.

## 12. CHANGE IN ACCOUNTING POLICIES

Changes in accounting policies are 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.

## 13. FURTHER INFORMATION

Further information relating to the accounts can be obtained from the Chief Finance Officer, Neath Port Talbot County Borough Council, Civic Centre, Port Talbot, SA13 1PJ.

# 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 this Authority, that officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

## CHIEF FINANCE OFFICER RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practice 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 Chief Finance 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 Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that the accounts show a true and fair view of the financial position of the Authority as at the date of preparation and of its expenditure and income for the year ended 31<sup>st</sup> March 2023.



**Chief Finance Officer (Section 151 Officer)**

**26<sup>th</sup> May 2023**

## EXPENDITURE AND FUNDING ANALYSIS

2021/22			2022/23			
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
113,731	(13,798)	99,933	Education, Leisure & Lifelong Learning	133,137	20,073	153,210
78,041	8,084	86,125	Social Services, Health & Housing	100,092	8,489	108,581
41,039	18,945	59,984	Environment	47,660	28,871	76,531
19,009	3,698	22,707	Corporate Services	21,794	2,756	24,550
(100)	145	45	Other Housing Services	(377)	86	(291)
25,411	(9,730)	15,681	Other Central Services	33,658	(11,774)	21,884
<b>277,131</b>	<b>7,344</b>	<b>284,475</b>	<b>Net Cost of Services</b>	<b>335,964</b>	<b>48,501</b>	<b>384,465</b>
(302,853)	(36,942)	(339,795)	Other Income & Expenditure	(322,140)	(767)	(322,907)
<b>(25,722)</b>	<b>(29,598)</b>	<b>(55,320)</b>	<b>(Surplus) or Deficit</b>	<b>13,824</b>	<b>47,734</b>	<b>61,558</b>
<b>79,052</b>			<b>Opening General Fund Balance</b>	<b>104,774</b>		
25,722			In year movement Surplus / (Deficit)	(13,824)		
<b>104,774</b>			<b>Closing General Fund Balance</b>	<b>90,950</b>		

Further information in relation to the adjustments column in the expenditure and funding analysis can be found in note 4.

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure	2021/22			Note	2022/23		Net Expenditure	
	Gross Income	Net Expenditure			Gross Expenditure	Gross Income		Net Expenditure
	£000	£000			£000	£000		£000
160,292	(60,359)	<b>99,933</b>	Education, Leisure & Lifelong Learning		210,768	(57,558)	<b>153,210</b>	
142,832	(56,707)	<b>86,125</b>	Social Services, Health & Housing		154,994	(46,413)	<b>108,581</b>	
89,778	(29,794)	<b>59,984</b>	Environment		106,456	(29,925)	<b>76,531</b>	
25,751	(3,044)	<b>22,707</b>	Corporate Services		27,811	(3,261)	<b>24,550</b>	
41,495	(41,450)	<b>45</b>	Other Housing Services		40,771	(41,062)	<b>(291)</b>	
23,483	(7,802)	<b>15,681</b>	Other Central Services		25,505	(3,621)	<b>21,884</b>	
<b>483,631</b>	<b>(199,156)</b>	<b>284,475</b>	<b>Cost of Services</b>		<b>566,305</b>	<b>(181,840)</b>	<b>384,465</b>	
24,200	-	<b>24,200</b>	Other Operating Expenditure	8	25,448	-	<b>25,448</b>	
22,336	(167)	<b>22,169</b>	Financing & Investment Income & Expenditure	9	22,871	(1,523)	<b>21,348</b>	
-	(386,164)	<b>(386,164)</b>	Taxation and Non-specific Grant Income	10	-	(369,703)	<b>(369,703)</b>	
<b>530,167</b>	<b>(585,487)</b>	<b>(55,320)</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>614,624</b>	<b>(553,066)</b>	<b>61,558</b>	
		<b>(86,017)</b>	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	20			<b>(46,329)</b>	
		<b>(165,493)</b>	Actuarial (Gains)/Losses on Pension Assets/Liabilities	20			<b>(426,869)</b>	
		<b>(251,510)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>				<b>(473,198)</b>	
		<b>(306,830)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>				<b>(411,640)</b>	

## MOVEMENTS IN RESERVES STATEMENT

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2021</b>	<b>79,052</b>	<b>8,883</b>	<b>14,434</b>	<b>102,369</b>	<b>(202,174)</b>	<b>(99,805)</b>
<b>Movement in reserves during 2021/22</b>						
Total Comprehensive Income and Expenditure	55,320	-	-	<b>55,320</b>	251,510	<b>306,830</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	(29,598)	(181)	6,423	<b>(23,356)</b>	23,356	-
<b>Increase/(Decrease) in Year</b>	<b>25,722</b>	<b>(181)</b>	<b>6,423</b>	<b>31,964</b>	<b>274,866</b>	<b>306,830</b>
<b>Balance at 31st March 2022</b>	<b>104,774</b>	<b>8,702</b>	<b>20,857</b>	<b>134,333</b>	<b>72,692</b>	<b>207,025</b>
<b>Movement in reserves during 2022/23</b>						
Total Comprehensive Income and Expenditure	(61,558)	-	-	<b>(61,558)</b>	473,198	<b>411,640</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	47,734	(3,062)	(3,509)	<b>41,163</b>	(41,163)	-
<b>Increase/(Decrease) in Year</b>	<b>(13,824)</b>	<b>(3,062)</b>	<b>(3,509)</b>	<b>(20,395)</b>	<b>432,035</b>	<b>411,640</b>
<b>Balance at 31st March 2023</b>	<b>90,950</b>	<b>5,640</b>	<b>17,348</b>	<b>113,938</b>	<b>504,727</b>	<b>618,665</b>

## BALANCE SHEET

31st Mar 2022 £000		Note	31st Mar 2023 £000
874,796	Property, Plant and Equipment	11	914,274
1,183	Heritage Assets		995
5,086	Long Term Investments	12	10,086
828	Long Term Debtors	12	589
<b>881,893</b>	<b>Long Term Assets</b>		<b>925,944</b>
68,347	Short Term Investments	12	43,900
1,980	Assets Held for Sale	16	1,980
805	Inventories		802
82,331	Short Term Debtors	13	60,894
4,338	Cash and Cash Equivalents	15	6,792
<b>157,801</b>	<b>Current Assets</b>		<b>114,368</b>
(31,046)	Short Term Borrowing	12	(22,869)
(49,648)	Short Term Creditors	17	(51,598)
(1,257)	Short Term Provisions	18	(1,083)
<b>(81,951)</b>	<b>Current Liabilities</b>		<b>(75,550)</b>
(16,027)	Long Term Creditors	12	(16,567)
(282,292)	Long Term Borrowing	12	(274,954)
(449,770)	Other Long Term Liabilities	35	(51,620)
(2,629)	Long Term Provisions	18	(2,956)
<b>(750,718)</b>	<b>Long Term liabilities</b>		<b>(346,097)</b>
<b>207,025</b>	<b>Net Assets</b>		<b>618,665</b>
(134,333)	Usable Reserves	19	(113,938)
(72,692)	Unusable Reserves	20	(504,727)
<b>(207,025)</b>	<b>Total Reserves</b>		<b>(618,665)</b>



## CASH FLOW STATEMENT

2021/22 £000		Note	2022/23 £000
55,320	Net Surplus or (Deficit) on the Provision of Services		(61,558)
21,078	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	21a	97,054
(50,132)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	21b	(17,967)
26,266	Net Cash Flows from Operating Activities	*	17,529
(34,644)	Investing Activities	22	247
8,905	Financing Activities	23	(15,322)
527	Net Increase or Decrease in Cash and Cash Equivalents		2,454
3,811	Cash and Cash Equivalents at the Beginning of the Reporting Period		4,338
<b>4,338</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>15</b>	<b>6,792</b>

\* The cash flows for operating activities include the following items:

2021/22 £000		2022/23 £000
(145)	Interest Received	(1,269)
10,243	Interest Paid	10,450

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### i. General Principles

The statement of accounts summarises the Council's financial transactions for 2022/23 and its position at 31<sup>st</sup> March 2023. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended by The Accounts and Audit (Wales) (Amendment) Regulations 2018), 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). The accounts are prepared on a going concern basis.

### ii. Recognition of Income and Expenditure

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

- revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in 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.
- services received (including employees services) are recorded as expenditure when the services are received, rather than when payments are made.
- interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Government grants and third party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the balance sheet as creditors (receipts in advance) until the conditions have been satisfied.
- 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 are not considered collectable, the balance is reduced by a provision for doubtful debts.

### iii. Changes in accounting policies and prior period adjustments

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 Council'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.

## NOTES TO THE ACCOUNTS

### iv. 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 subject to a de-minimus limit of £10,000, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council 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, such as repairs and maintenance, is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising of the purchase price and any costs attributable to bringing the asset to an operational condition. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, that is estimated at highest and best use from a market participant's perspective. Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are carried in the balance sheet using the following measurement basis:

<b>Asset type</b>	<b>Measurement basis</b>	<b>Latest Full Revaluation year</b>	<b>Depreciation basis (straight line unless not finite usable life)</b>
Other operational land and buildings	Existing use value or depreciated replacement cost if no market based evidence.	Rolling programme across five years	Land n/a Buildings 3 to 40 years
Vehicles, Plant, Furniture and Equipment	Existing use value or depreciated historical cost if of low value or short life.	n/a	5 to 20 years
Infrastructure assets	Depreciated historical cost.	n/a	40 years
Community assets	Depreciated historical cost.	2019/20	5 to 40 years
Surplus assets	Fair value.	2020/21	5 to 40 years
Assets under construction	Depreciated historical cost	n/a	n/a
Assets held for sale	Revalued immediately before reclassification.	Annually	n/a
School assets	Depreciated replacement cost (modern equivalent asset).	2021/22	Land n/a Buildings usually 50 years, though varied for agreed closures
Service Concession	Existing use value or depreciated replacement cost if no market based evidence.	2022/23	Land n/a Buildings 3 to 40 years

# NOTES TO THE ACCOUNTS

## Revaluations

The Council's internal valuer undertake this exercise in accordance with the professional standards of the Royal Institution of Chartered Surveyors. 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. The Council must balance the requirement to include asset values at their fair or current value each year end with the costs involved in providing valuations. To ensure the information is materially correct, the Council valuer undertake an annual review to identify any significant impairments or change in the usage of assets.

The revaluation reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

## Impairment and Downward Revaluation

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired in value because of a change in service potential or significant and permanent changes to the market value.

- 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, the carrying amount of the asset is written down against the relevant service lines in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet is written off to the other operating expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal. If more than £10,000 is received at disposal, this is treated as a capital receipt and kept in a reserve that can only be used for capital purposes.

## Componentisation

Where a single asset may have a number of different components, each having a different useful life, three factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation.

These factors are:

- materiality with regards to the Council's financial statements. Componentisation will only be considered for individual non land assets that have a net book value of more than £2.5m or 0.5% of total net book value.

## NOTES TO THE ACCOUNTS

- significance of component. For individual assets meeting the above threshold, where services within a building, such as boilers, heating, lighting, ventilation, etc., are a material component of the cost of that asset, i.e. greater than 30%, then those services will be valued separately on a component basis.
- difference in rate or method of depreciation compared to the overall asset. Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that do not meet the test above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatements in the accounts.

### v. Charges to Revenue for Non-Current Assets

Services are charged the following amounts to record the cost of holding non-current 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.

### vi. Financial Instruments

These are recognised in the balance sheet when the Council becomes a party to the contractual provisions and are initially measured at fair value.

Financial liabilities are carried at their amortised cost. For most of the Council's borrowing, it means that the amount presented in the balance sheet is the outstanding principal repayable, plus accrued interest. Annual interest, which is the amount payable for the year according to the loan agreement, is charged to the financing and investment income and expenditure line within the comprehensive income and expenditure statement. The Council has spread the cost of historical premiums and discounts arising from debt rescheduling over the term of the replacement loan. The reconciliation of amounts charged to the comprehensive income and expenditure statement to the net charge required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the movement in reserves statement.

Financial assets are classified to reflect the business model for holding the financial assets and their cash flow characteristics and are held at fair value. The Council's investments at 31<sup>st</sup> March 2023 had no impairment allowance included for these financial assets, as the risk is immaterial. The Council's debtor position, excluding council tax, is included within the financial assets statement. These debts have been reviewed and although there is no significant financing component, funds are set aside for any potential impairment based on a collective assessment of the value and age of the outstanding debt.

# NOTES TO THE ACCOUNTS

## **vii. Heritage Assets**

Heritage assets are defined as assets that have historical, artistic, scientific, technological, geographical or environmental qualities, which are held and maintained principally for their contribution to knowledge and culture.

The Council holds heritage assets on the balance sheet in relation to works of art. Assets are included when an insurance valuation has been undertaken and the valuation for the individual asset is £5,000 or more. In the absence of historic cost, the insurable sum is deemed as an appropriate and relevant method of valuation, with the last valuation undertaken by Sotheby's in 2022. These items are considered to have indeterminate lives and a high residual value, consequently the Council does not consider it appropriate to charge depreciation.

## **viii. 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.

The Council holds one finance lease, as a lessee, for other land and buildings, which is recognised on the balance sheet. This is matched by a liability for the obligation to pay the lessor.

Where the Council grants an operating lease as a lessor for property or land, the asset is retained in the balance sheet and rental income is credited to the comprehensive income and expenditure statement.

## **ix. Service Concessions**

These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant and equipment.

Further details of service concession costs and liabilities can be found in note 32.

## **x. 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. This is transferred from the general fund balance via the movement in reserves statement to the capital adjustment account and is included in the capital expenditure and financing disclosure at note 31.

## NOTES TO THE ACCOUNTS

### xi. Cash and Cash Equivalents

Cash includes cash in hand, overnight deposits and bank overdrafts. Cash equivalents can be quickly converted to known amounts of cash with low risk of change in value. Cash equivalents held as part of treasury management operations are included as short term investments.

### xii. Employee Benefits

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis in the relevant service line in the comprehensive income and expenditure statement.

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the comprehensive income and expenditure statement.

### xiii. Retirement Benefits

The Council participates in two formal pension schemes, the Local Government Pensions Scheme, which is administered by the City and County of Swansea Pension Fund and the Teachers' Pension Scheme, administered by the Teachers Pension Agency. Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The nature of the teachers' scheme prevents the Council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme.

The Local Government Pension Scheme is accounted for as a defined benefits scheme as follows:

- i. The assets attributable to the Council are measured at fair value at the balance sheet date, after deducting accrued expenses. The attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the Council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.
- ii. For pension charges, the change in defined benefit asset or liability is analysed and charged to the comprehensive income and expenditure statement as follows:
  - Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
  - Net interest on the net defined benefit liability is included within financing and investment income and expenditure; and
  - Actuarial gains / losses are incorporated within other comprehensive income and expenditure.

Further details for pensions can be found in notes 34 and 35.

## NOTES TO THE ACCOUNTS

### **xiv. Interest in Companies and Other Entities**

The Council holds no material value interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and therefore there is no requirement to prepare group accounts. Transactions for the Council's companies are included within the Council's own single entity accounts.

### **xv. Inventories**

Inventories are included in the balance sheet at average purchase price or latest purchase price, which is a departure from normal practice which values stock at the lower of cost or net realisable value. The effect of this departure is not material.

### **xvi. Overhead and Support Costs**

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

### **xvii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are based on the Council's obligations arising from a past event, the probability that a transfer of economic benefit will take place and when a reliable estimate can be made of the value of the obligation. They are charged to the appropriate service revenue account in the year the obligation becomes known and are reviewed at each balance sheet date.

Contingent liabilities and assets are included where an event has taken place that gives a possible obligation or asset arising from past events, which will only materialise if certain events not wholly within the control of the Council take place. They are not recognised in the balance sheet, but disclosed in a note to the accounts when material.

### **xviii. Reserves**

Usable reserves are set aside for future policy purposes or contingencies. Unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council.

### **xix. Schools**

Schools assets, liabilities, reserves, transactions and cash flows are included in the Council's financial statements, which complies with the accounting Code.

### **xx. Value Added Tax (VAT)**

VAT payable is excluded from spend except when it cannot be recovered from HMRC. VAT receivable is excluded from income.



# NOTES TO THE ACCOUNTS

## 2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice requires that the Council disclose information relating to the anticipated impact of any accounting change required by a new standard that has been issued but not yet adopted by the Code. This requirement applies to the adoption of the following new or amended standards.

The 2023/24 Code introduces changes arising from the accounting guidance in relation to:

- Definition of Accounting Estimates (Amendments to IAS 18)
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)
- Updating a reference to the Conceptual Framework (Amendments to IFRS 3)

None of the matters covered in the annual improvements and IFRS amendments are expected to materially affect this Council.

The Code requires implementation after 1<sup>st</sup> April 2023, there is therefore no impact on the 2022/23 statement of accounts.

## 3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The statement of accounts contains estimated figures that are based on assumptions made by the Council 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 Council's balance sheet at 31<sup>st</sup> March 2023, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

### **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries was engaged to provide the Council with expert advice and assumptions and the various costings and disclosures necessary to comply with the code of practice. If any of the assumptions change as a result of actual experience then the net liability of the Council would increase or decrease as a result.

## NOTES TO THE ACCOUNTS

### Provisions – Insurance Claims

The Council has a provision of £3.043m as at 31<sup>st</sup> March 2023 to meet the potential cost of insurance liabilities. The number and value of potential claims includes actuarial assumptions particularly in respect of the most recent financial years, as these are immature in terms of insurance experience. Any significant change in assumptions and/or number and value of claims could significantly alter the value of the provision. The Council holds insurance reserves to mitigate any risk.

#### 4. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

These adjustments are made to present the Council's accounts on an accounting and funding basis in accordance with generally accepted accounting practices. Further details in relation to these adjustments can be found in the note on "Adjustments between accounting basis and funding basis under regulations".

