



## **GOVERNANCE AND AUDIT COMMITTEE**

**10.00 AM - WEDNESDAY, 28 JULY 2021**

**VIA MICROSOFT TEAMS**

### **PART 1**

1. Welcome and Roll Call
2. Chair Announcements
3. Declarations of Interest
4. Audit Wales - Audit of Accounts 2020/2021 (*Pages 3 - 18*)
5. Statement of Accounts 2020/2021 (*Pages 19 - 176*)
6. Urgent Items  
Any urgent items at the discretion of the Chairman pursuant to Section 100B(4)(b) of the Local Government Act 1972.

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

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

**22 July, 2021**

**Committee Membership:**

**Chairperson:** Councillor J.D.Morgan

**Vice  
Chairperson:** Councillor L.M.Purcell

**Members:** Councillors H.C.Clarke, O.S.Davies,  
S.E.Freeguard, J.Jenkins, J.Miller, R.Mizen,  
S.Renkes, A.J.Richards, R.L.Taylor, R.W.Wood  
and A.N.Woolcock

**Voting Lay  
Member:** J.Jenkins

## Audit of Accounts Report – Neath Port Talbot Council

Audit year: 2020-21

Date issued: July 2021

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

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

# Contents

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

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# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2020-21 statement of accounts in this report.
- 2 We have already discussed these issues with the Director of Finance and Corporate Services and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £5.3 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Senior officers' remuneration – £1,000
  - Related party transactions and balances – £134,000
- 6 We have now substantially completed this year's audit work. At the time of drafting this report, the following area of audit work remains outstanding:
  - review of pension fund assets and liabilities. We are awaiting assurances from the City and County of Swansea Pension Fund auditor on the work they have undertaken on the Council's share of the pension fund assets and liabilities.
- 7 We will update the Governance and Audit Committee at its meeting on 28 July 2021 in respect of this outstanding area.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 9 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

## Exhibit 1 – impact of COVID-19 on this year’s audit

<b>Timetable</b>	<ul style="list-style-type: none"><li>• We received the draft accounts on 27 May 2021 as planned. This is in line with last year and with regulatory deadlines.</li><li>• The Governance and Audit Committee is due to consider and approve the audited statement of accounts on 28 July 2021.</li><li>• We expect your audit report to be signed on 30 July 2021.</li></ul>
<b>Electronic signatures</b>	The Chair, Treasurer and Auditor General will use electronic signatures to approve and certify the accounts respectively.
<b>Audit evidence</b>	<p>Our audit of your financial statements was undertaken remotely. Council officers effectively supported us in this by continuing to provide us with appropriate and timely information to inform our audit. Specifically:</p> <ul style="list-style-type: none"><li>• officers provided electronic working papers;</li><li>• officers provided audit evidence to the audit team through remote access to the Council’s shared server;</li><li>• Audit Wales also secured remote read-only access to the Council’s Oracle ledger which enabled the audit team to query the ledger and hence reduce the burden on officers to provide this information; and</li><li>• officers were available by video-conferencing for discussions which enabled the audit team to correspond effectively with officers throughout the audit.</li></ul>

- 11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

- 12 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**. The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 13 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 14 Once you have provided us with your Letter of Representation, we intend to issue an unqualified audit opinion on your 2020-21 statement of accounts. Our proposed audit report is set out in **Appendix 2**.

## Significant issues arising from the audit

### Uncorrected misstatements

- 15 During our audit, one misstatement was identified in the statement of accounts which has been discussed with management, but management have chosen not to adjust. We do not consider this to be material to our opinion.
- 16 The provision made for insurance liabilities is based on an assessment of outstanding claims made by the Council's insurance advisers. This assessment also included a 'buffer' requirement of £862,000 which had been incorrectly included in the provision rather than the insurance reserve. The impact of this unadjusted misstatement is that reported net expenditure and the general fund reserve are overstated and earmarked reserves understated.
- 17 Whilst Auditing Standards require us to request that this is corrected, we accept management's view that given the number of entries required to amend the statements for relatively low values and the tight timescale for closure of the audit, there is little benefit in amending the statement of accounts. We request that the Governance and Audit Committee considers approving management's rationale for this and include this in the Letter of Representation.

### Corrected misstatements

- 18 There were initially misstatements and disclosure errors in the draft statement of accounts. These have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

### Other significant issues arising from the audit

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

### Recommendations

- 20 Following the audit certification by the Auditor General, we will continue to work with the Council's finance team to further improve the accounts production process for 2021-22.