	2022/23			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	13,379	5,910	784	20,073
Social Services, Health & Housing Environment	3,898	4,883	(292)	8,489
Corporate Services	24,857	3,873	141	28,871
Other Housing Services	402	2,266	88	2,756
Other Central Services	-	-	86	86
	(11,655)	118	(237)	(11,774)
<b>Net Cost of Services</b>	<b>30,881</b>	<b>17,050</b>	<b>570</b>	<b>48,501</b>
Other Income & Expenditure	(13,091)	11,670	654	(767)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>17,790</b>	<b>28,720</b>	<b>1,224</b>	<b>47,734</b>

	2021/22			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	(22,771)	8,471	502	(13,798)
Social Services, Health & Housing Environment	2,512	6,948	(1,375)	8,085
Corporate Services	14,178	5,614	(848)	18,944
Other Housing Services	917	3,273	(492)	3,698
Other Central Services	-	-	145	145
	(10,354)	744	(120)	(9,730)
<b>Net Cost of Services</b>	<b>(15,518)</b>	<b>25,050</b>	<b>(2,188)</b>	<b>7,344</b>
Other Income & Expenditure	(48,954)	11,810	202	(36,942)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>(64,472)</b>	<b>36,860</b>	<b>(1,986)</b>	<b>(29,598)</b>

## NOTES TO THE ACCOUNTS

### 5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The following table discloses the nature of expenses and income, analysing the comprehensive income and expenditure on a subjective basis. These figures include the expenditure and income for all schools, which follows the reporting requirements stipulated by the Code of Practice.

2021/22 £000		2022/23 £000
	<b>Expenditure</b>	
245,723	Employee Benefits	266,903
251,927	Other Service Expenses	265,907
(13,817)	Depreciation, Amortisation and Impairment	34,149
22,134	Interest Payable	22,217
24,368	Precepts and Levies	25,539
(168)	Gain on the Disposal of Assets	(91)
<b>530,167</b>	<b>Total Expenditure</b>	<b>614,624</b>
	<b>Income</b>	
(64,546)	Fees, Charges and Other Service Income	(66,339)
(167)	Interest and Investment Income	(1,523)
(145,661)	Income from Council Tax, National Non Domestic Rates	(150,551)
(375,113)	Government Grants and Contributions	(334,653)
<b>(585,487)</b>	<b>Total Income</b>	<b>(553,066)</b>
<b>(55,320)</b>	<b>(Surplus) / Deficit for Year</b>	<b>61,558</b>

The total income for fees, charges and other service income identified in the table above is collected from the following service segments, which reflect the Council's management structure:

2021/22 £000		2022/23 £000
	<b>Income</b>	
(10,335)	Education, Leisure & Lifelong Learning	(11,624)
(28,028)	Social Services, Health & Housing	(27,598)
(17,120)	Environment	(19,533)
(2,152)	Corporate Services	(2,347)
(6,911)	Other Central Services	(5,237)
<b>(64,546)</b>	<b>Fees, Charges and Other Service Income</b>	<b>(66,339)</b>

# NOTES TO THE ACCOUNTS

## 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The general fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

### **Capital Receipts Reserve**

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

### **Capital Grants Unapplied**

The capital grants unapplied account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2022/23	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b><i>Reversal of items debited or credited to the comprehensive income and expenditure statement:</i></b>				
Charges for depreciation and impairment of non current assets	29,340	-	-	(29,340)
Revaluation (gains) / losses on property, plant and equipment	4,809	-	-	(4,809)
Capital grants and contributions applied	(17,613)	-	-	17,613
Revenue expenditure funded from capital under statute	16,725	-	-	(16,725)
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	263	-	-	(263)
<b><i>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</i></b>				
Statutory provision for the financing of capital investment	(10,647)	-	-	10,647
Capital expenditure charged against the general fund	(3,338)	-	-	3,338
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(74)	-	74	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(3,583)	3,583
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain) / loss on disposal to the comprehensive income and expenditure statement	(354)	354	-	0
Use of the capital receipts reserve to finance new capital expenditure	-	(3,416)	-	3,416
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	-	0
<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	-	-	-	0
<b>Adjustment primarily involving the financial instruments adjustment account:</b>				
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,321)	-	-	1,321
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	64,680	-	-	(64,680)
Employer's pension contributions and direct payments to pensioners payable in the year	(35,960)	-	-	35,960
<b>Adjustments primarily involving the accumulated absences account:</b>				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,224	-	-	(1,224)
<b>Total adjustments</b>	<b>47,734</b>	<b>(3,062)</b>	<b>(3,509)</b>	<b>(41,163)</b>

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2021/22	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>				
Charges for depreciation and impairment of non current assets	26,128	-	-	(26,128)
Revaluation (gains) / losses on property, plant and equipment	(39,945)	-	-	39,945
Capital grants and contributions applied	(47,620)	-	-	47,620
Revenue expenditure funded from capital under statute	17,515	-	-	(17,515)
Amounts of non current assets written off on disposal or sale as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	2,344	-	-	(2,344)
<b>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</b>				
Statutory provision for the financing of capital investment	(10,498)	-	-	10,498
Capital expenditure charged against the general fund	(2,810)	-	-	2,810
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(6,907)	-	6,907	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(484)	484
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain) / loss on disposal to the comprehensive income and expenditure statement	(2,512)	2,512	-	0
Use of the capital receipts reserve to finance new capital expenditure	-	(2,693)	-	2,693
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	-	0
<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	-	-	-	0
<b>Adjustment primarily involving the financial instruments adjustment account:</b>				
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	(168)	-	-	168
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	68,660	-	-	(68,660)
Employer's pension contributions and direct payments to pensioners payable in the year	(31,800)	-	-	31,800
<b>Adjustments primarily involving the accumulated absences account:</b>				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,985)	-	-	1,985
<b>Total adjustments</b>	<b>(29,598)</b>	<b>(181)</b>	<b>6,423</b>	<b>23,356</b>

## NOTES TO THE ACCOUNTS

### 7. MOVEMENT IN RESERVES

This note sets out the amounts set aside from the general fund into reserves to provide financing for future expenditure plans.

	<b>Balance at 1st Apr 2021 £000</b>	Movement in 2021/22 £000	<b>Balance at 31st Mar 2022 £000</b>	Movement in 2022/23 £000	<b>Balance at 31st Mar 2023 £000</b>
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<b>DELEGATED SCHOOLS CASH</b>					
Under Local Government Management of Schools, schools are able to carry forward surpluses and deficits. These reserves are ring fenced for each individual school.					
Primary Schools Reserves	(4,372)	(2,516)	(6,888)	3,641	(3,247)
Secondary Schools Reserves	(2,049)	(1,477)	(3,526)	1,142	(2,384)
Special Schools Reserves	(354)	(380)	(734)	(92)	(826)
Middle Schools Reserves	(440)	(1,032)	(1,472)	1,373	(99)
<b>ER/VR SCHEME FOR PRIMARY SCHOOLS</b>					
This is set aside for Teachers and Staff that have agreements approved to take early retirement or voluntary redundancy during the following year.					
	(6)	(2)	(8)	(2)	(10)
<b>REPAIR &amp; MAINTENANCE</b>					
This includes funding to meet the cost of repairs and maintenance in schools.					
	(161)	-	(161)	0	(161)
<b>TOTAL DELEGATED SCHOOL</b>	<b>(7,382)</b>	<b>(5,407)</b>	<b>(12,789)</b>	<b>6,062</b>	<b>(6,727)</b>
<b>ADDITIONAL LEARNING NEEDS (ALN)</b>					
This reserve is to support children with ALN and the implementation of the Additional Learning Needs reform act.					
	-	(1,051)	(1,051)	(1,203)	(2,254)
<b>EQUALISATION ACCOUNT EDUCATION</b>					
To provide year on year equalisation support for the ELLL directorate.					
	(1,893)	(516)	(2,409)	598	(1,811)
<b>HOME TO SCHOOL TRANSPORT</b>					
This reserve was created to manage the variation between academic and financial years.					
	(111)	(180)	(291)	291	-
<b>TOTAL EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>	<b>(9,386)</b>	<b>(7,154)</b>	<b>(16,540)</b>	<b>5,748</b>	<b>(10,792)</b>

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING</b>					
<b>HEMOCARE ECM EQUIPMENT</b>					
Equipment reserve to replace mobile phones.	(87)	(10)	(97)	0	(97)
<b>COMMUNITY CARE TRANSFORMATION</b>					
To fund support and expertise needed to drive forward change required to achieve savings put forward in the Financial Plan.	(456)	(3,751)	(4,207)	1,693	(2,514)
<b>CHILDREN RESIDENTIAL PLACEMENTS</b>					
To fund the cost of delays in young people stepping down or a surge in unexpected placements.	(275)	-	(275)	275	-
<b>SSH IT RENEWALS FUND</b>					
To replace IT equipment, systems and telephony when required.	(700)	(1,200)	(1,900)	0	(1,900)
<b>EQUALIATION SOCIAL SERVICES</b>					
To meet high cost cases - must make placements.	(2,000)	(3,700)	(5,700)	2,330	(3,370)
<b>COMMUNITY RESILIENCE FUND</b>					
To support the development of community activity and volunteering opportunities.	(2,000)	250	(1,750)	0	(1,750)
<b>HOUSING WARRANTIES</b>					
This reserve has been set aside in recognition of the warranties to potential liabilities following the transfer of Housing Services.	(220)	-	(220)	0	(220)
<b>HILLSIDE GENERAL RESERVE</b>					
The depreciation charge recovered through fees is set aside for capital renewal.	(431)	(150)	(581)	150	(431)
<b>RING FENCED HOMECARE FUNDING</b>					
To support driving test and electric vehicle provision for Homecare workers.	-	(450)	(450)	216	(234)
<b>YOUTH OFFENDING SERVICE (YOS)</b>					
To meet the costs of providing Therapeutic Remand placements for young offenders, and also to meet the costs of YOS Managers Cymru and South Wales YOS Training.	(168)	-	(168)	0	(168)
<b>ADOPTION SERVICE</b>					
To fund the additional contribution to the regional adoption service if NPT adoption placements are higher than expected.	(500)	-	(500)	(380)	(880)
<b>TOTAL SOCIAL SERVICES, HEALTH &amp; HOUSING</b>	<b>(6,837)</b>	<b>(9,011)</b>	<b>(15,848)</b>	<b>4,284</b>	<b>(11,564)</b>



## NOTES TO THE ACCOUNTS

	Balance at 1st Apr 2021 £000	Movement in 2021/22 £000	Balance at 31st Mar 2022 £000	Movement in 2022/23 £000	Balance at 31st Mar 2023 £000
<b>ENVIRONMENT</b>					
<b>TRANSPORT</b>					
To fund a cost effective transport and plant renewal programme.	(152)	(130)	(282)	(33)	(315)
<b>ASSET RECOVER INCENTIVE SCHEME</b>					
To smooth timing of expenditure.	(126)	-	(126)	81	(45)
<b>SWANSEA BAY CITY DEAL</b>					
To cover future expenditure as part of the five year plan.	(113)	(221)	(334)	113	(221)
<b>LOCAL DEVELOPMENT PLAN</b>					
Statutory obligation to develop a local development plan by all unitary authorities in Wales in line with Welsh Government guidance.	(290)	(75)	(365)	2	(363)
<b>PARKING IMPROVEMENT</b>					
Car park maintenance and up keep.	-	(190)	(190)	102	(88)
<b>DECARBONISATION AND RENEWABLE ENERGY (DARE)</b>					
To cover the cost of ongoing Capital & Revenue de-carbonisation Schemes.	(2,000)	-	(2,000)	-	(2,000)
<b>WASTE</b>					
To provide funding to ensure that an efficient and economical waste service can be provided.	(393)	(505)	(898)	(638)	(1,536)
<b>WINTER MAINTENANCE</b>					
To aid in event of severe flooding / gritting.	(744)	140	(604)	36	(568)
<b>NEATH MARKET</b>					
To fund future repairs at Neath Market.	(228)	(25)	(253)	-	(253)
<b>BAGLAN BAY INNOVATION CENTRE, DILAPIDATION</b>					
Funding from Welsh Government for outstanding maintenance works including future essential repairs & upgrades.	(78)	(100)	(178)	100	(78)
<b>RENEWABLE ENERGY</b>					
Feeding tariff income to fund future schemes.	(16)	(2)	(18)	-	(18)
<b>EQUALISATION ACCOUNT ENVIRONMENTAL HEALTH, HOUSING</b>					
To smooth timing of expenditure for inspections delayed due to COVID.	(137)	7	(130)	35	(95)
<b>LAWDC CCONTINGENCY</b>					
This is held for aftercare obligations at the Giants Grave site.	(1,013)	198	(815)	-	(815)
<b>WORKWAYS NPT</b>					
Funding from Welsh European Funding Office ring fenced for scheme.	(252)	(38)	(290)	(36)	(326)
<b>EQUALISATION ACCOUNT ENVIRONMENT</b>					
To fund Directorate one off pressures.	(763)	(302)	(1,065)	(32)	(1,097)
<b>METAL BOX</b>					
To smooth maintenance costs until building has been fully leased.	(356)	(574)	(930)	150	(780)

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>ENVIRONMENT CONTINUED</b>					
<b>AIR QUALITY MONITORING</b>					
To fund the purchase of future air quality	(85)	85	-	-	-
<b>PANTTEG LANDSLIP</b>					
The reserve is set up to fund ongoing costs.	(500)	-	(500)	-	(500)
<b>TRADING ACCOUNTS</b>					
<b>EQUALISATION ACCOUNT OPERATING</b>					
Smooth timing of expenditure.	(36)	-	(36)	-	(36)
<b>VEHICLE TRACKING</b>					
To provide funds for the vehicle tracking initiative.	(92)	-	(92)	-	(92)
<b>VEHICLE RENEWALS</b>					
To fund a cost effective transport & plant programme to meet service requirements and enhancements.	(2,322)	(9)	(2,331)	(1,141)	(3,472)
<b>TOTAL ENVIRONMENT</b>	<b>(9,696)</b>	<b>(1,741)</b>	<b>(11,437)</b>	<b>(1,261)</b>	<b>(12,698)</b>
<b>CHIEF EXECUTIVES</b>					
<b>EQUALISATION ACCOUNT ELECTIONS FUND</b>					
To meet cost of 4 year cycle of elections.	(335)	(15)	(350)	199	(151)
<b>HEALTH &amp; SAFETY / OCCUPATIONAL HEALTH</b>					
Equalisation of spend.	(41)	-	(41)	-	(41)
<b>DIGITAL TRANSFORMATION</b>					
To support the Council's Digital Transformation Programme.	(1,170)	-	(1,170)	-	(1,170)
<b>EQUALISATION ACCOUNT SCHOOLS IT (HWB)</b>					
This reserve is to fund schools IT costs.	(400)	(200)	(600)	130	(470)
<b>DEVELOPMENT FUND FOR MODERNISATION</b>					
Funding for Members IT renewals, training and development.	(168)	92	(76)	-	(76)
<b>DIGITAL RENEWAL FUND</b>					
To spread the cost of major investment in the Council's IT.	(933)	(300)	(1,233)	(521)	(1,754)
<b>CHIEF EXECUTIVE EQUALISATION</b>					
To fund one off pressures arising across the directorate.	(597)	433	(164)	(196)	(360)
<b>ORGANISATIONAL DEVELOPMENT</b>					
To support the organisational development programme.	(4,407)	137	(4,270)	(366)	(4,636)
<b>BUILDING CAPACITY</b>					
This relates to developing capacity in relation to transformational projects across the Council.	(197)	42	(155)	(86)	(241)
<b>VOLUNTARY ORGANISATIONS</b>					
This reserve is to be used towards Voluntary Organisation payments.	(34)	(53)	(87)	(3)	(90)
<b>TOTAL CHIEF EXECUTIVES</b>	<b>(8,282)</b>	<b>136</b>	<b>(8,146)</b>	<b>(843)</b>	<b>(8,989)</b>

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>CORPORATE OTHER RESERVES</b>					
<b>INSURANCE</b>					
This reserve is generated from insurance settlements and surpluses from claims handling arrangements. It will be used to fund future insurance related projects and claims.	(5,999)	(2,277)	(8,276)	3,831	(4,445)
<b>COVID RECOVERY</b>					
To help NPT services after two years of COVID with one off posts and works.	-	-	-	(1,407)	(1,407)
<b>INCOME GENERATION</b>					
This reserve is to support income generation ideas.	(1,120)	(593)	(1,713)	50	(1,663)
<b>MEMBERS COMMUNITY FUND</b>					
The reserve is set up to enable members to invest in activities and projects that improve outcomes within their local wards.	(662)	148	(514)	162	(352)
<b>CAPITAL SUPPORT</b>					
To fund future capital expenditure.	(683)	-	(683)	-	(683)
<b>HARDSHIP RELIEF SCHEME</b>					
To develop a range of measures to support the cost of living crisis.	-	(2,000)	(2,000)	275	(1,725)
<b>SERVICE RESILIENCE</b>					
To meet short term service staffing issues.	-	(2,000)	(2,000)	1,126	(874)
<b>DISCRETIONARY FUND</b>					
Funds set aside to support Welsh Government discretionary cost of living support scheme .	-	(1,402)	(1,402)	1,066	(336)
<b>CORPORATE CONTINGENCY</b>					
To fund unforeseen future pressures in delivering the forward financial plan.	(4,741)	174	(4,567)	2,074	(2,493)
<b>EQUALISATION ACCOUNT TREASURY MANAGEMENT</b>					
This reserve will be used to equalise the impact of fluctuations in Treasury Management returns and fund future borrowing decisions.	(8,902)	308	(8,594)	186	(8,408)
<b>ACCOMODATION STRATEGY</b>					
This reserve will be used to support the Authority's Accommodation Strategy and other property costs.	(2,274)	-	(2,274)	-	(2,274)
<b>STRATEGIC REGENERATION CAPACITY BUILDING</b>					
To assist with capacity building.	-	-	-	(1,500)	(1,500)
<b>TOTAL CORPORATE OTHER RESERVES</b>	<b>(24,381)</b>	<b>(7,642)</b>	<b>(32,023)</b>	<b>5,863</b>	<b>(26,160)</b>

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>HELD ON BEHALF OF THIRD PARTY AGENCIES</b>					
<b><i>MARGAM DISCOVERY CENTRE, BUILDING MAINTENANCE</i></b>					
To build up a renewal fund that can be used to help fund large building maintenance recharges in the future.	(48)	(12)	(60)	(57)	(117)
<b><i>WORKWAYS, REGIONAL RESERVE</i></b>					
Funding from WEFO ring fenced for scheme.	(155)	(14)	(169)	(1)	(170)
<b><i>ENVIRONMENT LEGACY (SWTRA)</i></b>					
Financial assistance to help ensure contract success.	(60)	-	(60)	-	(60)
<b><i>SUBSTANCE MISUSE AREA PLANNING BOARD</i></b>					
To fund the service across the Western Bay area.	(35)	-	(35)	(119)	(154)
<b><i>WESTERN BAY SAFEGUARDING BOARD</i></b>					
Transfer of partner's surplus contributions to fund future safeguarding work across Western Bay.	(108)	(5)	(113)	18	(95)
<b><i>INTERMEDIATE CARE POOLED FUND</i></b>					
Transfer of partner's surplus contributions, to safeguard against future deficits or to fund additional capacity.	(28)	(164)	(192)	192	-
<b>TOTAL HELD ON BEHALF OF THIRD PARTY AGENCIES</b>	<b>(434)</b>	<b>(195)</b>	<b>(629)</b>	<b>33</b>	<b>(596)</b>
<b>TOTAL REVENUE EARMARKED RESERVES</b>	<b>(59,016)</b>	<b>(25,607)</b>	<b>(84,623)</b>	<b>13,824</b>	<b>(70,799)</b>
<b>GENERAL RESERVE WORKING BALANCES</b>					
Revenue reserve to fund non-specific future expenditure.	(20,036)	(115)	(20,151)	-	(20,151)
<b>GENERAL FUND TOTAL</b>	<b>(79,052)</b>	<b>(25,722)</b>	<b>(104,774)</b>	<b>13,824</b>	<b>(90,950)</b>

## NOTES TO THE ACCOUNTS

### 8. OTHER OPERATING EXPENDITURE

2021/22 £000		2022/23 £000
2,331	Community Council Precepts	2,406
22,037	Precepts and Levies (Police and Fire)	23,133
(168)	(Gains)/Losses on the Disposal of Non Current Assets	(91)
<b>24,200</b>	<b>Total</b>	<b>25,448</b>

### 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22 £000		2022/23 £000
10,324	Interest Payable and Similar Charges	10,547
11,810	Pension Interest Cost and Expected Return on Pension Assets	11,670
202	Changes in Impairment Loss Allowance	654
(167)	Interest Receivable and Similar Income	(1,523)
<b>22,169</b>	<b>Total</b>	<b>21,348</b>

### 10. TAXATION AND NON SPECIFIC GRANT

2021/22 £000		2022/23 £000
(98,103)	Council Tax Income	(98,859)
(47,558)	Non Domestic Rates	(51,692)
(191,718)	Non Ring Fenced Government Grants	(206,151)
(48,785)	Capital Grants and Contributions	(13,001)
<b>(386,164)</b>	<b>Total</b>	<b>(369,703)</b>

### 11. PROPERTY, PLANT AND EQUIPMENT

In accordance with the Temporary Relief offered by the Update to the 2021/22 Code of Practice on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has 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.