# Appendix 1

## Final Letter of Representation

### Neath Port Talbot Council Letterhead

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

28 July 2021

### Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of Neath Port Talbot Council for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

### Management representations

#### Responsibilities

We have fulfilled our responsibility for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the UK 2020-21; in particular, the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

#### Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

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

## Financial statement representations

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of an uncorrected misstatement identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of this item is set out below:

- the provision made for insurance liabilities is based on an assessment of outstanding claims made by the Council's insurance advisers. This assessment also included a 'buffer' requirement of £862,000 which had been incorrectly included in the provision rather than the insurance reserve. The impact of this unadjusted misstatement is that reported net expenditure and the general fund reserve are overstated and earmarked reserves understated.

### **Representations by the Governance and Audit Committee**

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Governance and Audit Committee on 28 July 2021.

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

Signed by:

Director of Finance and Corporate Services

Date: 28 July 2021

Signed by:

Chair of the Governance and Audit Committee

Date: 28 July 2021

# Appendix 2

## Proposed Audit Report

### The independent auditor's report of the Auditor General for Wales to the members of Neath Port Talbot Council

#### Opinion on financial statements

I have audited the financial statements of Neath Port Talbot Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Neath Port Talbot Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Neath Port Talbot Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

on Neath Port Talbot Council's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

## **Other information**

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Report on other requirements**

### **Opinion on other matters**

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

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

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

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

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

## Responsibilities

### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 9, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing Neath Port Talbot Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management and those charged with governance, relating to Neath Port Talbot Council's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of Neath Port Talbot Council's framework of authority as well as other legal and regulatory frameworks that Neath Port Talbot Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Neath Port Talbot Council.

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

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

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

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

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

## **Certificate of completion of audit**

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

Adrian Crompton  
Auditor General for Wales  
30 July 2021

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of Corrections Made

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

### Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Disclosure only	<b>Note 6 Adjustments between accounting and funding basis</b> Capital disposal proceeds were disclosed net of those applied during the year.	To correctly disclose capital disposal proceeds in the year.
Disclosure only	<b>Note 12 Financial Instruments</b> The fair value of non-PWLB debt excluded some debts.	To correctly disclose the fair value of non-PWLB debt.
£16,742	<b>Note 27 Officers' Remuneration</b> Remuneration disclosed did not include payments made for untaken annual leave on retirement. In addition, salary sacrifice deductions were not shown gross.	To correctly disclose the remuneration of senior officers.
Narrative	<b>Annual Governance Statement</b> Additional wording added to more fully explain the Council's governance arrangements.	To comply with CIPFA disclosure requirements.

There have also been a number of minor amendments and disclosure updates as a result of our work.



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



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

### **GOVERNANCE AND AUDIT COMMITTEE**

**28<sup>th</sup> July 2021**

### **REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES**

#### **Matter for Decision**

**Wards Affected** – All wards

#### **Statement of Accounts 2020/21**

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

The purpose of this report is to consider and approve the 2020/21 Statement of Accounts, following the completion of the external audit.

#### **Background**

For 202/21 Local authorities were originally required to complete and submit a set of accounts to audit by the 31<sup>st</sup> May 2021, with a requirement to gain Audit Committee approval, following the conclusion of the audit process, by the 31<sup>st</sup> July 2021. However due to the ongoing impact of Covid19 this requirement was relaxed with a longer timetable set but as in most recent years this Council has continued to prepare the Statement of accounts in line with this early timetable.

#### **Closure of Accounts 2020/21**

Neath Port Talbot's Statement of Accounts was submitted to the external auditor on the 27<sup>th</sup> May 2021 and they have now substantially completed their audit.

The final Statement of Accounts has been updated from the draft considered in June to reflect a number of amendments identified by Audit Wales during the course of their audit, details of which can be found in the Audit Wales ISA260 report.

For 2020/21 audit members should note that once again Audit Wales are issuing an unqualified audit opinion.

### **Uncorrected Misstatements**

One uncorrected misstatement has been identified during the audit. This relates to an insurance provision. The estimated future liabilities as identified in the Actuary report provides two estimates one being “best estimate” the second includes a buffer for unexpected losses. This buffer element of £862,000 was incorrectly included within the provision calculation rather than in the Insurance reserve.

The impact of the above is to reduce the long term provision, current year expenditure and the General Reserve balance and increase the Insurance reserve by £862,000 this will be corrected during the budget monitoring process and reported to Cabinet around September. As this item was only identified towards the end of the audit work and together with the numerous statements that would need to be corrected it was decided that it was appropriate to make the adjustment in the current financial year.

### **Adjusted Misstatements**

All other corrections identified as part of the audit of the draft accounts have been actioned in the final accounts and it should be noted that none of these has had an impact on the Council’s reported net expenditure or usable reserves.

Members should note that some of the main changes to the Final Statement of accounts relate to:

A disclosure error of £936,000 within note 5 to the accounts where in year capital receipts were utilised to fund capital expenditure were disclosed net within the capital receipts reserve.

A disclosure omission of £4,562,000 non PWLB / LOBO fair value was excluded from the fair value disclosure in Note 12.

A disclosure amendment was required to Note 27 Officers Remuneration. In relation to the Director of Education the disclosure note excluded the cycle to work contribution and annual leave paid on

retirement on 31<sup>st</sup> March 2021 amounting to a total increase in £19,756 remuneration costs (inclusive of employer pension contributions).

Following the receipt of the certified Letter of Representation, after approval at this meeting, Audit Wales intend issuing an unqualified audit report.

### **Annual Governance Statement**

Members should note the Annual Governance Statement was approved by Cabinet in May 2021. There has been additional wording included to comply with CIPFA disclosure requirements in relation to Financial Management Code.

### **Conclusions**

Neath Port Talbot Council has closed its accounts and produced its Statement of Accounts within the originally prescribed statutory time frame.

Audit Committee should note that the external auditor is once again able to issue an unqualified audit opinion.

### **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 approve the Letter of Representation, included as Addendum 1;
- Members approve the final 2020/21 Statement of Accounts, as included in Addendum 2;
- Members approve the Annual Governance Statement included in Addendum 3;
- The Chair of the Audit Committee be authorised to provide his electronic signature for the Letter of Representation and the Statement of Accounts.

## **Reason for proposed decisions**

To ensure that the Council's Statement of Accounts is approved.

## **Implementation of Decision**

The decision is proposed for immediate implementation.

## **Appendix**

Addendum 1 – Letter of Representation 2020/21

Addendum 2 – Statement of Accounts 2020/21

Addendum 3 – Annual Governance Statement 2020/21

## **Background Papers**

Closing working papers 2020/21

## **Officer Contact**

For further information on this report item, please contact:

Mr Hywel Jenkins, Director of Finance and Corporate Services

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

Mr Huw Jones, Head of Finance,

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

Mrs Diane Mulligan, Chief Accountant - Technical

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council



# Statement of Accounts 2020/21

[www.npt.gov.uk](http://www.npt.gov.uk)

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# 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 66,000 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 number of varied 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 64 locally elected councillors who represent 42 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 and 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, (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 2020/21

The Authority's budget requirement for 2020/21 was set at £304.082m. 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	258,310	256,450
Capital Financing	19,282	19,282
Levies, Contributions and Miscellaneous Funds	8,046	8,045
Council Tax Support	18,748	18,599
Contingencies and Reserves	(304)	1,858
<b>Net expenditure</b>	<b>304,082</b>	<b>304,234</b>
<b>Income</b>		
Revenue Support Grant / NNDR	(226,762)	(226,762)
Council Tax	(77,707)	(77,707)
Less Discretionary Rate Relief	387	120
<b>Total Income/Budget Requirement</b>	<b>(304,082)</b>	<b>(304,349)</b>
<b>NET BUDGET (SURPLUS)/DEFICIT TO BALANCES</b>	<b>0</b>	<b>(115)</b>
<b>General Fund Working Balance</b>		
Opening Working Balance 1st April		(19,921)
Movement in Working Balance		(115)
<b>Closing Working Balance 31st March</b>		<b>(20,036)</b>

### 4. CAPITAL SPENDING IN 2020/21

	Actual £000
<b>Capital Investment</b>	<b>58,769</b>
<b>The expenditure was financed by:</b>	
Government Grants and Other Contributions	(46,304)
Loans	(10,284)
Capital Receipts	(936)
Direct Revenue Contributions and Reserves	(1,245)
	<b>(58,769)</b>

The capital investment figure of £58.769m includes £58.024m incurred directly by the Council and £745k 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 £301.612m which excludes accrued interest of £2.790m 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 2021

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:

	<b>Actual £000</b>
Earmarked Reserves to Support Revenue Expenditure	58,105
Revenue Reserve to Support Capital Expenditure	911
General Reserve Working Balances	20,036
<b>Total General Reserve Balance</b>	<b>79,052</b>

### 7. REVALUATION OF ASSETS

The net book value of assets increased during 2020/21 by £13.057m. There was a £7.906m loss 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 2020/21, the following categories of assets were revalued:

- Land and Vacant Buildings was valued as at 1<sup>st</sup> September 2020 on a Current Value and Existing Use Valuation basis;
- Surplus Assets not for Sale was valued as at 31<sup>st</sup> March 2021 on a Fair Value Surplus basis;
- Surplus Assets not for Sale – Regeneration was valued as at 31<sup>st</sup> March 2021 on a Fair Value and Historic Cost basis;

Assets held for sale are valued annually and seven assets with a value of £3.980m were valued at 31st March 2021.