## NOTES TO THE ACCOUNTS

2022/23	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000
At 1st April 2022	539,810	28,340	651	12,482	56,160	<b>637,443</b>	21,943
Additions	10,034	3,442	4	-	12,572	<b>26,052</b>	-
Revaluation	33,814	-	-	160	-	<b>33,974</b>	1,212
Increases/(Decreases) Recognised in the Revaluation							
Revaluation	(7,268)	-	222	(157)	-	<b>(7,203)</b>	-
Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision							
Derecognition - Disposals	(149)	(850)	-	-	-	<b>(999)</b>	-
Derecognition - Other	(10,034)	(2,882)	(4)	-	-	<b>(12,920)</b>	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	-	<b>0</b>	-
Change in Asset Classification	58,201	-	-	697	(62,631)	<b>(3,733)</b>	-
<b>At 31st March 2023</b>	<b>624,408</b>	<b>28,050</b>	<b>873</b>	<b>13,182</b>	<b>6,101</b>	<b>672,614</b>	<b>23,155</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2022	(25,761)	(15,912)	-	(87)	(4)	<b>(41,764)</b>	1
Depreciation Charge	(15,119)	(3,595)	-	(71)	-	<b>(18,785)</b>	(1,713)
Depreciation Written Out to the Revaluation Reserve	12,422	-	-	121	-	<b>12,543</b>	1,713
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	2,309	-	-	85	-	<b>2,394</b>	-
Derecognition - Disposals	11	726	-	-	-	<b>737</b>	-
Derecognition - Other	-	2,882	-	-	-	<b>2,882</b>	-
Change in Asset Classification	175	-	-	(175)	-	<b>0</b>	-
<b>At 31st March 2023</b>	<b>(25,963)</b>	<b>(15,899)</b>	<b>0</b>	<b>(127)</b>	<b>(4)</b>	<b>(41,993)</b>	<b>1</b>
<b>Net Book Value</b>							
At 31st March 2023	598,445	12,151	873	13,055	6,097	<b>630,621</b>	23,156
At 31st March 2022	514,049	12,428	651	12,395	56,156	<b>595,679</b>	21,944

Service Concessions - These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant and equipment.

Further details of service concession costs and liabilities can be found in note 32.

## NOTES TO THE ACCOUNTS

2021/22	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Restated Service Concession in PPE
<b>Cost or Valuation</b>	£000	£000	£000	£000	£000	£000	£000
At 1st April 2021	432,307	27,295	647	13,759	41,475	515,483	18,563
Additions	10,976	3,707	4	-	40,527	55,214	-
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	52,632	-	-	1,239	-	53,871	3,428
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	26,961	-	4	(257)	-	26,708	-
Derecognition - Disposals	(149)	(1,130)	-	(182)	-	(1,461)	(48)
Derecognition - Other	(10,836)	(1,532)	(4)	-	-	(12,372)	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	-	0	-
Change in Asset Classification	27,919	-	-	(2,077)	(25,842)	0	-
<b>At 31st March 2022</b>	<b>539,810</b>	<b>28,340</b>	<b>651</b>	<b>12,482</b>	<b>56,160</b>	<b>637,443</b>	<b>21,943</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2021	(58,814)	(15,157)	-	(23)	(4)	(73,998)	(2,741)
Depreciation Charge	(12,324)	(3,405)	-	(69)	-	(15,798)	(852)
Depreciation Written Out to the Revaluation Reserve	32,141	-	-	4	-	32,145	3,594
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	13,218	-	-	19	-	13,237	-
Derecognition - Disposals	-	1,118	-	-	-	1,118	-
Derecognition - Other	-	1,532	-	-	-	1,532	-
Change in Asset Classification	18	-	-	(18)	-	0	-
<b>At 31st March 2022</b>	<b>(25,761)</b>	<b>(15,912)</b>	<b>0</b>	<b>(87)</b>	<b>(4)</b>	<b>(41,764)</b>	<b>1</b>
<b>Net Book Value</b>							
At 31st March 2022	514,049	12,428	651	12,395	56,156	595,679	21,944
At 31st March 2021	373,493	12,138	647	13,736	41,471	441,485	15,822

### Depreciation

The following useful lives have been used in the calculation of depreciation:

Land	Depreciation not applicable
Buildings	At least 20 years
Vehicles, plant, furniture and equipment	3 - 20 years
Infrastructure	40 years

## NOTES TO THE ACCOUNTS

### Effects of Changes in Estimates

During 2022/23, there have been no material changes made to the accounting estimates for property, plant and equipment.

### Infrastructure Assets

2021/22 £000		2022/23 £000
280,714	Net Book Value 1st April	279,117
8,762	Additions	11,368
(29)	Derecognition	(10)
0	Change in Asset Classification	3,733
(10,330)	Depreciation	(10,555)
<b>279,117</b>	<b>Total</b>	<b>283,653</b>

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

2021/22 £000		2022/23 £000
279,117	Infrastructure Assets	283,653
595,679	Other Property Plant & Equipment Assets	630,621
<b>874,796</b>	<b>Total Property Plant &amp; Equipment</b>	<b>914,274</b>

### Revaluations

The Council 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 are carried out internally. Valuations of land and buildings is carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment is based on historic cost.

During 2022-23 not all assets valued under the Depreciated Replacement Cost basis have been fully revalued, only those in the current cycle were revalued in line with our accounting policy, whilst those assets not within the current cycle were only partially revalued. This partial revaluation exercise was undertaken to more accurately reflect the current economic climate and the increase in construction costs relating to these asset valuations.



## NOTES TO THE ACCOUNTS

### 12. FINANCIAL INSTRUMENTS

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at principal plus accrued interest. Accrued interest is included within the current values as it is effectively payable or receivable within one year.

The debtors position differs from that reported in the balance sheet as the debts relating to council taxation do not meet the definition of a financial instrument.

#### Categories of Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

2022/23 Financial Assets	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000
	Amortised Cost	10,086	589	43,900
<b>Total Financial Assets</b>	<b>10,086</b>	<b>589</b>	<b>43,900</b>	<b>58,077</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000
	Amortised Cost	(274,954)	(16,567)	(22,869)
<b>Total Financial Liabilities</b>	<b>(274,954)</b>	<b>(16,567)</b>	<b>(22,869)</b>	<b>(51,598)</b>

2021/22 Financial Assets	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000
	Amortised Cost	5,086	828	68,347
<b>Total Financial Assets</b>	<b>5,086</b>	<b>828</b>	<b>68,347</b>	<b>79,705</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000
	Amortised Cost	(282,292)	(16,027)	(31,046)
<b>Total Financial Liabilities</b>	<b>(282,292)</b>	<b>(16,027)</b>	<b>(31,046)</b>	<b>(49,648)</b>

## NOTES TO THE ACCOUNTS

### Income, Expenses, Gains and Losses

31st Mar 2022 £000	Surplus or Deficit on the Provision of Services	31st Mar 2023 £000
10,324	Financial Liabilities Measured at Amortised Cost	10,547
<b>10,324</b>	<b>Total Net Gains/Losses</b>	<b>10,547</b>
<b>(167)</b>	<b>Interest Expense</b>	<b>(1,523)</b>

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value of the loans and receivables and financial liabilities is determined by calculating the net present value (NPV) of future cash flows, which provides an estimate of the value of payments in the future as at 31<sup>st</sup> March 2023, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender and is the rate applicable in the market as at 31<sup>st</sup> March 2023, for an instrument with the same duration. Where it is difficult to obtain the rate for an instrument with identical features in an active market then the prevailing rate of a similar instrument with a published market rate has been used as the discount factor.

The values calculated are as follows:

31st Mar			31st Mar	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
(241,597)	(263,802)	PWLB Debt	(216,446)	(165,649)
(67,346)	(94,591)	Long Term Non-PWLB Debt	(67,152)	(60,760)
-	-	Short Term Non-PWLB Debt	(10,000)	(10,000)
(1,574)	(1,574)	Non-PWLB Debt Temporary	(1,597)	(1,597)
<b>(310,517)</b>	<b>(359,967)</b>	<b>Total Debt</b>	<b>(295,195)</b>	<b>(238,006)</b>
<b>(16,027)</b>	<b>(16,027)</b>	<b>Long Term Creditors</b>	<b>(16,567)</b>	<b>(16,567)</b>

## NOTES TO THE ACCOUNTS

### 31<sup>st</sup> March 2023 – Debt

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates available for similar loans in the market at the balance sheet date. This shows a notional future loss, based on economic conditions at 31<sup>st</sup> March 2023, arising from a commitment to pay interest to lenders above market rates.

Fair value of assets:

31st Mar 2022			31st Mar 2023	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
68,300	68,278	ST Loans and Receivables	43,600	43,600
5,000	4,897	LT Loans and Receivables	10,000	9,766
828	828	Long Term Debtors	589	589

### 13. DEBTORS

31st Mar 2022 £000		31st Mar 2023 £000
55,959	Central Government Bodies	40,148
3,987	Other Local Authorities	2,861
4,767	NHS Bodies	5,948
17,825	Other Entities and Individuals	13,334
5,043	Payments in Advance	4,543
(5,250)	Less Provision for Impairment Loss	(5,940)
<b>82,331</b>	<b>Total</b>	<b>60,894</b>

### 14. DEBTORS FOR LOCAL TAXATION

Included within the total debtors figure above are debts relating to the collection of local taxation, as adjusted for those that are unlikely to be collected.

31st Mar 2022 £000		31st Mar 2023 £000
1,644	Less than One Year	1,840
2,290	More than One Year	2,321
(1,308)	Less Provision for Impairment Loss	(1,344)
<b>2,626</b>	<b>Total</b>	<b>2,817</b>

## NOTES TO THE ACCOUNTS

### 15. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

31st Mar 2022 £000		31st Mar 2023 £000
116	Cash Held by the Authority	111
4,222	Bank Current Accounts	6,681
<b>4,338</b>	<b>Total</b>	<b>6,792</b>

### 16. ASSETS HELD FOR SALE

2021/22 Current Assets £000		2022/23 Current Assets £000
3,980	<b>Balance Outstanding at Start of Year</b>	1,980
(2,000)	Assets Sold	-
<b>1,980</b>	<b>Balance Outstanding at Year End</b>	<b>1,980</b>

### 17. CREDITORS

31st Mar 2022 £000		31st Mar 2023 £000
(7,263)	Central Government Bodies	(5,159)
(8,262)	Other Local Authorities	(8,594)
(833)	NHS Bodies	(562)
(28,108)	Other Entities and Individuals	(32,785)
(5,182)	Receipts in Advance	(4,498)
<b>(49,648)</b>	<b>Total</b>	<b>(51,598)</b>

### 18. PROVISIONS

	Balance at 31st March 2022 £000	Utilised / Released in year £000	Transfers to Provision £000	Balance at 31st March 2023 £000	Short Term £000	Long Term £000
Insurance & MMI	(2,815)	5	(233)	(3,043)	(1,010)	(2,033)
Housing Warranties	(923)	0	0	(923)	0	(923)
Redundancy	(148)	148	(73)	(73)	(73)	0
<b>Total</b>	<b>(3,886)</b>	<b>153</b>	<b>(306)</b>	<b>(4,039)</b>	<b>(1,083)</b>	<b>(2,956)</b>

# NOTES TO THE ACCOUNTS

## Insurance & MMI Scheme

This provision covers the estimated cost of settling all the outstanding insurance claims of the Council that existed at 31<sup>st</sup> March 2023.

## Housing Warranties

This provision has been set aside in recognition of the warranties and commitments relating to potential liabilities following the transfer of housing services in 2010/11. The provision reflects the costs likely to be incurred in future years.

## Redundancy

The Council undertook an exercise to seek volunteers for voluntary redundancy as part of the Council's savings strategy and in line with the Council's desire to avoid compulsory redundancy as far as is possible. Many of those who finished left the Council before the 31<sup>st</sup> March. However, there were some agreements to leave after this date and accounting regulations require the Council to account for the costs in the year that the agreement was made. A charge has been made to this year's individual revenue accounts, for the cost of these leaving during next year, with this provision being set up to meet the costs when the individuals actually leave.

## 19. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the movement in reserves statement and summarised below:

31st Mar 2022 £000		31st Mar 2023 £000
(104,774)	Earmarked and General Reserve Working Balance	(90,950)
(20,857)	Unapplied Grants	(17,348)
(8,702)	Usable Capital Receipts	(5,640)
<b>(134,333)</b>	<b>Total</b>	<b>(113,938)</b>

## 20. UNUSABLE RESERVES

31st Mar 2022 £000		31st Mar 2023 £000
(175,058)	Revaluation Reserve	(215,278)
(352,950)	Capital Adjustment Account	(346,519)
1,321	Financial Instruments Adjustment Account	-
449,770	Pensions Reserve	51,620
(3)	Deferred Capital Receipts Reserve	(2)
4,228	Accumulated Absences Account	5,452
<b>(72,692)</b>	<b>Total</b>	<b>(504,727)</b>

## NOTES TO THE ACCOUNTS

### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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		Revaluation Reserve	2022/23	
£000	£000		£000	£000
	(93,285)	<b>Balance at 1st April</b>		(175,058)
(92,139)		Upward Revaluation of Assets	(54,299)	
6,122		Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services	7,970	
	(86,017)	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services		(46,329)
3,601		Difference Between Fair Value Depreciation and Historical Cost Depreciation	5,991	
643		Accumulated Gains on Assets Sold or Scrapped	118	
	4,244	Amount Written Off to the Capital Adjustment Account		6,109
	<b>(175,058)</b>	<b>Accumulated Gains on Assets Sold</b>		<b>(215,278)</b>

## NOTES TO THE ACCOUNTS

### 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 Council as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date that the revaluation reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2021/22		Capital Adjustment Account	2022/23	
£000	£000		£000	£000
	(290,643)	<b>Balance at 1st April</b>		(352,950)
		Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:		
26,128		Charges for Depreciation and Impairment of Non Current Assets	29,340	
(39,945)		Revaluation (Gains) / Losses on Property, Plant and Equipment	4,809	
17,515		Revenue Expenditure Funded from Capital Under Statute	16,725	
2,344		Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	263	
	6,042			51,137
	(4,244)	Adjusting Amounts Written Out of the Revaluation Reserve		(6,109)
	(288,845)	Net Written out Amount of the Cost of Non Current Assets Consumed in the Year		(307,922)
		Capital Financing Applied in the Year:		
(2,693)		Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(3,416)	
(48,104)		Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(21,196)	
(10,498)		Statutory Provision for the Financing of Capital Investment Charged Against the General Fund	(10,647)	
(2,810)		Capital Expenditure Charged Against the General Fund	(3,338)	
	(64,105)			(38,597)
	<b>(352,950)</b>			<b>(346,519)</b>

## NOTES TO THE ACCOUNTS

### Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to release premiums and discounts paid which were received on the early redemption of loans. Over time, the premiums are posted back to the general fund balance in accordance with statutory arrangements for spreading the effect on council tax.

During 2022/23 the Council took the decision to charge the remaining balance to the General Fund.

2021/22		Financial Instruments Adjustment Account	2022/23	
£000	£000		£000	£000
(168)	1,489	<b>Balance at 1st April</b>		1,321
		Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance with Statutory Requirements	(1,321)	
	(168)			(1,321)
	<b>1,321</b>	<b>Balance at 31st March</b>		<b>0</b>

### 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 Council 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 Council 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 Council 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	Pension Reserve	2022/23 £000
578,403	<b>Balance at 1st April</b>	449,770
(165,493)	Actuarial (Gains) or Losses on Pensions Assets and Liabilities	(426,870)
68,660	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	64,680
(31,800)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(35,960)
<b>449,770</b>	<b>Balance at 31st March</b>	<b>51,620</b>



## NOTES TO THE ACCOUNTS

### Deferred Capital Receipts Reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council 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.