## NARRATIVE REPORT

Due to the COVID-19 pandemic, in addition to the above categories of assets being revalued the Councils internal valuer also deemed it necessary to revalue certain assets held within the Councils Civic Centres and Buildings portfolio category. Certain classes of assets such as these will be monitored more regularly during this period.

### 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.

### 9. SIGNIFICANT PROVISIONS

The Authority holds three significant provisions:

- An insurance provision of £4.638m to cover the likely cost of settling outstanding insurance liabilities. This is made up of a long term provision of £3.038m and a short term provision of £1.6m.
- A provision of £0.923m for housing warranties following the transfer of the Housing stock to Tai Tarian in March 2011.
- A provision of £0.067m to provide the costs of early retirements and redundancies which have been agreed by 31<sup>st</sup> March 2021, with leaving dates during 2021/22.

### 10. 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.

# NARRATIVE REPORT

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

The Council continues to operate in an environment where further savings, cuts and income generation proposals are required to set its annual budget. It involves stakeholders as part of its consultation process to help to identify the savings required.

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 £316.246m for 2021/22. This includes a council tax increase of 2.75%, increased funding from the Welsh Government of 4.2% and the use of £3.1m from general reserves to underpin the budget. It is critical that as we recover from Covid19 that we receive confirmation of multi-year funding to better facilitate the Council to set a medium term financial plan. It is noted that the Welsh Government has only published budget plans for 2021/22, as they await the outcome of the UK Government Spending Review, before they are able to confirm the funding available to them and its distribution to public services.

This Council will prepare further work to update its Medium Term Financial Plan when more information is available, but identified in March 2021 that further savings will be required to address a predicted shortfall of some £49m over the next 3 years to March 2025.

2020/21 has been an extraordinary year due to the Covid19 Pandemic, it has significantly impacted on Council services, the costs incurred and the income generated. New Council services and new ways of working have had to be developed. This included the development of the Safe and Well Service to support vulnerable people and those that needed to shield, Track Trace and Protect (TTP) service to support and keep people safe from Covid-19, Joint Enforcement Team to ensure compliance with the new legislation and rules, payments of financial support grants to businesses, payments to families entitled to free school meals, people on low earnings/benefits that were advised to self-isolate, payment to care workers etc. Office based staff worked from home or were seconded to some of the above mentioned roles.

# NARRATIVE REPORT

The Covid19 pandemic continues to disrupt the lives of people, businesses and council services. The UK and Welsh Governments have provided significant additional financial support during 2020/21 and we will need them to continue to provide such support in the next financial year. If the Government do not provide sufficient additional funding then the Council will have to further utilise reserves in order to continue to provide operational sustainability of Council services critical to local residents, taxpayers and service users.

During 2020/21 the Council was reimbursed by the Welsh Government Hardship Fund £24.2m for increased costs and loss of income. The Council also administered schemes on behalf of the Welsh Government to pay grants to businesses and individual recipients totalling £50.268m. The total amount of financial support from the WG and Health received by the Council in 2020/21 to fund our activities and support our communities and businesses total £83.3m. Further details can be found in Note 38.

## **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 Director of Finance and Corporate Services, Neath Port Talbot County Borough Council, Civic Centre, Port Talbot, SA13 1PJ.

# EXPENDITURE AND FUNDING ANALYSIS

## 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 Director of Finance and Corporate Services;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

## DIRECTOR OF FINANCE & CORPORATE SERVICES RESPONSIBILITIES

The Director of Finance and Corporate Services 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 Director of Finance and Corporate Services 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 Director of Finance and Corporate Services 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 2021.



**Director of Finance and Corporate Services**

**Date: 20<sup>th</sup> July 2021**

I confirm the Statement of Accounts was approved by Audit Committee on 28<sup>th</sup> July 2021.

**Chair of Audit Committee**

**Date: 28<sup>th</sup> July 2021**

## EXPENDITURE AND FUNDING ANALYSIS

Net Expenditure Chargeable to the General Fund	2019/20			2020/21		
	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
111,471	22,579	134,050	Education, Leisure & Lifelong Learning	107,581	18,125	125,706
79,704	4,556	84,260	Social Services, Health & Housing	78,609	5,458	84,067
37,461	28,192	65,653	Environment	38,488	25,189	63,677
18,382	1,751	20,133	Corporate Services	18,582	1,956	20,538
(107)	(65)	(172)	Other Housing Services	(239)	131	(108)
27,534	(9,925)	17,609	Other Central Services	24,925	(9,772)	15,153
<b>274,445</b>	<b>47,088</b>	<b>321,533</b>	<b>Net cost of services</b>	<b>267,946</b>	<b>41,087</b>	<b>309,033</b>
(272,144)	(8,774)	(280,918)	Other Income & Expenditure	(287,905)	(36,284)	(324,189)
<b>2,301</b>	<b>38,314</b>	<b>40,615</b>	<b>Surplus or Deficit</b>	<b>(19,959)</b>	<b>4,803</b>	<b>(15,156)</b>
<b>61,394</b>			<b>Opening General Fund Balance</b>	<b>59,093</b>		
(2,301)			In year movement	19,959		
			Surplus / (Deficit)			
<b>59,093</b>			<b>Closing General Fund Balance</b>	<b>79,052</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	2019/20		Note	2020/21			
	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
	£000	£000		£000	£000	£000	
174,559	(40,509)	<b>134,050</b>	Education, Leisure & Lifelong Learning	174,783	(49,077)	<b>125,706</b>	
121,904	(37,644)	<b>84,260</b>	Social Services, Health & Housing	129,181	(45,114)	<b>84,067</b>	
89,798	(24,145)	<b>65,653</b>	Environment	89,815	(26,138)	<b>63,677</b>	
26,595	(6,462)	<b>20,133</b>	Corporate Services	28,244	(7,706)	<b>20,538</b>	
45,673	(45,845)	<b>(172)</b>	Other Housing Services	43,830	(43,938)	<b>(108)</b>	
18,011	(402)	<b>17,609</b>	Other Central Services	24,966	(9,813)	<b>15,153</b>	
<b>476,540</b>	<b>(155,007)</b>	<b>321,533</b>	<b>Cost of Services</b>	<b>490,819</b>	<b>(181,786)</b>	<b>309,033</b>	
21,803	-	<b>21,803</b>	Other Operating Expenditure	8	22,645	-	<b>22,645</b>
23,103	(497)	<b>22,606</b>	Financing & investment Income & Expenditure	9	21,567	(251)	<b>21,316</b>
-	(325,327)	<b>(325,327)</b>	Taxation and Non-specific Grant Income	10	-	(368,150)	<b>(368,150)</b>
<b>521,446</b>	<b>(480,831)</b>	<b>40,615</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>535,031</b>	<b>(550,187)</b>	<b>(15,156)</b>
		<b>(18,335)</b>	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	20			<b>1,787</b>
		-	Impairment Losses on Non-current assets Charged to the Revaluation Reserve	20			-
		<b>(41,790)</b>	Actuarial (Gains)/Losses on Pension Assets/Liabilities	20			<b>62,800</b>
		<b>(60,125)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>				<b>64,587</b>
		<b>(19,510)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>				<b>49,431</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 2019</b>	<b>61,394</b>	<b>6,971</b>	<b>10,477</b>	<b>78,842</b>	<b>(148,726)</b>	<b>(69,884)</b>
<b>2019/20</b>						
<b>Movement in reserves during 2019/20</b>						
Total Comprehensive Income and Expenditure	(40,615)	-	-	<b>(40,615)</b>	60,125	<b>19,510</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	38,314	1,105	1,152	<b>40,571</b>	(40,571)	-
<b>Increase/(Decrease) in Year</b>	<b>(2,301)</b>	<b>1,105</b>	<b>1,152</b>	<b>(44)</b>	<b>19,554</b>	<b>19,510</b>
<b>Balance at 31st March 2020</b>	<b>59,093</b>	<b>8,076</b>	<b>11,629</b>	<b>78,798</b>	<b>(129,172)</b>	<b>(50,374)</b>
<b>Movement in reserves during 2020/21</b>						
Total Comprehensive Income and Expenditure	15,156	-	-	<b>15,156</b>	(64,587)	<b>(49,431)</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	4,803	807	2,805	<b>8,415</b>	(8,415)	-
<b>Increase/(Decrease) in Year</b>	<b>19,959</b>	<b>807</b>	<b>2,805</b>	<b>23,571</b>	<b>(73,002)</b>	<b>(49,431)</b>
<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>

## BALANCE SHEET

31st Mar 2020 £000		Note	31st Mar 2021 £000
709,142	Property, Plant and Equipment	11	722,199
1,183	Heritage Assets		1,183
86	Long Term Investments	12	86
1,262	Long Term Debtors	12	1,018
<b>711,673</b>	<b>Long Term Assets</b>		<b>724,486</b>
56,541	Short Term Investments	12	52,524
5,368	Assets Held for Sale	16	3,980
651	Inventories		663
41,489	Short Term Debtors	13	61,903
3,303	Cash and Cash Equivalents	15	3,811
<b>107,352</b>	<b>Current Assets</b>		<b>122,881</b>
(13,697)	Short Term Borrowing	12	(13,568)
(42,048)	Short Term Creditors	17	(41,371)
(153)	Grants Receipts in Advance - Capital		(1,112)
(1,543)	Short Term Provisions	18	(1,667)
<b>(57,441)</b>	<b>Current Liabilities</b>		<b>(57,718)</b>
(16,264)	Long Term Creditors	12	(16,256)
(297,098)	Long Term Borrowing	12	(290,834)
(495,303)	Other Long Term Liabilities	35	(578,403)
(3,293)	Long Term Provisions	18	(3,961)
<b>(811,958)</b>	<b>Long Term liabilities</b>		<b>(889,454)</b>
<b>(50,374)</b>	<b>Net assets</b>		<b>(99,805)</b>
(78,798)	Usable Reserves	19	(102,369)
129,172	Unusable Reserves	20	202,174
<b>50,374</b>	<b>Total Reserves</b>		<b>99,805</b>