2021/22 £000	Deferred Capital Receipts Reserve	2022/23 £000
(3)	<b>Balance at 1st April</b>	(3)
-	Transfer of Deferred Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	1
(3)	<b>Balance at 31st March</b>	(2)

### Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, that is, annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

2021/22		Accumulated Absences Account	2022/23	
£000	£000		£000	£000
	6,213	<b>Balance at 1st April</b>		4,228
(6,213)		Settlement or Cancellation of Accrual made at the end of the Preceding Year	(4,228)	
4,228		Amounts Accrued at the end of the Current Year	5,452	
	(1,985)	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		1,224
	4,228	<b>Balance at 31st March</b>		5,452

## NOTES TO THE ACCOUNTS

### 21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

- a. Adjustments to net surplus or deficit on the provision of services for non-cash movements

2021/22 £000		2022/23 £000
26,128	Depreciation and Impairment on Non Current Assets	29,340
(39,945)	Revaluation (Gains) / Losses on Property, Plant and Equipment	4,809
190	(Increase)/Decrease in Long Term Debtors	239
(20,428)	(Increase)/Decrease in Short Term Debtors	21,437
(142)	(Increase)/Decrease in Inventories	3
8,277	Increase/(Decrease) in Short Term Creditors	1,950
(229)	Increase/(Decrease) in Long Term Creditors	540
(410)	Increase/(Decrease) in Short Term Provisions	(174)
(1,332)	Increase/(Decrease) in Long Term Provisions	327
(1,112)	Increase/(Decrease) in Grants Receipts in Advance	-
2,344	Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the CIES	263
36,860	Increase/ (Decrease) in Pension Liability	28,720
(40)	Finance Lease Interest	(40)
10,868	Adjustment for Non Enhancing Spend Included in PPE Additions	10,048
49	Other Non-Cash Items Charged to Net Surplus/Deficit on the Provision of Services	(408)
<b>21,078</b>		<b>97,054</b>

- b. Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2021/22 £000		2022/23 £000
(2,512)	Proceeds from the Sale of Property, Plant and Equipment	(354)
(47,620)	Other Receipts from Investing Activities	(17,613)
<b>(50,132)</b>		<b>(17,967)</b>

### 22. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2021/22 £000		2022/23 £000
(63,976)	Purchase of Property, Plant and Equipment	(37,420)
(1,123,000)	Purchase of Short Term and Long Term Investments	(963,500)
2,512	Proceeds from the Sale of Property, Plant and Equipment	354
1,102,200	Proceeds from Short Term and Long Term Investments	983,200
47,620	Other Receipts from Investing Activities	17,613
<b>(34,644)</b>	<b>Net Cash Flows From Investing Activities</b>	<b>247</b>

## NOTES TO THE ACCOUNTS

### 23. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2021/22 £000		2022/23 £000
10,014	Cash Receipts of Short and Long Term Borrowing	14,040
(1,109)	Repayments of Short and Long Term Borrowing	(29,362)
<b>8,905</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(15,322)</b>

The financing activities relate to non-cash changes. The financing cash flows can be further split between short and long term borrowing as follows:

	Long Term £000	Short Term £000	Total £000
Cash Receipts	-	14,040	14,040
Repayments	(25,345)	(4,017)	(29,362)
<b>Net Cash Flows from Financing Activities</b>	<b>(25,345)</b>	<b>10,023</b>	<b>(15,322)</b>

### 24. AGENCY SERVICES

#### South Wales Trunk Road Agency

The Council performs agency work on trunk roads in South and West Wales on behalf of the Welsh Government who fully reimburse the related expenditure. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement.

#### COVID 19 & Cost of Living Agency Arrangements

During 2022-23 the Council have been acting on behalf of both the Welsh Government and Central Government Departments as an agent with regard to various COVID 19 and cost of living related grants.

The following table shows that the Council was reimbursed £2.13m by the Welsh Government and £1.876m from other local public bodies to cover increased service costs.

2022/23	Expenditure £000	Income £000	Income Other Public Bodies £000
Reimbursement of Additional Expenditure incurred	1,573	(1,511)	0
Business Grant Administration	0	(619)	0
Track Trace Protect (TTP)	1,916	0	(1,876)
	<b>3,489</b>	<b>(2,130)</b>	<b>(1,876)</b>

## NOTES TO THE ACCOUNTS

The Council also administered schemes on behalf of the Welsh Government and Central Government Departments as an Agency service to pay grants to businesses and individual recipients totalling £20.502m. These sums are not reflected within the Councils Income and Expenditure but any debtors or creditors relating to these sums are included in the Balance Sheet in accordance with the accounting arrangements in relation to Agency arrangements.

Details of the grants treated in this manner are set out below:

2022/23	Expenditure £000	Income £000
Cost of Living Main Scheme	8,199	(8,199)
Payment to Social Care Workers	5,744	(5,744)
Social Care Sick Pay Scheme	209	(209)
Carer Payments	1,497	(1,497)
Self Isolation Grant	549	(549)
Alternative Fuel Grant	12	(12)
Energy Bills Support Scheme	32	(32)
Winter Fuel Grant	4,260	(4,260)
	<b>20,502</b>	<b>(20,502)</b>

### 25. POOLED BUDGETS

#### Community Equipment Store – Health, Neath Port Talbot Council and the City and Country of Swansea

Neath Port Talbot Council is party to a pooled arrangement with the Swansea Bay University Health Board and the City and County of Swansea Council. This arrangement is led by the City and County of Swansea.

The agreement for this pool is that the host partner shall retain operational responsibility for any costs, expenses or liabilities in excess of the pooled fund at any time during its existence, other than where these have been incurred with the express agreement of the partners. Where this agreement has been made, the partners are jointly responsible in the proportions of their respective contributions to the pool.

2021/22			2022/23	
£000	£000		£000	£000
		Funding Provided to the Pooled Budget:		
(356)		Grant	(432)	
(635)		City and County of Swansea	(634)	
(357)		Neath and Port Talbot Council	(357)	
(1,308)		Swansea Bay University Health Board	(1,309)	
	(2,656)	Total In Year Contributions		(2,732)
	0	In Year Reserve Utilisation		(200)
	(2,656)	Total Income		(2,932)
	3,102	Expenditure Met from the Pooled Budget:		3,420
	446	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		488
	<b>0</b>	<b>Authority Share of the Net (Surplus) / Deficit Arising on the Pooled Budget</b>		<b>0</b>

## NOTES TO THE ACCOUNTS

### Intermediate Care – Neath Port Talbot Council and Health

Neath Port Talbot Council is host to a pooled arrangement with the Health Board, which covers arrangements to plan and arrange provision of adult and older people's services.

The arrangement for this pool is that the partners shall be jointly responsible, in accordance with the funding agreement for any costs, claims, expenses or liabilities incurred in accordance with the terms of the pool agreement. Also, any underspend will be put into a ring-fenced reserve or distributed to partners as agreed by the partnership board. The surplus has been distributed and NPT share was £30,000.

2021/22			2022/23	
£000	£000		£000	£000
(2,480)		Funding Provided to the Pooled Budget:		
(2,995)		Neath and Port Talbot Council	(2,892)	
		The Health Board	(3,162)	
	(5,475)	Total Income		(6,054)
	5,311	Expenditure Met from the Pooled Budget:		5,861
	(164)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		(193)
	<b>(164)</b>	<b>Authority Share of the Net (Surplus) / Deficit Arising on the Pooled Budget</b>		<b>0</b>

### 26. MEMBERS REMUNERATION

The Council paid the following amounts to members of the Council during the year, including on-costs for national insurance and pensions.

2021/22		2022/23
£000		£000
1,371	Basic and Senior Salaries	1,601
-	Expenses	1
<b>1,371</b>	<b>Total</b>	<b>1,602</b>

### 27. OFFICERS REMUNERATION

The Council is required to provide details on a range of remuneration issues, such as the median remuneration for all employees compared to the Chief Executive, the amounts earned by senior officers, salary costs greater than £60,000 and the cost and number of any exit packages. As the effect of including voluntary aided schools is not material, the information prepared for the remuneration notes includes the staff employed at the voluntary aided faith schools in the area, which are:

- Alderman Davies Church in Wales Primary
- Bryncoch Church in Wales Primary
- St Therese's Catholic Primary
- St Joseph's Catholic Primary, Infants and Junior schools
- St Joseph's Comprehensive.

The Accounts and Audit Regulations (Wales) 2014 introduced the requirement for the statement of accounts to disclose the organisations pay multiple. This is the ratio of the highest paid employee, the Chief Executive and the median earnings across the organisation. In 2022/23 this ratio is 5.36 times the median remuneration of the organisation which is £26,845.

## NOTES TO THE ACCOUNTS

The remuneration paid to the Council's senior employees is as follows:

	2022/23			
	Salary, Fees and Allowances	Expenses Allowances	Employers Pension Contribution	Total
	£	£	£	£
<b>Chief Executive Karen Jones</b>	143,770	-	-	143,770
<b>Director of Education, Leisure &amp; Lifelong Learning</b>	113,954	-	23,133	137,087
<b>Director of Environment</b>	119,416	-	24,241	143,657
<b>Director of Social Services, Health &amp; Housing</b>	122,149	-	24,796	146,945
<b>Chief Finance Officer</b>	94,503	-	19,184	113,687
<b>Chief Digital Officer</b>	86,916	-	17,644	104,560
<b>Head of People &amp; Organisational Development</b>	86,916	-	17,644	104,560
<b>Head of Legal Services</b>	86,916	-	17,644	104,560

	2021/22			
	Salary, Fees and Allowances	Expenses Allowances	Employers Pension Contribution	Total
	£	£	£	£
<b>Chief Executive Karen Jones</b>	137,623	-	23,281	160,904
<b>Director of Education, Leisure &amp; Lifelong Learning</b>	111,485	-	22,631	134,116
<b>Director of Environment</b>	114,759	-	23,296	138,055
<b>Director of Social Services, Health &amp; Housing</b>	120,959	-	24,555	145,514
<b>Director of Finance and Corporate Services</b>	70,131	-	-	70,131
<b>Chief Finance Officer</b>	38,404	-	7,796	46,200
<b>Head of Finance</b>	47,736	-	16,225	63,961
<b>Chief Digital Officer</b>	64,451	-	13,084	77,535
<b>Head of People &amp; Organisational Development</b>	84,339	-	17,121	101,460
<b>Head of Legal Services</b>	83,060	-	16,861	99,921

The Employers pension contribution of 20.3% (20.3% in 2021/22) excludes any deficit contribution to the Fund and represents the normal contribution required for the year. No contribution cost is included when an officer has left the employers pension scheme.

The Chief Executive opted out of the pension scheme on 31<sup>st</sup> January 2022, therefore the above figures only include pension contributions for a 10 month period for 2021/22.

## NOTES TO THE ACCOUNTS

The figures do not include any remuneration for the Chief Executive in her role as returning officer. The amount paid to the Chief Executive in 2022/23 was £6,980 (2021/22 was £8,794) which is based on rates defined by the respective election bodies and no election expenses were reimbursed for 2022/23 (2021/22 £82).

The Director of Finance and Corporate Services retired on 31<sup>st</sup> October 2021. This post has been deleted from the structure along with the Head of Finance and replaced by the Chief Finance Officer post.

The Chief Digital Officer Post was created as part of the restructure of the Senior Management Team and was filled on 28<sup>th</sup> June 2021.

The number of other staff employed by the Council, including teachers, receiving more than £60,000 remuneration for the year, excluding employer's pension contributions, is listed below, in bands of £5,000. The number being included is increasing each year due to annual pay awards.

Number of Employees 2021/22				Number of Employees 2022/23
58	£60,000	-	£64,999	65
24	£65,000	-	£69,999	37
19	£70,000	-	£74,999	18
6	£75,000	-	£79,999	18
5	£80,000	-	£84,999	6
5	£85,000	-	£89,999	7
6	£90,000	-	£94,999	3
-	£95,000	-	£99,999	3
-	£100,000	-	£104,999	2
1	£105,000	-	£109,999	1
1	£110,000	-	£114,999	1
<b>125</b>				<b>161</b>

As a result of a voluntary redundancy scheme in 2022/23, three employees received remuneration above £60,000. These individuals were paid the following amount:

Number of Employees 2021/22				Number of Employees 2022/23
-	£60,000	-	£64,999	2
1	£65,000	-	£69,999	-
-	£70,000	-	£74,999	1
<b>1</b>				<b>3</b>

## NOTES TO THE ACCOUNTS

The Council continues to minimise compulsory redundancy as far as is possible by using alternatives such as voluntary redundancy and redeployment to alternative employment. Those who left under either voluntary or compulsory redundancy received redundancy payments in line with the Council's scheme and where eligible, accessed their pensions.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £000	2022/23 £000
£0 - £20,000	9	5	13	10	22	15	168	118
£20,001 - £40,000	-	1	3	4	3	5	85	132
£40,001 - £60,000	-	-	1	1	1	1	50	50
£60,001 - £80,000	-	-	3	-	3	-	202	-
<b>Total</b>	<b>9</b>	<b>6</b>	<b>20</b>	<b>15</b>	<b>29</b>	<b>21</b>	<b>505</b>	<b>300</b>

### 28. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

2021/22 £000		2022/23 £000
181	Fees Payable to Audit Wales for External Audit Services Carried Out by the Appointed Auditor for the Year	208
103	Fees Payable to Audit Wales for Statutory Work Carried Out Under the Local Government Measure	118
50	Fees Payable to Audit Wales for the Certification of Grant Claims and Returns for the Year	58
<b>334</b>	<b>Total</b>	<b>384</b>

### 29. GRANT INCOME

The Council credited the following grants and contributions to the comprehensive income and expenditure statement:



## NOTES TO THE ACCOUNTS

2021/22 £000	Grant Income	2022/23 £000
	<b>Credited to Services</b>	
2,250	Post 16	2,164
576	Youth	502
2,514	Childcare Offer	2,794
9,281	Children & Communities	8,892
8,453	Regional Consortia School Improvement Grant (RCSIG)	6,864
8,164	LA Education Grant	7,707
6,275	Pupil Deprivation Grant	6,241
-	Other Schools Grants	351
-	Young person guarantee	497
-	Early years integration transformation	718
4,157	Other Education Grants	4,035
2,583	Concessionary Bus Fares	1,898
-	Community Renewal Fund grant	1,841
-	Enabling natural resources and Well being	538
313	Other Highways Grants	1,718
1,059	Social Care Workforce Development	1,337
241	Youth Justice Board	-
2,970	Substance Misuse	4,115
-	Homes for Ukraine	1,384
-	Homelessness Phase 2 Funding	842
2,486	Sustainable Social Services	2,234
2,715	Other Social Services Grants	1,916
3,264	Social Services Recovery Fund	-
2,486	Social Care Pressures	-
662	Housing Benefit Admin	561
40,167	Mandatory Rent Allowances	38,069
1,797	General Capital Grant for Housing Expenditure	3,055
435	Housing Energy Efficiency Grant	341
6,466	Housing Support Grant	6,693
3,588	Workways	3,194
994	Sustainable Waste	713
1,402	Discretionary Fund	-
3,841	Other Services Grants	1,602
6,789	COVID19 - LA Hardship Fund	-
360	COVID19 - Other	9
3,547	COVID19 - Loss of Income	-
2,068	COVID19 - Social Services voids	-
1,894	COVID19 - Social Services rate increase	-
-	COVID19 - Homelessness	546
488	COVID19 - Grants to business	-
-	COVID19 - Admin	619
325	COVID19 - Care Home Testing	-
-	COVID19 - Free School meal payments	1,511
<b>134,610</b>	<b>Total Grants Credited to Services</b>	<b>115,501</b>

## NOTES TO THE ACCOUNTS

2021/22 £000	Grant Income	2022/23 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
191,718	Revenue Support Grant	206,151
16,613	Regeneration and Town Centre Redevelopments	366
17,109	21st Century Schools	651
290	Local Transport Fund	601
998	Safe Routes / Accident Reduction Measures	1,308
797	Active Travel	623
1,054	Additional Infrastructure Funding	-
243	Flood Prevention Grants	-
3,510	Additional General Capital Grant	-
126	Flying Start	1
951	Childcare Offer Capital Grant	68
-	Additional Schools Funding	5,500
480	Hillside	-
660	HWB - Education Technology Grant	455
1,740	Drainage	2,479
4,214	Other Capital Grants	949
<b>240,503</b>	<b>Total Grants Credited to Taxation and Non Specific Grant Income</b>	<b>219,152</b>
<b>375,113</b>	<b>Total Grant Income</b>	<b>334,653</b>

### 30. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total paid to members in 2022/23, including on-costs, is shown in note 26.

Under the code of conduct incorporated in the Council's Constitution, members are required to record in the register of members interests any financial and other personal interests, together with any gift, hospitality, material interest or advantage. The register is open to inspection by the public and is available on an individual member basis on the Council Website.

Members of the Council serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. These payments are made with proper consideration of declarations of interest and relevant members do not take part in any discussion or decision relating to the grants.

# NOTES TO THE ACCOUNTS

## Officers

The Chief Executive and the Head of Legal Services are both unpaid shareholder representatives on behalf of the Council with Neath Port Talbot Waste Management Ltd. The role does not involve any decision making on the day to day running of the Company.

The Chief Executive is the Chief Executive for South West Wales Corporate Joint Committee (CJC) and the Head of Legal Services is the Monitoring Officer, the Council is reimbursed by the CJC for costs.

## Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, such as council tax bills and housing benefits. Grants and contributions received from government departments are set out in the notes 5 and 29.

## Entities Significantly Influenced by the Council

### *Waste*

The Council owns a waste management company (Neath Port Talbot Waste Management Company Ltd) which ceased trading on 31<sup>st</sup> March 2023. The waste management company has a 100% shareholding in the operating company for the materials recycling plant (Neath Port Talbot Recycling Ltd), which ceased trading on 30<sup>th</sup> September 2019. Both companies are in the process of being dissolved.

Neath Port Talbot Waste Management Ltd (the Company) operated the landfill site at Giants Grave until the 31<sup>st</sup> March 2023 when the landfill licence was transferred to the Council.

The site is in aftercare phase and the Company is in receipt of both the closure report and aftercare plan which has been agreed by Natural Resources Wales. The Company has a cash backed provision of £0.750m to deal with any unforeseen residual restoration work, which will be transferred to the Council. The Council holds an additional reserve of £0.815m to meet any future landfill obligations. The on-going annual monitoring and income generated from the site has been included in the Councils base budget.

The Council provides the provision of waste management services of residual waste for Bridgend County Borough Council for which the Council received income of £3.2m in 2022/23 (£3.3m 2021/22).

# NOTES TO THE ACCOUNTS

## ***Swansea Bay City Deal***

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

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

Within the Joint Committee Agreement there is acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the programme, as well as 1.5% “Top Slice” being applied to programme/project City Deal grant awards. Neath Port Talbot County Borough Council’s partnership contribution is fully paid up to the 31<sup>st</sup> March 2023.

The two projects for NPT are Supporting Innovation and Low Carbon Growth and Homes as Power Stations.

Under the agreement of the Joint Committee (JC – 9<sup>th</sup> July 2020) costs in respect of the provision of support services by Local Authorities to the Swansea Bay City Deal were included within the Joint Committee budget allowing for the recharge of those functions by Authorities. As such expenditure was recharged during the financial year by City and County of Swansea for Legal and democratic services in respect of the Joint Committee, Carmarthenshire County Council for the Accountable Body function’ Pembrokeshire County Council for the provision of Internal Audit services and Neath Port Talbot CBC for Democratic Services in respect of the Joint Scrutiny Committee. Neath Port Talbot recharge costs were £21,000 for 2022/23.

As agreed by the Joint Committee (JC-11<sup>th</sup> June 2020) interest accumulated on Swansea Bay City Deal cash balances will be distributed to Authorities on a programme/project basis aligned to their allocated grant.

## ***Celtic Leisure***

The Council has a contract with Celtic Leisure (a company limited by guarantee) to manage its indoor leisure activities and the Gwyn Hall. Following negotiations with the Council the Trustees have agreed to surrender the contract prior to the Trust commencing liquidation procedures. The Council has agreed to provide the Trust with funding to meet its obligations until the date of the completion of the contract and in respect of the planned liquidation.

A decision was taken by Cabinet on 1<sup>st</sup> February 2022 to insource indoor leisure activities and arrangements will continue to develop in that regard. The indemnity agreement that the Council has with Celtic Leisure remains in place until the insourcing is complete.

The Council pays Celtic Leisure an annual management fee to run the service (excluding the structural maintenance of buildings) which for 2022/23 was £2.839m (£1.558m in 2021/22). There was £93,000 (£238,000 in 2021/22) balance owed by Celtic Leisure to the Council on 31<sup>st</sup> March 2023.

## NOTES TO THE ACCOUNTS

### **South West Wales Corporate Joint Committee**

Formally constituted in January 2022, the Corporate Joint Committee for South West Wales covers the local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. The Committee will improve the regional planning, co-ordination and delivery of transport, land use planning, economic development and energy.

The Corporate Joint Committee has been created by the Local Government and Elections (Wales) Act 2021 and is made up of representatives from the four Councils as well as Bannau Bryncheniog and the Pembrokeshire Coast National Park Authority.

Neath Port Talbot Council commits a sum by way of a levy, £117,384 for 2022/23, and are reimbursed for officer time associated with the governance arrangements of the Corporate Joint Committee. Service Level Agreements are in place between the Corporate Joint Committee and the respective public bodies for service delivery.

### **31. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2021/22 £000		2022/23 £000
	<b>Capital Investment</b>	
63,976	Property, Plant and Equipment	37,420
6,647	Revenue Expenditure Funded from Capital Under Statute	6,677
<b>70,623</b>		<b>44,097</b>
	<b>Sources of Finance</b>	
(2,693)	Capital Receipts	(3,416)
(48,104)	Government Grants and Other Contributions: Sums Set Aside from Revenue:	(21,196)
(2,810)	Direct Revenue Contributions and Reserves	(3,338)
(17,016)	Loans	(16,147)
<b>(70,623)</b>		<b>(44,097)</b>

As at 31<sup>st</sup> March 2023, the Authority has entered into a number of contracts for the construction of Property, Plant and Equipment. The budgeted cost of these commitments for 2023/24 and future years are shown in the table below.

The major commitments are:

<b>Major Capital Commitments</b>	<b>2023/24 £000</b>	<b>Future £000</b>	<b>Total £000</b>
Crymlyn Burrows Transfer Station Site Improvements	1,003	-	1,003
Rock Street Construction	763	-	763
	<b>1,766</b>	<b>0</b>	<b>1,766</b>

## NOTES TO THE ACCOUNTS

Where Capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2021/22 £000		2022/23 £000
<b>(343,055)</b>	<b>Opening Capital Financing Requirement</b>	<b>(349,573)</b>
(4,433)	Increase in Underlying Need to Borrow (Supported by Government Financial Assistance)	(4,433)
(12,583)	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	(11,714)
10,498	Minimum Revenue Provision and Prudential Borrowing	10,647
<b>(349,573)</b>	<b>Closing Capital Financing Requirement</b>	<b>(355,073)</b>

### 32. SERVICE CONCESSION

On 1<sup>st</sup> April 2012, the Council entered into a service concession arrangement with Tai Gwalia CYF to take over and operate the Council's long term care and short term respite care homes. As part of this arrangement, the Council transferred its existing care homes to Tai Gwalia CYF who have constructed two new residential care homes, Plas Bryn Rhosyn in Neath and Llys Y Seren in Port Talbot, on land owned by the Council. This arrangement is in place until 2037.

The agreement included the construction of two residential care homes with a commitment that the Council will purchase a guaranteed number of beds for the duration of the contract. The contract includes a series of events which could trigger termination of the contract. At the end of the contract the assets transfer into the ownership of the Council for no additional charge. The Council carries the non-current assets used under the contract on the balance sheet as service concession assets.

The following table shows the payments to be made under the service concession:

	Payment for Services £000	Reimburse Capital Expenditure £000	Interest £000	Total £000
Payable:				
Within 1 year	4,300	108	144	4,552
Within 2 to 5 years	16,104	504	506	17,114
Within 6 to 10 years	16,022	829	433	17,284
Within 11 to 15 years	12,818	869	140	13,827
<b>Total</b>	<b>49,244</b>	<b>2,310</b>	<b>1,223</b>	<b>52,777</b>

## NOTES TO THE ACCOUNTS

The future service liability for reimbursing capital expenditure is:

2021/22 £000		2022/23 £000
2,507	Balance Outstanding at 1st April	2,412
(95)	Payments During the Year	(102)
<b>2,412</b>	<b>Balance outstanding at 31st March</b>	<b>2,310</b>

### 33. LEASES

#### Council as Lessee

##### Finance Leases

The Council has one finance lease recognised in its balance sheet.

31st Mar 2022 £000		31st Mar 2023 £000
3,462	Other Land and Buildings - Asset Value	3,744

The Council is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years, while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31st Mar 2022 £000		31st Mar 2023 £000
	<b>Finance Lease Liabilities</b>	
12	Current	13
831	Non Current	819
754	Finance Lease Costs Payable in Future Years	714
<b>1,597</b>	<b>Minimum Lease Payments</b>	<b>1,546</b>

These minimum lease payments will be payable over the following periods:

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
31st Mar 2022 £000	31st Mar 2022 £000		31st Mar 2023 £000	31st Mar 2023 £000
52	12	Not Later than One Year	52	13
206	54	Between 1 and 5 Years	206	57
1,339	777	Later than 5 Years	1,288	762
<b>1,597</b>	<b>843</b>		<b>1,546</b>	<b>832</b>

# NOTES TO THE ACCOUNTS

## Council as Lessor

### Operating Lease

The Council currently leases out property under operating lease agreements ranging from indoor market units to shops, clubs, land, etc.

The lease income received in 2022/23 was £1.299m and in 2021/22 was £1.224m. The leases are short term by nature and future income streams will be affected by external factors, most noticeably economic conditions and therefore cannot be estimated with certainty.

## 34. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £12.7m (£12m in 2021/22) to Teachers' Pensions in respect of teachers' retirement benefits, based on a 23.68% which has been the effective rate from 1<sup>st</sup> September 2019.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a discretionary basis within the defined benefit detailed in note 36.

The Council is not liable to the scheme for any other entities' obligations under the plan.



# NOTES TO THE ACCOUNTS

## 35. DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- the Local Government Pension Scheme, administered locally by the City and County of Swansea. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.
- arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The City and County of Swansea Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of the City and County of Swansea Council. Policy is determined in accordance with the pension fund regulations. The investment managers of the fund are appointed by the committee and the committee consist of the Director of Finance, Council members and independent investment advisers.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute.

### Discretionary Post–Retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

# NOTES TO THE ACCOUNTS

## Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than 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 in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

## McCloud

The LGPS Regulations covering the McCloud remedy have not yet been laid. The way in which the McCloud remedy was allowed for in the HMT cost management valuation was subject to Judicial Review following a legal challenge from unions but was dismissed on all grounds on 10<sup>th</sup> March 2023. The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. If the unions are granted permission to appeal there remains a possibility that the 2016 costs management process will need to be revisited and ultimately, additional employer costs may arise.

## Actuarial Valuation

The pension fund liability disclosed in the balance sheet is the total projected deficit that exists over the expected life of the fund. This deficit changes on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

The fund is subject to a 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers' contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2022/23 relates to the valuation undertaken on 31st March 2022.

The effect of allowing for this is shown in the 'Actuarial (gains) / losses due to liability experience' and the 'Return on plan assets (in excess of)/below that recognised in net interest' and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those of the 2022 valuation. These changes have had a positive effect on the balance sheet position.

## NOTES TO THE ACCOUNTS

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

Local Government Pension Scheme	Discretionary Benefits Arrangements		Local Government Pension Scheme	Discretionary Benefits Arrangements
2021/22			2022/23	
£m	£m		£m	£m
		<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
		<b>Cost of Services:</b>		
56.55	-	Current Service Cost	52.99	-
0.30	-	Past Service Costs	0.02	-
		<b>Financing and Investment Income and Expenditure</b>		
11.14	0.67	Net Interest Expense	10.88	0.79
<b>67.99</b>	<b>0.67</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>63.89</b>	<b>0.79</b>
		<b>Other Post-Employed Benefit Charged to the CIES</b>		
		<b>Remeasurement of the Net Defined Benefit Liability Comprising:</b>		
(77.64)	-	Return on Plan Assets (excluding the amount included in the net interest expense)	12.24	-
(13.31)	(0.47)	Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	13.71	(0.33)
(90.16)	(0.72)	Actuarial Gains and Losses Arising on Changes in Financial Assumptions	(521.52)	(4.71)
16.69	0.12	Actuarial Gains and Losses due to Liability Experience	71.10	2.64
<b>(164.42)</b>	<b>(1.07)</b>	<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>(424.47)</b>	<b>(2.40)</b>
<b>(96.43)</b>	<b>(0.40)</b>	<b>Total Post Employment Benefit Charged to the CIES</b>	<b>(360.58)</b>	<b>(1.61)</b>
		<b>Movement in Reserves Statement</b>		
<b>96.43</b>	<b>0.40</b>	Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	<b>360.58</b>	<b>1.61</b>
		<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year</b>		
29.33	-	Employers' Contributions Payable to Scheme	33.55	-
-	2.47	Retirement Benefit Payable to Pensioners	-	2.41

## NOTES TO THE ACCOUNTS

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefits plan is as follows:

Local Government Pension Scheme	Discretionary Benefits Arrangement		Local Government Pension Scheme	Discretionary Benefits Arrangement
2021/22 £m	2021/22 £m		2022/23 £m	2022/23 £m
(1,330.69)	(30.48)	Present Value of the Defined Benefit Obligation	(960.14)	(26.46)
911.40		Fair Value of Plan Assets	934.98	
<b>(419.29)</b>	<b>(30.48)</b>	<b>Total</b>	<b>(25.16)</b>	<b>(26.46)</b>

### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation).

Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits		Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits
2021/22 £m	2021/22 £m		2022/23 £m	2022/23 £m
(1,355.71)	(33.35)	Opening Balance at 1st April	(1,330.69)	(30.48)
(56.55)	-	Current Service Cost	(52.99)	-
(28.23)	(0.67)	Interest cost	(35.64)	(0.79)
(6.87)	-	Contributions from Scheme	(8.04)	-
13.31	0.47	Remeasurement Gains and (Losses): Actuarial Gains/Losses Arising from Changes in Demographic Assumptions	(13.71)	0.33
90.16	0.72	Actuarial Gains/Losses Arising from Changes in Financial Assumptions	521.52	4.71
(16.69)	(0.12)	Actuarial Gains and Losses Due to Liability Experience	(71.10)	(2.64)
(0.30)	-	Past Service Cost	(0.02)	-
30.19	2.47	Benefits Paid	30.53	2.41
-	-	Liabilities Extinguished on Settlement	-	-
<b>(1,330.69)</b>	<b>(30.48)</b>	<b>Closing Balance at 31st March</b>	<b>(960.14)</b>	<b>(26.46)</b>

## NOTES TO THE ACCOUNTS

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets.

2021/22 £m		2022/23 £m
810.66	Opening Fair Value of Scheme Assets	911.40
17.09	Interest Income on assets	24.76
77.64	Remeasurement Gains/(Losses): The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(12.24)
29.33	Contributions by the Employer	33.55
6.87	Contributions from Employees into the Scheme	8.04
(30.19)	Benefits Paid	(30.53)
<b>911.40</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>934.98</b>

### Local Government Pension Scheme Assets for Neath Port Talbot

2021/22	Fair value of Scheme Assets	Estimated 2022/23
£'000		£'000
9,909	Cash and Cash Equivalents	5,098
	Pooled Equity Investment Vehicles:	
-	UK	-
647,206	Global	596,910
<b>647,206</b>		<b>596,910</b>
34,058	Property	32,279
	Fixed Interest:	
75,240	Fixed Interest	40,701
11,750	Index-Linked	8,932
<b>86,990</b>		<b>49,633</b>
18,944	Hedge Funds	19,752
62,712	Private Equity	68,998
26,974	Infrastructure	34,444
17,482	Private Debt	22,473
5,607	Residential Housing	7,347
41	Timberland & Farmland	43
508	Derivatives	3,708
-	Trade Finance	32,965
-	Global Bond Funds	60,442
94	Cash - Dividends Due	1
875	Net Current Assets	887
<b>911,400</b>	<b>Total Assets</b>	<b>934,980</b>

The three segregated equity funds with JP Morgan, Aberdeen and Schrodgers UK were transitioned in January 2019 to the Wales Pension Partnership Global Opportunities Fund, a Pooled Equity Investment Vehicle.

## NOTES TO THE ACCOUNTS

The following investments represented more than 5% of the Fund's net assets:

Neath Port Talbot Share 2021/22			Neath Port Talbot Share 2022/23	
Value of Net Assets £000	Proportion of Net %		Value of Net Assets £000	Proportion of Net %
218,662	24.0	Blackrock ACS Low Carbon Tracker Fund	185,164	19.8
413,730	45.4	WPP Global Opportunities Fund	397,207	42.5
47,492	5.2	Harbour Vest - Private Equity Fund	48,396	5.2
-	-	T Rowe - Global Bond Fund	52,884	5.7

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by AON Hewitt Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2022.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefit Arrangements		Local Government Pension Scheme	Discretionary Benefit Arrangements
2021/22			2022/23	
		<b>Mortality Assumptions:</b>		
		Longevity at 65 for Current		
22.1	22.1	Men	22.2	22.2
24.2	24.2	Women	24.7	24.7
		Longevity at 65 for Future		
23.2	-	Men	22.9	-
25.7	-	Women	25.8	-
		<b>Rate of Inflation:</b>		
3.0%	3.0%	CPI	2.7%	2.7%
4.5%	-	Rate of Increase in Salaries	4.2%	-
3.0%	3.0%	Rate of Increase in Pensions	2.7%	2.7%
2.7%	2.7%	Rate for Discounting Scheme	4.7%	4.7%

# NOTES TO THE ACCOUNTS

## Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31<sup>st</sup> March 2023 and the projected service cost for the year ending 31<sup>st</sup> March 2024 is set out below:

### Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	943.82	976.46
% Change in Present Value of Total Obligation	-1.7%	1.7%
Projected Service Cost (£m's)	24.72	26.81
Approximate % Change in Projected Service Cost	-4.0%	4.1%

### Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	962.06	958.22
% Change in Present Value of Total Obligation	0.2%	-0.2%
Projected Service Cost (£m's)	25.75	25.75
Approximate % Change in Projected Service Cost	0.0%	0.0%

### Rate of Increase to Pensions in Payment and Deferred and Rate of Revaluation of Pension Accounts Assumption

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	974.54	945.74
% Change in Present Value of Total Obligation	1.5%	-1.5%
Projected Service Cost (£m's)	26.81	24.72
Approximate % Change in Projected Service Cost	4.1%	-4.0%

### Post Retirement Mortality Assumption

Adjustment to mortality age rating assumption	-1 year	+1 year
Present Value of Total Obligation (£m's)	986.06	934.22
% Change in Present Value of Total Obligation	2.7%	-2.7%
Projected Service Cost (£m's)	26.68	24.82
Approximate % Change in Projected Service Cost	3.6%	-3.6%

## Asset Liability Matching Strategy

The pension committee of the City and County of Swansea has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments.

# NOTES TO THE ACCOUNTS

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The City and County of Swansea has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 25 years. Funding levels are monitored on an annual basis.

The last triennial valuation was as at 31st March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants

The Council expects to pay £29.1m contributions to the scheme in 2023/24. Expected payments to beneficiaries of the discretionary benefits schemes in the year to 31<sup>st</sup> March 2024 are £0.96m for the LGPS Scheme and £1.7m for Teachers.

## 36. DISCLOSURE OF NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

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

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. Risk management is carried out by a central treasury team, under policies approved by Council in the treasury management strategy, annual investment strategy, capital strategy and minimum revenue policy report. The full report can be accessed on the Council's web site.



# NOTES TO THE ACCOUNTS

## Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the annual investment strategy, which is available on the Council website.

The key areas of the investment strategy in relation to minimum criteria for investment counterparties and investment limits are included within the Council Annual Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments in individual banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A minimal risk of irrecoverability applies to all of the Council's deposits and by adopting stringent investment criteria this risk continues to be minimised.

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

The Council does not allow credit for its trade debtors. The following analysis shows the age profile of the due amounts:

<b>31st Mar 2022 £000</b>		<b>31st Mar 2023 £000</b>
3,081	Current - Up to One Month	4,320
535	One to Three Months	727
1,072	Three to Six months	742
504	Six Months to One Year	771
1,551	More than One Year	2,165
<b>6,743</b>	<b>Total</b>	<b>8,725</b>

## Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money and the Public Works Loan Board. There is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments.