## CASH FLOW STATEMENT

2019/20 £000		Note	2020/21 £000
(40,615)	Net Surplus or (Deficit) on the Provision of Services		15,156
51,824	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	21a	43,264
(22,580)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	21b	(45,845)
(11,371)	Net Cash Flows from Operating Activities	*	12,575
(13,381)	Investing Activities	22	(5,807)
24,548	Financing Activities	23	(6,260)
(204)	Net Increase or Decrease in Cash and Cash Equivalents		508
3,507	Cash and Cash Equivalents at the Beginning of the Reporting Period		3,303
<b>3,303</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	15	<b>3,811</b>

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

2019/20 £000		2020/21 £000
(495)	Interest Received	(267)
10,810	Interest Paid	10,415

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### i. General Principles

The statement of accounts summarises the Council's financial transactions for 2020/21 and its position at 31<sup>st</sup> March 2021. 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 2020/21, 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>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	2024/25	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.
- 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.

## NOTES TO THE ACCOUNTS

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 2021 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.

### 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 2003. These items are considered to have indeterminate lives and a high residual value, consequently the Council does not consider it appropriate to charge depreciation.

# NOTES TO THE ACCOUNTS

## **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.

## **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.

# NOTES TO THE ACCOUNTS

## **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.

## **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.

# NOTES TO THE ACCOUNTS

## 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.

## 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.

IFRS 16 Leases was due to be implemented during 2020/21 however CIPFA/LASAAC have agreed to defer the implementation until the 2022/23 financial year, this aligns with the governments Financial Reporting Advisory Board proposals.

The 2021/22 Code introduces changes arising from the accounting guidance in relation to:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform; Amendments to IFRS 9, IAS 19 and IFRS 7
- Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16.

These amendments should not materially affect this Council.

The Code requires implementation after 1<sup>st</sup> April 2021, there is therefore no impact on the 2020/21 statement of accounts.

## NOTES TO THE 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 2021, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

#### **Provisions – Insurance Claims**

The Council has a provision of £4.638m as at 31<sup>st</sup> March 2021 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.

#### **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

### 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 "Adjustments between accounting basis and funding basis under regulations" note 6 below.

	2020/21			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	15,719	3,109	(703)	18,125
Social Services, Health & Housing	1,887	2,596	975	5,458
Environment	22,444	2,126	619	25,189
Corporate Services	160	1,326	470	1,956
Other Housing Services	-	-	131	131
Other Central Services	(9,966)	93	101	(9,772)
<b>Net cost of Services</b>	<b>30,244</b>	<b>9,250</b>	<b>1,593</b>	<b>41,087</b>
Other Income & Expenditure	(47,282)	11,050	(52)	(36,284)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>(17,038)</b>	<b>20,300</b>	<b>1,541</b>	<b>4,803</b>

	2019/20			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	17,983	3,901	695	22,579
Social Services, Health & Housing	1,482	3,209	(135)	4,556
Environment	25,652	2,598	(58)	28,192
Corporate Services	82	1,652	17	1,751
Other Housing Services	-	-	(65)	(65)
Other Central Services	(9,957)	-	32	(9,925)
<b>Net cost of Services</b>	<b>35,242</b>	<b>11,360</b>	<b>486</b>	<b>47,088</b>
Other Income & Expenditure	(21,064)	11,980	310	(8,774)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>14,178</b>	<b>23,340</b>	<b>796</b>	<b>38,314</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.