# NOTES TO THE ACCOUNTS

## Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities (excluding interest) is as follows:

<b>31st Mar 2022 £000</b>		<b>31st Mar 2023 £000</b>
(28,225)	Less than 1 Year	(20,436)
(7,144)	Between 1 and 2 Years	(5,606)
(8,490)	Between 2 and 5 Years	(2,009)
(14,861)	Between 5 and 10 Years	(22,313)
(251,797)	More than 10 Years	(244,831)
<b>(310,517)</b>	<b>Total</b>	<b>(295,195)</b>

## Market Risk

### Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise;
- Borrowings at fixed rates – the fair value of the liabilities borrowing will fall;
- Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise;
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the general fund balance.

## NOTES TO THE ACCOUNTS

The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. This strategy is used to set a treasury indicator which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor the market and interest rate forecasts during the year and adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If there were a fluctuation of 1% in the interest rates (with all other variables held constant) the financial effect at 31<sup>st</sup> March would be:

	<b>31st Mar 2023 £000</b>
Increase/Decrease in Interest Received and Credited to the CIES	350
Increase/Decrease in External Interest Payable and Debited to the CIES	2,789

### Price Risk

The Council does not invest in equity shares or marketable bonds.

## 37. LOCAL TAXATION

### Council Tax

Council tax is the current form of local taxation for domestic properties. All domestic properties are placed into one of nine valuation bands according to their open market value at 1<sup>st</sup> April 2003. The average amount of council tax for a property in Band D in 2022/23 was £2,012. This was calculated by dividing the amount of council tax required by Neath Port Talbot Council, each community council, and the South Wales Police Authority by the council tax base of 48,394 (which is the number of properties we collect council tax from, adjusted by discounts etc., and converted to the equivalent number of band d properties). The amounts for properties in other bands are calculated by multiplying the band d figure by the relevant multiplier in the table below:

Band	A	B	C	D	E	F	G	H	I	Total
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
No. of Chargeable Dwellings	13,224	26,348	11,298	7,095	4,378	1,349	517	94	16	64,319

## NOTES TO THE ACCOUNTS

### Significant Precepts or Demands

An element of the council tax bill relates to funding which is paid over to other organisations. The main demands and precepts were:

Town or Community Councils	2022/23 £000
Blaengwrach	49
Blaenhonddan	221
Briton Ferry	208
Cilybebyll	100
Clyne and Melincourt	26
Coedffranc	412
Crynant	56
Cwmllynfell	42
Dyffryn Clydach	61
Glynneath	203
Gwaencaegurwen	110
Neath	400
Onllwyn	25
Pelenna	40
Pontardawe	208
Resolven	61
Seven Sisters	51
Tonna	44
Ystalyfera	89
	<b>2,406</b>
<b>Other Levies and Demands</b>	
Police and Crime Commission for South Wales	14,620
Fire Authority	8,513
	<b>23,133</b>

### Business Rates

Non domestic rates are calculated by multiplying a property's rateable value by the rating multiplier (or rate in the pound). Rateable values are determined by the Valuation Office Agency and the multiplier is set by the Welsh Government. The multiplier for 2022/23 was 53.5p (2021/22 53.5p). The Council is responsible for collecting rates due from businesses in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

In 2022/23, the total non-domestic rateable value at the year-end was £103.264m (2021/22 £103.551m).

### 38. ANNUAL GOVERNANCE STATEMENT

The Council is required by statute to provide an Annual Governance Statement that covers all significant corporate systems, processing and controls, spanning the whole range of its activities. It is signed by the Council's Leader and Chief Executive and approved by Cabinet.

**The Independent Auditor's Report of the Auditor General for Wales to the Members of Neath Port Talbot County Borough Council**

**Report on the audit of the financial statements to be inserted upon completion of Audit**

**The Independent Auditor's Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**

**The Independent Auditor's Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**

**The Independent Auditor's Report of the Auditor General for Wales to the Members of Neath Port Talbot County Borough Council**



## GLOSSARY OF TERMS

This glossary of terms has been prepared on the basis that a basic knowledge of accountancy terms is held. It provides a description of specialist terms relating to local government finance.

Audit	An audit is an independent examination of the Council's activities
Accumulated Absences	The Code of Practice requires an adjustment for accumulated absences which gives a monetary value to the cost of holidays accrued by staff but not taken at the end of the financial year. The net effect of this adjustment is reversed from the accounts.
Actuary	An actuary is someone who works out insurance and pension fund valuations, taking into account relevant factors such as trends in insurance claims and life expectancy.
Amortised Cost	Amortised costs are used to spread the financial impact of depreciation or using an equivalent interest rate or the effect of a premium or discount over a number of years on the income and expenditure account.
Balance Sheet	This is a statement of our assets, liabilities and other balances at the balance sheet date i.e. 31 <sup>st</sup> March.
Budget	A budget is a spending plan, based upon which the Council tax is set. Actual expenditure and income is subsequently monitored against this plan.
Capital Expenditure	Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.
Capital Receipt	Capital receipts are proceeds from the sale of fixed assets such as land and buildings.
Cash Flow Statement	This statement summarises the movements in cash during the year.
CIPFA/LASAAC	CIPFA/LASAAC is the body that sets the Code of Practice on Local Authority Accounting in the United Kingdom.
Comprehensive Income and Expenditure Statement	This account records day to day spending and income on items such as salaries and wages, the running costs of services and the financing of capital expenditure.
Componentisation	Accounting standards require that assets are split into separate components where there are significant differences in the life of elements of the assets which would have a significant effect on the depreciation costs.

## GLOSSARY OF TERMS

Contingent Asset	This is a possible asset that arises from past events but whose existence will only be confirmed after an uncertain future.
Contingent Liability	This is a possible obligation that may arise from past events and whose existence will be confirmed by the occurrence of uncertain future events.
Creditor	A creditor is someone we owed money to at the date of the balance sheet for goods or services received.
Current Asset	These are short-term assets which are available for us to use in the following accounting year.
Current Liability	These are short-term liabilities which are due for payment by us in the following accounting year.
Debtor	A debtor is someone who owed money to us at the date of the balance sheet.
Depreciation	Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.
Expenditure and Funding Analysis	This analysis is designed to provide a more direct link between the Council's budgeted spend and the figures reported under generally accepted accounting practices. It provides a link between management information and the figures included in the Comprehensive Income and Expenditure Statement.
Fair Value	This is the estimated value of an asset or liability at the balance sheet date. The 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.
Finance Lease	Leasing is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years. Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.
Financial Year	This is the accounting period. For local Authorities it starts on 1 April and finishes on 31 March of the following year.
Financial Instruments	This relates to any contract which gives rise to a financial asset in one organisation and a financial liability or equity instrument of another. A collective name for investments, trade debtors and borrowings.
General Fund Balance	This represents the cumulative retained surpluses on the Council's revenue budget. It includes reserves the Council has earmarked to fund its plans as well as a cushion against unexpected events or emergencies. The level of the balance is considered as part of the annual budget process each year.

## GLOSSARY OF TERMS

Impairment	This happens when fixed asset or investment values change significantly due to changes in circumstances. It can occur if there is a significant change in a fixed asset's market value or significant physical damage such as fire. The cost of impairment is charged to the revenue account in the year it occurs.
Liability	A liability is an amount payable at some time in the future.
Minimum Revenue Provision (MRP)	This is an amount we have set aside to repay loans.
Movement in Reserves Statement	This statement shows the movement in the year on the different reserves held by the Council, analysed between the usable reserves which can be applied to fund expenditure or reduce local taxation and the unusable reserves which cannot be utilised in this way.
National Non-Domestic Rates (NNDR)	Also known as the Business Rate, it is the charge occupiers of business premises pay which is collected by this Council and paid to the Welsh Government for reallocation. The charge is based on the rateable value of the business premises.
Net Realisable Value	The selling price of an asset, reduced by the relevant cost of selling it.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits (pensions) and for funding benefits in accordance with statutory provisions.
Pooled Budgets	These are budgets which are joined up across differing organisations with similar objectives and used to ensure improvements through coordinating expenditure.
Precepts	Precepts are levied on the Council by non-billing organisations such as the police and community councils to enable them to cover their costs in the performance of their services or duties.
Provision	This is an amount set aside in the accounts for a past event which is likely or certain to result in a financial cost some time in the future, though the exact amount and date may be uncertain.
Public Works Loans Board(PWLB)	This is a Government Agency which provides longer term loans to local authorities.
Related Party Transactions	These are disclosed to highlight any relationships that may exist between the Council and third parties who may materially affect or influence the way the Council or third parties are able to operate.

## GLOSSARY OF TERMS

Reserves	These are sums set aside to meet future expenditure. This Council splits the total reserve to show those earmarked to fund specific expenditure and those held to fund non-specific future expenditure in the general reserve.
Revaluation Reserve	This reserve is used to record gains in fixed asset values as a result of formal revaluations of the Council's fixed assets.
Revenue Expenditure Funded from Capital under Statute	This represents revenue expenditure which the Council is allowed to apply to Capital under statutory provisions. It does not result in fixed assets controlled by the Council.
Revenue Support Grant/NNDR	This is general government grant in support of local council services which is paid by the Welsh Government. The distribution of this grant tries to take account of the differing needs in each Council.
Service Concession	A service concession arrangement arises when a Council grants a contract to a supplier who provides or maintains capital assets on the Council's behalf, which revert to the Council's ownership at the end of the contract. The grantor regulates the services the operator must provide using the assets and also controls any significant residual interest in the assets at the end of the term of the arrangement.
The Code of Practice	The Code of Practice incorporates guidance in line with IFRS, IPSAS and UK GAAP accounting standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council.

Note: values throughout these accounts are presented rounded to whole values as shown throughout the accounts. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### Governance & Audit Committee

16<sup>th</sup> June 2023

#### Report of the Chief Accountant Technical & Governance/Head of Internal Audit – Diane Mulligan

#### Matters for Information

**Wards Affected:** All Wards

#### Revised Anti-Fraud & Corruption Strategy

##### 1. Purpose of the Report

The purpose of this report is to provide members with a copy of the revised Anti-Fraud & Corruption Strategy.

##### 2. Executive Summary

Neath Port Talbot County Borough Council (the Council) has a zero tolerance approach to fraud and corruption. This policy outlines how the Council delivers an effective approach to managing the risk of fraud and corruption. The Council is committed to maintaining the highest ethical standards.

The revised Anti-Fraud & Corruption Strategy is attached to this report as appendix 1.

##### 3. Background

The Council has a diverse workforce of approximately 6,300 staff and spends circa £450m per annum. The Council provides a wide range of services to its citizens both in-house and by commissioning services via public, private and third sector organisations.

In administering its responsibilities in relation to fraud, bribery and corruption whether from external parties or internally the Council is committed to an effective Anti-Fraud and Corruption strategy. This strategy is an important tool in ensuring that both members and staff are aware of their responsibility when it comes to tackling fraud and corruption. It also provides a clear pathway for members, staff and members of the public to report any suspicions of fraudulent or corrupt practices.

#### **4. Financial Impacts**

No implications.

#### **5. Integrated Impact Assessment**

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

#### **6. Valley Communities Impacts**

No implications.

#### **7. Workforce Impacts**

No implications.

#### **8. Legal Impacts**

No implications.

#### **9. Risk Management Impacts**

This revised strategy will enhance the risk management arrangements currently in place.

#### **10. Consultation**

There is no requirement for external consultation on this item.

#### **11. Recommendation**

That members note the content of the revised Anti-Fraud & Corruption Strategy.

## **12. Reason for proposed recommendation**

To enable members to discharge their duty in respect of their oversight of internal audit.

## **12. Appendices**

Appendix 1 – Anti-Fraud & Corruption Strategy

### **Officer Contact:**

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

# ANTI-FRAUD/CORRUPTION STRATEGY

## 2022 - 2025

Version Control		Review Date
V1	Dec 2022	Nov 2025

## Foreword

Neath Port Talbot County Borough Council has a zero tolerance to fraud and is committed to the highest standards of financial probity. We take our duty to protect the public funds we administer very seriously.

The Council administers significant public funds and is sometimes targeted by persons wishing to defraud the public purse. This policy provides a clear framework for the Council to investigate suspected fraud thoroughly, to prosecute wherever the evidence supports such action and seek recovery of defrauded monies through all possible legal means. This policy also applies to the Bribery Act 2010.

Preventing fraud is a whole council responsibility. Every Elected Member and every employee are expected to familiarise themselves with this policy and report promptly any suspicions of fraudulent activity.



Stephen K Hunt  
Leader NPTCBC



Karen Jones  
Chief Executive

## **1. POLICY STATEMENT**

- 1.1 Neath Port Talbot County Borough Council (the Council) has a zero tolerance approach to fraud and corruption. This policy outlines how the Council delivers an effective approach to managing the risk of fraud and corruption. The Council is committed to maintaining the highest ethical standards.
- 1.2 The Council is committed to preventing, detecting and investigating all forms of fraud and corruption attempted on it externally or from within.
- 1.3 The Council will support prosecutions or apply other appropriate sanctions to those who attempt to commit acts of fraud or corruption.

## **2. INTRODUCTION**

- 2.1 The Council has a diverse workforce of approximately 6,300 staff and spends circa £450m per annum. The Council provides a wide range of services to its citizens both in-house and by commissioning services via public, private and third sector organisations.
- 2.2 The Council's expectation on propriety and accountability is that members and all employees will lead by example and at all times will act with integrity and adhere to all relevant legislation, policies and procedures. All members and employees are expected to comply with their relevant code of conduct. In all its dealings the Council will act in accordance with the Nolan Principles of Standards in Public Life namely objectivity, openness, leadership, accountability, honesty, selflessness and integrity.
- 2.3 The Council also expects that all individuals and organisations that it deals with will act towards the Council with integrity and without thoughts or actions involving fraud or corruption.
- 2.4 In administering its responsibilities in relation to fraud, bribery and corruption whether from external parties or internally the Council is committed to an effective Anti-Fraud and Corruption strategy. This policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation.

- 2.5 By virtue of the size and the diverse nature of the services provided the Council, it is at an ongoing risk of fraud and corruption. To mitigate the risk of fraud and corruption the Council is continuously improving processes with the aim of preventing and detecting fraud and corruption; minimising losses due to fraud and corruption and embedding the management of all risks including fraud across the organisation.
- 2.6 The Council's Anti-Fraud and Corruption Policy is based on a series of comprehensive procedures designed to frustrate any attempted fraudulent activity or corrupt act. These cover
- Culture
  - Prevention
  - Detection and Investigation
  - Training
- 2.7 This policy should be read in conjunction with the Council's Whistleblowing Policy and its Anti-Money Laundering and Bribery Policy.

### **3. Roles & Responsibilities**

- 3.1 This policy applies to all members, employees, contractors, consultants, suppliers, service users and partners.
- 3.2 Key roles and responsibilities are as follows:
- Chief Executive - ultimately responsible for the effectiveness of the Council's arrangements for countering fraud and corruption.
  - Monitoring Officer - to advise members and employees on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
  - Chief Finance Officer (section 151 Officer) – ensure proper arrangements are made for the Council's financial affairs; to maintain an adequately resourced internal audit team and to ensure there is an appropriate anti-fraud strategy in place.
  - Chief Officers – to manage the risk of fraud and corruption and to promote the development of strong -internal controls within their

service areas. To set the tone and embed a culture of high standards and integrity.

- All employees - have the right and a duty to report any suspicions of fraud or corruption.
- Members - to be aware of the possibility of fraud and corruption and to report any concerns.
- Internal Audit - to investigate and report, in line with agreed procedures, all allegations of fraud and corruption.
- Governance & Audit Committee – review and monitor policies in relation to fraud and corruption and to review reports relating to fraud and corruption produced by internal audit and the Council’s external auditors.
- Standards Committee – consider and recommend procedures in respect of the Anti-Fraud & Corruption Strategy and whistleblowing regime.
- Contractors, consultants, suppliers, service users and partners – to be open to the possibility of fraud and corruption within their organisation or against the Council and report any concerns.

#### **4. Definitions**

- Fraud - for the purpose of this policy fraud refers to where an individual has undertaken or intends to undertake, actions in order to obtain gain for themselves or another or cause loss to another.
- Corruption - for the purpose of this policy corruption refers to the offering or acceptance of inducements designed to influence decisions. Inducements take many forms and may include cash, hospitality, holidays etc.
- Theft - “A person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it” (Theft Act 1968)

## 5. **Culture**

- 5.1 The Council is determined that the culture and tone of the organisation is one of honesty and zero tolerance of fraud, corruption or any form of malpractice. The Council is committed to carrying out of its dealings in line with the Nolan Principles of Standards in Public Life namely objectivity, openness, leadership, accountability, honesty, selflessness and integrity. High ethical standards should be adhered to and be demonstrated in the Council's actions and decisions.
- 5.2 The Council's commitment to highest standards of corporate governance is supported by a strong framework including its Constitution, Members' Code of Conduct, Employee Code of Conduct, Whistleblowing Policy, Anti Money Laundering Policy, Contract Procedure Rules and Financial Regulations.
- 5.3 The Council expects all members and employees to lead by example and to adhere at all times to their respective codes of conduct; policies and procedures of the Council and to act with integrity in all their dealings.
- 5.4 The Council's employees are an important element in its stance against fraud and corruption and they are positively encouraged to raise any concerns that they may have.
- 5.5 The Accounts and Audit (Wales) Regulations 2014 require every local authority to maintain an adequate and effective Internal Audit Service.
- 5.6 One of the roles of Internal Audit is to promote anti-fraud and corruption best practice and to review the adequacy and effectiveness of internal controls to prevent and detect fraud. Within this Council Internal Audit has a clear mandate to investigate all potential cases of fraud and corruption and this is specified in the Financial Procedure Rules (4.7.14) and the Internal Audit Charter as approved by the Governance & Audit Committee.
- 5.7 Reporting of concerns by employees can be done in the knowledge that such concerns will be treated in confidence and properly investigated by appropriately trained and experienced staff. Any concerns should be raised with the Audit Manager directly using the following email address [fraudreferrals@npt.gov.uk](mailto:fraudreferrals@npt.gov.uk) or alternatively via the Authority's

Whistleblowing Policy. All referrals will be investigated fully whether the employee reporting them makes themselves known or wishes to remain anonymous. It should be noted however that the most effective investigations are those where the person reporting the concerns does not seek anonymity and fully engages in the process.

- 5.8 Members of the public are also encouraged to report concerns and can do so via our complaints procedure or via the [fraudreferrals@npt.gov.uk](mailto:fraudreferrals@npt.gov.uk) email address which can be found on our website.
- 5.9 The Council also participates in the biannual Cabinet Office National Fraud Initiative.

## **6. Prevention**

- 6.1 It is always preferable to prevent any potential frauds or acts of corruption at the earliest stage and the Council recognises that a key preventative measure is to take effective steps when recruiting staff. To this end the Council has in place a robust Safe Recruitment Policy which requires prospective employees to provide proof of identity, a full employment history and proof of qualifications held. In addition to these checks written references are also obtained prior to any offer of employment being made.
- 6.2 Employees are required to comply with the Employee Code of Conduct and senior staff are required on an annual basis to complete a register of interests, declare any gifts or hospitality offered regardless of whether they were accepted or not and to declare any secondary employment. This requirement is audited annually.
- 6.3 Managers at all levels with the Council have a responsibility for the prevention and detection of fraud within their service areas and the wider Council in general. They should ensure that there are robust internal system controls operating within their service areas and that their staff are made aware of and comply with all Council policies and procedures.
- 6.4 The annual risk based internal audit plan reviews the internal controls operating across the Council and internal audit staff are available to provide assistance at any time and in particular when new systems are

being designed. It is envisaged that involvement by internal audit at the earliest stage possible will help ensure that controls are designed which help prevent fraud.

## **7. Detection and Investigation**

- 7.1 In many cases it is the diligence of staff and the engagement of the public which detect acts of fraud or corruption. Fraud may also be detected by auditors during routine audits, pro-active fraud work and participation in the National Fraud Initiative.
- 7.2 Despite the best efforts of managers and auditors many frauds and instances of corruption are discovered by chance.
- 7.3 Regardless of how any potential fraud or corruption is brought to the attention of Internal Audit each case will be assessed on its individual circumstances and the subsequent investigation tailored accordingly.
- 7.4 Internal Audit staff will when it is appropriate to do so liaise with Chief Officers, managers and external agencies when investigating any suspected fraud or corruption.
- 7.5 Each investigation undertaken will result in a formal report being issued detailing the allegations, findings and recommendations.
- 7.6 The Council's disciplinary procedures will be used where the outcome of any investigation proves improper behaviours.
- 7.7 If it is appropriate to do so South Wales Police will be involved in investigations (taking primacy where appropriate) and the Council will normally expect the police to undertake any prosecutions where there is sufficient evidence to do so.

## **8. Training**

- 8.1 The Council recognises that the success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of employees throughout the organisation.



- 8.2 To facilitate this the Council supports a programme of induction training for all new staff to ensure that their responsibilities and duties in respect of fraud are highlighted.
- 8.3 It is the responsibility of managers in areas where the potential for fraud or corruption is more likely to ensure that they make their staff aware of the potential for fraud and corruption and regularly remind their staff of the need for vigilance.
- 8.4 By virtue of their role Internal Audit staff will receive specific training to enable them to fulfil their obligations in respect of fraud prevention, detection and investigation.

## **9. Conclusion**

- 9.1 The Council has in place a clear network of systems and procedures in place to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity which may affect its operations.
- 9.2 To this end, the Council maintains a continuous overview of such arrangements via the Chief Finance Officer (section 151 officer), the Constitution (including financial procedure rules), various codes of conduct and its internal audit arrangements.
- 9.3 This policy will be subject to review in 2025.

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

### **GOVERNANCE & AUDIT COMMITTEE**

**16<sup>th</sup> June 2023**

#### **Report of the Chief Accountant Technical & Governance (Head of Internal Audit) – Diane Mulligan**

##### **Matters for Information**

**Wards Affected:** All Wards

##### **Internal Audit Update Report**

###### **1. Purpose of the Report**

The purpose of this report is to provide details of the internal audit work undertaken since the last Governance & Audit Committee meeting on 17<sup>th</sup> March 2023.

###### **2. Executive Summary**

Since the last committee meeting in March 2023 the team has continued to complete work contained in the previous year's plan and commenced work on the plan for 2023/24. A total of 16 reports have been issued. One Post Audit Review has also been undertaken.

Appendix 1 of this report details the formal audit reports issued.

Appendix 2 of this report gives details of progress against the plan for 23-24

Appendix 3 of this report provides a response from the Head of Property & Regeneration in relation to Report No. 6 Responsible Persons – Council Buildings

### **3. Background**

One of the terms of reference of this Committee is to ‘monitor internal (and) external audit performance’. In order to comply with this requirement to monitor the in-house service, an update is given below outlining internal audit work undertaken since the Governance & Audit Committee meeting held on 17<sup>th</sup> March 2023.

In addition, information is provided for members on the current position regarding staffing issues within the team.

### **4. Staffing Issues**

There are no staffing issues which need to be brought to the attention of members at this time.

### **5. Audit Work Undertaken**

Since the last committee meeting a total of 16 formal reports have been issued, as at 31<sup>st</sup> May 2023, in line with normal reporting processes.

#### Final Reports Issued

#### **22/23**

Housing Benefits

Cwmtawe Community School

Sundry Debtors

2 Private Items

## **23/24**

4 Primary Schools

1 Comprehensive School

School Primary Support Officer & Bursar Service

Procurement – Amazon Purchases

Responsible Persons – Authority Buildings

Pendarvis Family Time Centre

Control Risk Self Assessments – Fundamental Financial Systems

Hillside Secure Children's Home

In addition to the audits undertaken which resulted in the issue of a formal report the following work has also been undertaken:

- The Audit Manager has attended the fortnightly meetings of the Social Services Quality Practice Strategic Group.
- The Audit Manager has attended the Social Care Case Management Platform Project Board meetings.
- The Audit Manager completed an investigation in line with the Authority's Disciplinary Policy and Processes.
- The Senior Auditor has attended the Itrent System (payroll & HR) Project Board meetings.
- The Senior Auditor prepared for and gave evidence at an Education Workforce Council Fitness to Practice Hearing.
- An Auditor attended a Leisure Insourcing Project Board meeting in the Audit Manager's absence.
- Three special investigations are in progress
- Staff have continued to provide advice to staff from across the Authority.
- One Post Audit Review has been undertaken, details are provided below.

## 6. Post Audit Reviews Undertaken & Recommendations Tracking

<u>Audit Report Title</u>	<u>Number of recommendations made</u>	<u>Issues identified during PAR</u>
Llangatwg Community School	7	4 recommendations have been fully implemented and 3 recommendations have been partly implemented. The Auditor is continuing to monitor progress. It was always envisaged these recommendations would take time to fully embed.

During this financial year there have been no issues identified with recommendations not being implemented.

## 7. Financial Impacts

No implications.

## 8. Integrated Impact Assessment

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

**9. Valley Communities Impacts**

No implications.

**10. Workforce Impacts**

No implications.

**11. Legal Impacts**

No implications.

**12. Risk Management Impacts**

The work of Internal Audit is key in relation to ensuring compliance with internal controls. This work forms part of the Council's overall risk management arrangements.

**13. Consultation**

There is no requirement for external consultation on this item.

**14. Recommendations**

That members note the content of the reports and appendices.

**15. Reason for Proposed Recommendation**

To enable members to discharge their duty in respect of their oversight of internal audit.

**16. Appendices**

Appendix 1 – Audit Reports Issued.

Appendix 2 – Audit Plan Monitoring.

Appendix 3 – Head of Property & Regenerations response to report No. 6

**Officer Contact:**

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Audit Manager  
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01639 763628



Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
22/23 R46	Chief Finance Officer Housing Benefits 22/23	Very good controls were found to be in place in the majority of areas tested within the Housing Benefits service. Enhancements are required in relation to Staff Declarations and Staff GDPR Training.	Reasonable
R47	Private Item		
R48	Head of Education Development Cwmtawe Community School	Good controls were found to be in place in relation to a number of the administrative processes within the school. Enhancements are required to the controls in place with regard to Procurement of Goods and Services, the Unofficial Fund, Health and Safety and the administration of School Minibuses. A vacancy for a Finance Officer at the school since September 2022 and the lack of structured training programme in place for a relatively new School Business Manager were found to be factors contributing to the recommendations made. The school was complying fully with DBS guidance.	Reasonable
R49	Private Item		
R50	Chief Finance Officer	Good controls were found to be in place within Sundry Debtors with regard to - processes and procedures; reconciliations; debt recovery; write offs and use of credit notes.	Reasonable

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
	Sundry Debtors 22/23	There are opportunities to further enhance the new Apex system. The Sundry Debtor team should be commended for their work in implementing and supporting the new Apex IT system. The quality of guidance information provided to users and maintained by the team were of a particular high quality.	
<b>23/24</b> R1	Head of Education Development Blaendulais Primary School	The school was complying fully with DBS guidance in relation to both staff and governors. A recommendation was made in relation to processes in place in relation to the procurement of goods and services.	Substantial
R2	Head of Education Development Tywyn Primary School	The school was complying fully with DBS guidance in relation to both staff and governors. Good controls were in place and no recommendations were made.	Substantial
R3	Head of Education Development Llangiwig Primary School	The school was complying fully with DBS guidance. Recommendations were made in relation to processes in place regarding the school unofficial fund, the procurement of goods and services and health & safety.	Reasonable
R4	Head of Support Services & Transformation	No recommendations were made and it was clear from feedback received from Headteachers that the Service provided is professional, efficient and plays a vital role in the day to day effective running of schools.	Substantial

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
	School Primary Support Officers & Bursar Service		
R5	Head of Legal Services/Chief Finance Officer Procurement – Amazon Purchases	<p>It was initially planned that this audit would be an audit of wider procurement across the Authority, however following a discussion with the Head of Legal Services and senior procurement colleagues the scope was amended to focus on the number, value and method of purchases from Amazon. This change of focus was due to an ongoing review of procurement due to new legislative requirements and the increase in value and number of transactions being made via the Amazon website.</p> <p>Testing identified the following:</p> <p>6 members of staff had made purchases on behalf of the Authority using their personal Amazon accounts, these purchases were all valid.</p> <p>There are a number of accounts on the Amazon website linked to NPTCBC.</p> <p>The current Procurement Card User Guide does not make reference to setting up Corporate accounts online.</p> <p>All of the 100 purchases tested were found to be appropriately authorised, deemed reasonable for the service area purchasing them and had supporting documentation.</p>	Reasonable

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
		A meeting has been held between the Head of Legal Services, the Chief Finance Officer and the Audit Manager to address the recommendations made within the report.	
R6	Head of Property & Regeneration Responsible Persons - Council Buildings	<p>During the audit process it was found that there was a distinct lack of awareness of the role of Responsible Persons and the approved policy and procedures to be followed.</p> <p>A number of officers in the role stated that they had never received an appointment letter and were not aware that they should have received a letter of appointment which they should have signed and returned accepting the role, this is a basic requirement of the policy.</p> <p>In addition it was found that in a number of instances the required online training had not been undertaken by Responsible Officers, their Deputies and any officers delegated with duties. Despite training colleagues emailing Responsible Officers of the need to undertake the training/refresher training limited responses were received.</p>	Limited
R7	Head of Education Development Alltwn Primary School	The school was found to be complying fully with DBS guidance in relation to both staff and governors. No recommendations were made.	Substantial

Appendix 1 – Published Reports

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Assurance Rating
R8	Head of Children & Young People Services Pendarvis Family Time Centre	The service was found to be complying fully with DBS guidance. Recommendations were made in relation to the details of recordings of family time sessions and the need for them to be entered timeously onto the Social Services Information Service and ensuring that all mandatory training is undertaken at the required intervals.	Reasonable
R9	Head of Education Development Ysgol Gymraeg Ystalyfera Bro-Dur	The school was complying fully with DBS guidance in relation to both staff and governors. Recommendations were made in relation to the processes in place in relation to payment for goods and services; health & safety; the school mini bus and the school unofficial fund.	Reasonable
R10	Chief Finance Officer Control Risk Self Assessments – Fundamental Financial Services	No significant control weaknesses were identified. There were however a number of instances where a negative response was received with a compensating control reported. It is now the responsibility of the accountable managers to review the compensating controls for effectiveness.	Reasonable
R11	Head of Children & Young People Services Hillside Secure Children’s Home	During the financial year 22/23 the Home again needed to draw down from reserves to balance their budget, this was needed due to the refurbishments required. Recommendations were made in relation to the coding and authorisation of procurement card	Reasonable

Appendix 1 – Published Reports

<b>Report Ref</b>	<b>Report Subject &amp; Responsible Head of Service</b>	<b>Report Conclusion</b>	<b>Assurance Rating</b>
		purchases; the current risk assessment relating to the Home’s wellbeing dog and driver declarations.	

Appendix 2 – Audit Plan Monitoring at 31<sup>st</sup> May 2023

Audit Plan Item	Risk Rating	Quarter 1 position as at 31 <sup>st</sup> May 2023		
Ethics – Members(carried forward from 22/23)	M			
Decarbonisation	H			
Payroll	H			
Council Tax	L			
Housing Benefits	L			
National Non-Domestic Rates	M			
Debtors	L			
Creditors (monthly checks)	M	Ongoing		
Risk Management	M			
Capital Programme	H			
Licencing	M	Audit in planning stage		
Accident Reporting	H			
Performance Management Framework	M			
Cyber Security	H			

Appendix 2 – Audit Plan Monitoring at 31<sup>st</sup> May 2023

Glamorgan Education Trust Grant & any other grants received	M			
Primary Schools	M	4 schools audited		
Comprehensive Schools	H	1 school audited		
Safe Recruitment in Comprehensive Schools	M			
Music Service (carried forward from 22/23)	M			
Health & Safety/Accident Reporting in schools	H			
Schools admissions	H			
Leisure Services Insourcing	H	Steering group meeting attended.		
Waste Transfer Station	H			
Waste Costs	H			
Stores	H			



Appendix 2 – Audit Plan Monitoring at 31<sup>st</sup> May 2023

South Wales Trunk Road Agency – Payment Processes	M			
City Deal Projects	H			
Sandfields Business Centre	H			
Empty Properties	M			
In-house domiciliary care provision	H			
Supported Living Arrangements	H			
Follow up on use of respite care (carried forward from 22/23)	M			
3 <sup>rd</sup> Party Top-ups (clients in residential or nursing care)	M			
Harm Outside the Family (carried forward from 22/23)	M			

Appendix 2 – Audit Plan Monitoring at 31<sup>st</sup> May 2023

Disabled Facilities Grants	M	Audit in planning stage		
Homelessness to include youth homelessness	H			
Community Independence Team	M	Audit in progress		
National Fraud Initiative (NFI)	H	Reports being reviewed		
Special Investigations & Whistleblowing	H	3 in progress		
Staff Association/Lottery	Not applicable	Advice has been given and bonus draws attended.		
Vision Impaired West Glamorgan	Not applicable			
FOI requests	Not applicable	All received have been answered		
Attendance at working parties & task & finish groups	Not Applicable	Various attended		

Appendix 2 – Audit Plan Monitoring at 31<sup>st</sup> May 2023

Advice & Guidance requests	Not applicable	Ongoing		
FOI requests	Not applicable	All received have been answered		

**From: Head of Property & Regeneration (S Brennan)**

**To: Chair of Governance & Audit Committee**

**Subject: Response to the internal audit report No. 6 Council Buildings – Responsible Persons 2023/24**

Further to receiving the report the Head of Property & Regeneration has set about organising a range of meetings with all relevant parties to discuss the findings.

The Responsible Persons corporate procedure, and subsequent responsibilities are wide ranging and involve numerous Directorates and sections. In particular Corporate Health & Safety and Human Resources as well as every section that has control of a property.

A further update will be provided to Corporate Management Group, chaired by the Chief Executive once the follow up meetings have been concluded.

Although please see below initial comments.

The report is addressed to the Director of Environment and Regeneration.

Whilst the Property and Regeneration Section have a role to play in the corporate procedure, the procedure is a corporate Health and Safety one, and as such, everyone who has any properties has a part to play.

**Appointment of responsible persons.**

The Property and Regeneration Section has responsibility for to keep an up to date Responsible Persons list on TPMS, which can only be done if the information is provided. It is the responsibility of relevant Head of Service in each Directorate to inform Property and Regeneration of any changes, and issue the appointment letters where appropriate. The potential to make the list available via the intranet that can be viewed by all staff and updated by authorised staff in each service is also being investigated.

**Training.**

Recommendations agreed with, it is the duty of the relevant Head of Service in each Directorate to ensure the appointed responsible person is adequately trained. Property and Regeneration are not responsible for Corporate Training.

**Delegation of Responsible person duties.**

Recommendations agreed with. Whilst the Responsible Person can delegate duties, they cannot delegate responsibilities, to ensure that there is sufficient

cover it is recommended that at least one deputy is appointed and the same training undertaken as the designated RP. It is the duty of the relevant Head of Service in each Directorate to ensure the appointed responsible person is adequately trained.

**Completion of Checks and works required.**

Whilst this recommendation has been assigned to the Head of Property and Regeneration it would also involve the Head of Streetcare as his operatives would need to use and report any system.

**Compliance testing.**

No comments at this stage

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **GOVERNANCE AND AUDIT COMMITTEE**

**16<sup>th</sup> June 2023**

### **REPORT OF THE CHIEF ACCOUNTANT TECHNICAL & GOVERNANCE (Head of Internal Audit) – DIANE MULLIGAN**

#### **Matter for Information**

##### **Wards Affected:**

All Wards

#### **2022/23 Annual Internal Audit Report**

##### **1. Purpose of the report**

The purpose of this report is to provide the committee with the Head of Internal Audit's (HIA) Annual Opinion on the internal controls, governance and risk management arrangements operating within the Council during the financial year 2022/23. It also provides details of the work undertaken by the Internal Audit Service during 2022/23 and achievement against the plan.

##### **2. Background**

2.1 The Public Sector Internal Audit Standards (The Standards) define Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2.2 The Standards require the HIA to provide an annual internal audit assurance statement which informs the Annual Governance Statement.

The annual internal audit opinion must reflect the overall adequacy and effectiveness of the internal controls, governance and risk management arrangements operating within the Council; provide a summary of the audit work undertaken; draw attention to any issues which have impacted the assurance provided; provide a summary of the service's performance and comment on the service's conformance with The Standards.

- 2.3 During 2022/23 the vast majority of audit work was delivered remotely with staff predominantly working from home during the year. Remote auditing is not without its challenges however both the team and auditees have adapted well to this way of working.