2019/20 £000		2020/21 £000
	<b>Expenditure</b>	
213,849	Employee Benefits	219,078
226,953	Other Service Expenses	239,969
36,048	Depreciation, Amortisation and Impairment	31,720
22,793	Interest Payable	21,619
21,703	Precepts and Levies	23,274
100	Gain on the Disposal of Assets	(629)
<b>521,446</b>	<b>Total Expenditure</b>	<b>535,031</b>
	<b>Income</b>	
(56,975)	Fees, Charges and Other Service Income	(52,309)
(497)	Interest and Investment Income	(251)
(135,466)	Income from Council Tax, National Non Domestic Rates	(139,795)
(287,893)	Government Grants and Contributions	(357,832)
<b>(480,831)</b>	<b>Total Income</b>	<b>(550,187)</b>
<b>40,615</b>	<b>(Surplus) / Deficit for Year</b>	<b>(15,156)</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:

2019/20 £000		2020/21 £000
	<b>Income</b>	
(11,068)	Education, Leisure & Lifelong Learning	(5,484)
(25,175)	Social Services, Health & Housing	(24,519)
(17,306)	Environment	(14,273)
(2,132)	Corporate Services	(2,000)
(1,294)	Other Central Services	(6,033)
<b>(56,975)</b>	<b>Fees, Charges and Other Service Income</b>	<b>(52,309)</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
2020/21	£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	25,603	-	-	(25,603)
Revaluation losses on property, plant and equipment	6,117	-	-	(6,117)
Capital grants and contributions applied	(44,117)	-	-	44,117
Revenue expenditure funded from capital under statute	12,503	-	-	(12,503)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,087	-	-	(1,087)
<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	(10,102)	-	-	10,102
Capital expenditure charged against the general fund	(1,245)	-	-	1,245
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(4,992)	-	4,992	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(2,187)	2,187
<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	(1,728)	1,728	-	0
Use of the capital receipts reserve to finance new capital expenditure	-	(936)	-	936
Transfer from deferred capital receipts reserve upon receipt of cash	12	-	-	(12)
<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	-	15	-	(15)
<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	(176)	-	-	176
<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	50,690	-	-	(50,690)
Employer's pension contributions and direct payments to pensioners payable in the year	(30,390)	-	-	30,390
<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	1,541	-	-	(1,541)
<b>Total adjustments</b>	<b>4,803</b>	<b>807</b>	<b>2,805</b>	<b>(8,415)</b>

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2019/20	£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	26,697	-	-	(26,697)
Revaluation losses on property, plant and equipment	9,351	-	-	(9,351)
Capital grants and contributions applied	(21,475)	-	-	21,475
Revenue expenditure funded from capital under statute	14,232	-	-	(14,232)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,205	-	-	(1,205)
<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	(10,009)	-	-	10,009
Capital expenditure charged against the general fund	(182)	-	-	182
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(4,361)	-	4,361	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(3,209)	3,209
<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	(1,105)	1,105	-	0
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	(175)	-	-	175
<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	52,580	-	-	(52,580)
Employer's pension contributions and direct payments to pensioners payable in the year	(29,240)	-	-	29,240
<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	796	-	-	(796)
<b>Total adjustments</b>	<b>38,314</b>	<b>1,105</b>	<b>1,152</b>	<b>(40,571)</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 2019 £000</b>	<b>Movement in 2019/20</b>	<b>Balance at 31st Mar 2020 £000</b>	<b>Movement in 2020/21</b>	<b>Balance at 31st Mar 2021 £000</b>
Balances Held by Schools Under a Scheme of Delegation	(1,116)	1,750	634	(7,849)	(7,215)
Other Education and Leisure	(1,080)	(620)	(1,700)	(519)	(2,219)
Hillside Secure Centre-Equalisation	(1,092)	818	(274)	(157)	(431)
Social Services	(1,164)	(210)	(1,374)	(2,812)	(4,186)
Environment	(3,889)	(458)	(4,347)	(1,102)	(5,449)
Finance and Chief Executive	(2,427)	443	(1,984)	(321)	(2,305)
Insurance	(9,043)	2,392	(6,651)	652	(5,999)
Fire Authority	(10)	10	0	-	0
Swansea Bay City Deal	(75)	(38)	(113)	-	(113)
Income Generation	(716)	62	(654)	(466)	(1,120)
Members Community Fund	(547)	156	(391)	(271)	(662)
Community Resilience	(2,000)	-	(2,000)	-	(2,000)
Housing Warranties	(220)	-	(220)	-	(220)
Pantteg	(500)	-	(500)	-	(500)
Waste	(393)	-	(393)	-	(393)
Landfill Site	(1,005)	(7)	(1,012)	(1)	(1,013)
DARE	-	-	0	(2,000)	(2,000)
Digital Transformation	-	-	0	(1,170)	(1,170)
School IT Equalisation (HWB)	-	(250)	(250)	(150)	(400)
Corporate Contingency	-	(2,269)	(2,269)	(2,472)	(4,741)
Treasury Management	(6,826)	(813)	(7,639)	(1,263)	(8,902)
ERVR Transitional	(4,818)	282	(4,536)	129	(4,407)
Accommodation	(2,274)	-	(2,274)	-	(2,274)
Joint Committees	(319)	5	(314)	(72)	(386)
<b>Earmarked Reserves</b>	<b>(39,514)</b>	<b>1,253</b>	<b>(38,261)</b>	<b>(19,844)</b>	<b>(58,105)</b>
Capital	(912)	1	(911)	-	(911)
General Fund	(20,968)	1,047	(19,921)	(115)	(20,036)
<b>GRAND TOTAL</b>	<b>(61,394)</b>	<b>2,301</b>	<b>(59,093)</b>	<b>(19,959)</b>	<b>(79,052)</b>