### **3. Assurance Statement**

- 3.1 In accordance with The Standards the HIA is required to provide a statement of assurance on the systems of internal control, governance and risk management arrangements operating within the Authority.
- 3.2 Following the work carried out by Internal Audit via the risk based audit plan approved by the Governance & Audit Committee; the assurance ratings applied to individual audit assignments and reported to Governance & Audit Committee; the acceptance and implementation of internal audit recommendations by management; the overall coverage of internal audit work and considering other sources of assurance provided by external agencies. The HIA's opinion is that **reasonable assurance** can be given that there have been no major weaknesses noted in the relation to the internal control systems, governance arrangements and risk management processes operating within the Council.
- 3.3 No significant cross directorate control issues have been identified which would impact on the Council's overall control environment and any weaknesses identified were service specific.
- 3.4 The Authority's Risk Management Policy has recently been updated and compliance with the revised policy will be audited during 2023/24 and the outcome reported to this committee. During the period of



review of the policy the existing policy was not fully adhered to however risk revisions were appropriately reported to Cabinet.

- 3.5 Service Recovery Plans are completed by every Accountable Manager, which detail service risks and are signed off by the relevant head of service and cabinet member. The aim is that the completion of these plans will aid the embedding of the management of risk across the Council. Individual Service Recovery Plans were used to inform the audit planning process and the compilation of individual audit programmes.
- 3.6 It must be stressed that in providing this annual audit opinion that assurance can never be absolute, the most that the HIA can provide to this committee is reasonable assurance that there are no major weaknesses in the internal control systems examined during the year.

Taking into account the assurance ratings applied following individual audit assignments undertaken; the acceptance and implementation by management of all recommendations made; the work undertaken by internal audit which did not result in a formal report being undertaken; assurance provided by other parties; and lack of findings in respect of work undertaken during the review of National Fraud Initiative matches. The HIA's opinion is that **reasonable assurance** can be provided that the internal controls, governance and risk management arrangements operating during 2022/23 were satisfactory.

#### **4. Internal Audit Performance**

- 4.1 During 2022/23 the section again lost a substantial amount of time, 199 staff day (187 full time equivalent days and therefore audit plan days), due to staff sickness. This sickness had an obvious effect on performance however despite the loss of days the team achieved the following:
- 82 % of high risk audits were undertaken
  - 85% of the plan was achieved
  - 100% of recommendations were accepted and there were no significant issues identified during Post Audit Reviews in relation to the recommendations being implemented
  - A total of 50 formal audit reports were issued
  - 77% of client satisfaction surveys issued were completed

- 100% of clients audited rated the services as good from a choice of good, satisfactory, unsatisfactory or poor.

4.2 Appendix 1 provides a comparison of the work undertaken against the work planned.

4.3 In addition to the formal audits undertaken, which resulted in a report being issued, the team provided advice and guidance on an ongoing basis to staff across the Council; attended working parties/task and finish groups/project boards and provided advice on new systems being implemented.

## **5. Conformance with The Standards**

5.1 The Standards which became effective on 1<sup>st</sup> April 2013 introduced a requirement that each internal audit service be externally quality reviewed every 5 years. The first review of this Council's internal audit service was finalised in March 2018 and concluded that the service generally conforms to The Standards, there is no higher rating. The service is currently undergoing an external quality assessment and the results will be reported to Members when the assessment is completed.

5.2 The standards mandate that each service must maintain a Quality Assurance & Improvement Programme (QAIP) which is intended to aid the raising of standards within the service. The current QAIP is attached as appendix 2

5.3 The organisational independence of the service remains unchanged. Both the HIA and the Audit Manager are 3<sup>rd</sup> tier officers who have unrestricted access to the Chair of this committee, the Chief Executive and all Chief Officers. The day to day management of the service is undertaken by the Audit Manager and the HIA has no input into the content of any audits undertaken in areas also managed by her.

5.4 On an annual basis all members of the team make an annual declaration in relation to land or property within the county borough in which they have an interest; any personal relationships with other Council

employees or members; any outside business interests and any gifts or hospitality accepted or declined. Additionally they sign a declaration acknowledging that they have received a copy of The Standards Code of Ethics and agree to conform to its principles.

**6. Integrated Impact Assessment**

There is no requirement to undertake an Integrated Impact Assessment as this report is for monitoring/information purposes.

**7. Valley Community Impacts**

No implications.

**8. Work Force Impacts**

No implications.

**9. Legal Impacts**

No implications.

**10. Risk Management Impacts**

The work of Internal Audit is key in relation to ensuring compliance with internal controls and good governance. This work forms part of the Council's overall risk management arrangements.

**11. Consultation**

There is no requirement for external consultation on this item.

**12. Recommendation**

It is recommended that members note the information contained within this report.

### **13. Reason for proposed recommendation**

To ensure compliance with the Public Sector Internal Audit Standards and the Council's governance framework.

### **14. Appendices**

Appendix 1 – Internal Audit Plan Year End Position

Appendix 2 – Quality Assurance & Improvement Programme

### **Officer Contacts**

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## Appendix 1 – Audit Plan Year End Position

Audit Plan Item	Risk Rating	Year End Position
Members ICT equipment	Medium	Audit Complete.
Ethics – Members	Medium	Audit carried forward to 23/24.
Payroll	High	Done via control risk self-assessment due to issues with the new Itrent system. Agreed with Chair & Deputy Chair to substitute a full audit of the Creditors system. <b>NB</b> an audit was undertaken early in the year which provided substantial assurance that all data had been successfully transferred from the legacy payroll/HR system to the new system.
Council Tax	Low	Done via control risk self-assessment.
Housing Benefits	High	Audit complete.
Creditors	Medium	Audit started but not complete at year end.
National Non-Domestic Rates	Medium	Done via control risk self-assessment.
Debtors	Medium	Done via control risk self-assessment.
Court Deputy Service	Medium	Audit started but not complete at year end.
Third Sector Grants	Medium	Audit Complete.
Registrars	Medium	Audit undertaken and draft report issued.
Procurement	High	Scope amended to concentrate on Amazon purchases. Audit Complete.

GDPR & Data Security	High	Audit complete.
Compliance with Safe Recruitment Policy	Medium	Audit Complete
Leisure Insourcing	High	All project board group meetings attended. NB. Insourcing delayed until 01.04.2024 by members.
PDG Access & Glamorgan Education Trust Grants	Medium	Grants audited.
Primary Schools	Medium	14 schools audited.
Comprehensive Schools	High	6 schools audited.
Pupil Deprivation Grant – compliance	High	Audit complete.
Music Service	Low	Audit carried forward to 23/24.
Bursar & Primary Support Office Service	Medium	Audit complete.
School Based Counselling Service	Medium	Audit started but not complete at year end.
Flood Risk	High	Audit started but not complete at year end.
South Wales Trunk Road Agency – Partners’ use of vehicles	High	Audit withdrawn as SWTRA unable to agree scope with partners.
City Deal Projects	High	Audit complete.

Authorised Person – Council Buildings	Medium	Audit complete.
External Provision of care	High	Audit started but not complete at year end.
Day Centres	Medium	4 day services audited.
Direct Payments	Medium	Audit complete.
Follow up on the use of respite care	Medium	Audit carried forward to 23/24.
Progress on actions identified in Audit Wales review of Safeguarding	Medium	Audit Complete.
Pendarvis Family Time Centre	Medium	Audit Complete.
Hillside Secure Children’s Home	Medium	Audit Complete.
Harm Outside the Family	Medium	Audit carried forward to 23/24.
Social Services Grants	Medium	We audited all grants we were requested to.
Emergency Payments	High	Audit Complete.
National Fraud Initiative	High	5 reports issued.
Officer Declarations	Medium	Audit Complete.
WFH control of Equipment	Medium	Audit Complete.
Special Investigations and	High	10 investigations undertaken.

Whistleblowing Referrals		
Staff Association Lottery	Not applicable	Year-end accounts audited and advice provided throughout the year.
Vision Impaired West Glamorgan	Not applicable	Audit complete.
FOI requests	Not applicable	All received were responded to within the required timescales.
Attendance at working parties/task and finish groups/project boards	Not applicable	Various attended throughout the year and advice given as appropriate.
Advice & Guidance Requests	Not applicable	All requests received were responded to.



## **Quality Assurance & Improvement Programme (QAIP)**

The QAIP should be based on the following to ensure compliance with the standards:

- Work undertaken by auditors is supervised and reviewed.
- An internal review of the quality of work undertaken and compliance with The Standards should be undertaken annually.
- External quality reviews should be undertaken at least every 5 years by an independent qualified person to assess the quality of the work undertaken and compliance with the Standards.

### **Internal Assessment**

The following processes are in place to assess the quality of work and inform any potential training needs:

- Internal audit work programmes are devised by the Audit Manager or the Senior Auditor and loaded onto our internal audit management system. Each audit clearly states the audit objectives, risks, expected controls and audit testing to be undertaken. This approach is only varied by agreement with the Audit Manager.
- Every audit is reviewed by the Audit Manager or Senior Auditor and any review points added to the system for the auditor to respond to before the draft report is reviewed.
- All draft reports are reviewed by the Audit Manager before they are issued.
- The HIA undertakes periodic dip sampling of audits undertaken.
- All audits are allocated to staff based on their experience and skill set.
- A client satisfaction survey is issued to the accountable manager of the service audited following the audit. These are returned under confidential cover to the Chief Finance Officer before being shared with the Audit Manager. Any issues identified from the questionnaires are dealt with by the Audit Manager.
- A number of KPIs are maintained all of which are recorded via the audit management system and collated by the Senior Auditor.
- Regular 1:1 meetings are held between all staff and the Audit Manager where workloads, training needs and any identified issues are discussed.
- Staff regularly undertake training and have all completed the mandatory NPT training courses.

- 1 member of the team has recently successfully completed the Chartered Internal Auditor qualification and 2 members of the team are currently studying for the same qualification.
- 1 member of the team is currently undertaking study to achieve Chartered Member Status of the Institute of Internal Auditor (CMIIA)
- On a quarterly basis progress against the plan is reported to the Governance & Audit Committee.
- It is intended that going forward the HIA will complete an annual assessment using the guidance contained within CIPFAs Local Government Application Note

- **External Assessment**

An external assessment of compliance with the Standards must be undertaken at least every 5 years and can be either an internal self-assessment which is subject to external evaluation or a full external quality assessment.

The preferred method is an internal self-assessment independently reviewed and reported upon. This is facilitated via the Welsh Chief Auditors Group and our review is currently being undertaken by Conway County Borough Council.

The findings of the review will be reported in full to the Governance Audit Committee when it is finalised.



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### GOVERNANCE & AUDIT COMMITTEE

16<sup>th</sup> June 2023

**Report of the Chair of the Governance & Audit Committee – Joanna Jenkins**

#### **Matters for Decision**

**Wards Affected:** All Wards

#### **Draft Governance & Audit Committee Annual Report 2022/23**

##### **1. Purpose of the Report**

Appendix 1 to this report provides the draft Governance & Audit Committee Annual Report 2022 -23 prepared by the Committee's Chair Mrs Joanna Jenkins. Should members approve the report it will be presented to full Council for information.

##### **2. Background**

The role of the Governance & Audit Committee is to review and scrutinise the authority's financial affairs including signing off its annual accounts; review and assess the risk management, internal control and corporate governance arrangements of the authority; oversee the authority's external and internal audit arrangements and review and assess the authority's ability to handle and respond to complaints effectively.

The CIPFA Practical Guidance for Local Authorities 2018 states that it is important that the Governance and Audit Committee is held to account on the extent to which it has fulfilled its purpose. This report provides a summary of the work undertaken by the committee and seeks to discharge the committee's duty in respect of CIPFA's guidance.

### **3. Financial Impacts**

No implications.

### **4. Integrated Impact Assessment**

There is no requirement to undertake an Integrated Impact Assessment.

### **5. Valley Communities Impacts**

No implications.

### **6. Workforce Impacts**

No implications.

### **7. Legal Impacts**

No implications.

### **8. Risk Management Impacts**

Part of the role of the Governance and Audit Committee as set out by the Local Government (Wales) Measure 2011 is to make reports and recommendations in relation to the authority's financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

### **9. Consultation**

There is no requirement for external consultation on this item.

### **10. Recommendations**

That members review and approve the draft Governance & Audit Committee Annual report 2022-23, prior to presentation to Council.

### **11. Reason for proposed decision**

To discharge the Committee's duty to report to Council on the work it has undertaken during 2022/23.

## **12. Implementation of decision**

It is proposed that the decision is implemented following the 3 day call in period

## **13. Appendices**

Appendix 1 Chairs Annual report

Appendix 2 Governance & Audit Committee Terms of Reference

### **Officer Contact:**

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### **Governance and Audit Committee – Draft Annual Report 2022-2023**

#### **Introduction**

This report summarises the work undertaken by the Governance and Audit Committee (the Committee) of Neath Port Talbot County Borough Council (the Council) during the 2022-2023 Civic Year.

The Committee, which is a regulatory committee, provides independent assurance on the adequacy and effectiveness of the risk management framework, internal control environment, performance assessment, complaints handling, and the integrity of the financial reporting and governance processes. It focusses on matters to do with Assurance; Governance; Accountability; Risk Management; and Independence.

Terms of Reference for the Committee can be found at **Appendix 2** of this report.

#### **Membership**

Three additional lay members (Mr A Bagley, Mr M Owen, and Mrs H Griffiths) were appointed in early 2022 in accordance with the Local Government and Elections (Wales) Act 2021.

Members of the Committee were:

Councillors A Aubrey, A Richards, M Spooner, O Davies, P Richards, P Rogers, R Mizen, and W Carpenter; and  
Voting Lay Members Mr A Bagley, Mr M Owen, Mrs H Griffiths, and Mrs J Jenkins.

The Committee Chair was Mrs Joanna Jenkins and the Deputy Chair was Mr Andrew Bagley.

#### **Work Programme**

The Committee's forward work programme is agreed by members on a rolling basis, although this Committee's work is often driven by statutory requirements or by the dynamic necessities of particular circumstances as they arise.

The Committee met four times during the year. The meetings, held via Microsoft Teams / Hybrid in the Council Chamber, were recorded for subsequent broadcast on the Council's Internet Site.

In addition to meetings, the Committee received additional training in July 2022. The training, delivered by Welsh Local Government Association officer Jo Hendy, was extremely well received.

## **Specific Duties and Tasks Undertaken by the Committee**

The Committee was provided with an update by Audit Wales on the Council's arrangements for responding to the requirements of the Local Government and Elections (Wales) Act 2021. The legislation had brought significant change in terms of the governance and performance requirements. The update reported good progress in responding to those obligations particularly given that Covid-19 remained a Public Health Emergency of International Concern until May 2023.

Audit Wales presented their Audit Plan for 2022-23. The plan set out how the Auditor General for Wales and the Wales Audit Office intended to discharge their statutory responsibilities as the Council's external auditor; inform the Council when the work would be undertaken; and how much it would cost and who would undertake the work.

The Committee was provided with an update with regard to the Council's Draft Statement of Accounts for 2021-2022.

Officers presented the Head of Internal Audit's Annual Opinion on the internal controls, governance and risk management arrangements operating within the Council during the financial year 2021-22. They provided the Committee with reasonable assurance that there were no significant weaknesses in the overall control environment operating across the Council.

Details of the draft Internal Audit Strategy; the draft Internal Audit Risk Based Plan for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023; and an updated Internal Audit Charter were presented to and approved by the Committee. The Committee noted that it would ordinarily be asked to consider approving the Plan earlier in the financial year but that due to the recent Local Government Election and the changes within the Authority the Committee met for the first time in September 2022.

The Committee received quarterly Audit Wales Work Programme and Timetable updates detailing summary of the work that external regulators and inspectorates had undertaken.

Officers presented Internal Audit Update Reports detailing the work undertaken between Committee meetings. These quarterly reports set out the current position and what had been completed since the last meeting. They detailed audits that had been undertaken; their assurance ratings; and special investigation updates.

Audit Wales presented the main findings of the Audit of Accounts 2021-22. The report confirmed that Audit Wales intended to issue an unqualified audit report on the accounts which it had received at the end of May 2022.

Following the completion of the external audit by Audit Wales, officers provided the Committee with a report about the Statement of Accounts 2021-2022. The report highlighted the changes that had been made to the accounts since they were presented to Committee in September 2022. In light of that report, the Committee approved the final 2021-22 Statement of Accounts; the Letter of Representation; and the Annual Governance Statement. The Chair of the Committee signed the Letter of Representation and the Statement of Accounts.

The Committee received a six-month Treasury Management Monitoring report. The report set out treasury management action and information.

The Committee was provided with an updated Register of Regulators Reports and Recommendations. The document was presented to the Committee in order to provide assurance that there were arrangements in place to consider recommendations that were pertinent to the Council, that were contained within any national reports or local reports that were published by regulators including Audit Wales, Care Inspectorate Wales, and Estyn. Particular reference was made to five of the 13 published national reports as they contained recommendations for Local Authorities:

- Direct Payments for Adult Social Care;
- Equality Impact Assessments: More than a Tick Box Exercise;
- National Fraud Initiative 2020-2021;
- Time for Change - Poverty in Wales; and
- A Missed Opportunity - Social Enterprises.

A subsequent update report was also provided.

The Committee received a copy of the Council's Self-Assessment for 2021/2022. The completion of the annual Self-Assessment, which was made in accordance with the Local Government and Elections (Wales) Act 2021, is a corporate, organisational assessment rather than an assessment of individual services. The report considered the extent to which the Council exercised its functions effectively; used its resources economically, efficiently and effectively; and ensued effective governance – in other words “how well is it doing? how does it know? and what and how can it do better?”

The Committee received the Annual Audit Summary for 2022, which was delivered by Audit Wales.

The Council's Strategic Risk Register was presented to the Committee. The report, which was noted by the Committee, sought to provide assurances that the Council was complying with its risk management policy

The Chief Digital Officer presented the Committee with the Neath Port Talbot Cyber Security Strategy. The report made reference to the Audit Wales report ‘Learning from Cyber-Attacks’ and confirmed that all key findings and lessons learned from the Audit Wales report had been incorporated into the Council's action plan.



### Terms of Reference

The Governance and Audit Committee has been required to discharge, with delegated authority, the following functions since March 2021:

- review and scrutinise the authority's financial affairs, including approval of the Annual Statement of Accounts;
- make reports and recommendations in relation to the authority's financial affairs;
- review and assess the risk management, internal control and corporate governance arrangements of the authority;
- make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements;
- oversee the authority's internal and external audit arrangements, including internal and external audit work plans, receive, review and make reports on audit work and performance;
- review the financial statements prepared by the authority;
- review and assess the authority's ability to handle complaints effectively and make reports and recommendations in relation to the authority's ability to handle complaints effectively.

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By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

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