## NOTES TO THE ACCOUNTS

Earmarked Reserves		2020/21
		£000
<b>Education, Leisure and Lifelong Learning</b>		
Schools	Delegated schools reserve-These reserves are ring-fenced for each individual school.	(7,215)
Schools Other	This includes funding to meet the cost of repairs and maintenance in schools and assist primary schools in funding ERVR.	(167)
Other Education & Leisure	This is to fund Margam Discovery Centre Building Maintenance, Home to school Transport and equalisation.	(2,052)
<b>Education, Leisure and Lifelong Learning</b>		<b>(9,434)</b>
<b>Social Services and Health</b>		
Hillside General	The fund has been established to equalise the capital investment required over time for the Hillside Secure Unit.	(431)
Other Social Services	To fund development work required to transform services and deliver further savings in future, to fund expenditure on renewal of equipment over several years, to equalise expenditure on volatile services.	(4,186)
<b>Social Services and Health</b>		<b>(4,617)</b>
<b>Environment</b>		
Vehicle	This reserve will be used to fund a cost effective transport programme to meet service requirements.	(152)
Local Development Plan	To meet statutory obligation for Local Development Plan.	(290)
Winter Maintenance	To equalise the cost incurred during harsh winters.	(744)
Environment	This reserve will be used to fund one off pressures across the Directorate.	(763)
Equalisation Account	This reserve will be used to fund Vehicle Tracking maintenance.	(92)
General	This reserve will be used to fund the purchase of new Vehicles.	(2,321)
Vehicle Renewals	This includes Asset recovery reserve, Baglan Bay Innovation Centre, renewable energy projects, Metal Box, Air Quality and to equalise expenditure on volatile services.	(1,087)
<b>Environment</b>		<b>(5,449)</b>
<b>Finance and Chief Executive's</b>		
Election Equalisation	This reserve will be used to meet the cost of the five year cycle of elections.	(335)
IT Renewals Fund	This Reserve will be used to fund the costs of major IT projects.	(933)
Corporate Equalisation	This reserve will fund one off pressures arising across the directorate.	(597)

## NOTES TO THE ACCOUNTS

<b>Earmarked Reserves</b>		<b>2020/21</b>
		<b>£000</b>
<b>Finance and Chief Executive's (continued)</b>		
Building Capacity & Capability	This relates to developing capacity in relation to transformational projects across the Council.	(197)
Other	This includes reserves for Health & Safety, development fund for modernisation and voluntary organisations.	(243)
<b>Finance and Chief Executive's Reserves</b>		<b>(2,305)</b>
<b>Corporate Issues</b>		
Insurance - Claims	This reserve is generated from insurance settlements and will be used to fund future insurance related projects and claims.	(5,999)
Members Community Fund	The reserve is set up to enable members to invest in activities and projects that improve outcomes within their local wards.	(662)
Community Resilience Fund	The reserve is to provide funds to develop resilience in services within the community.	(2,000)
Housing Warranties	This reserve has been set aside in recognition of the warranties to potential liabilities following the transfer of Housing Services.	(220)
Pantteg	The reserve is set up to fund ongoing costs relating to the landslide.	(500)
Waste	This reserve will be used to fund future Waste Service projects.	(393)
Landfill Site	This is held for aftercare obligations at the Giants Grave site, which might arise if the Council's wholly owned company (NPT Waste Management Ltd) has insufficient resources.	(1,013)
DARE	The reserve has been established to fund de-carbonisation projects.	(2,000)
Corporate Contingency	To fund unforeseen future pressures in delivering the forward financial plan.	(4,741)
Treasury Management	This reserve will be used to equalise the impact of fluctuations in Treasury Management returns and fund future borrowing decisions, including the financing of the Swansea Bay City Deal.	(8,902)
ER VR Transitional Reserve	This reserve will fund future ER/VR costs.	(4,407)
Accommodation	This reserve will be used to support the Authority's Accommodation Strategy and other property costs.	(2,274)
Joint Committees	This reserve is for Intermediate Care pooled fund, the Regional Safeguarding Board, Substance Misuse, SWTRA and Workways Regional Fund.	(386)

## NOTES TO THE ACCOUNTS

Earmarked Reserves		2020/21
		£000
<b>Corporate Issues (continued)</b>		
Other	This reserve will be used to fund costs relating to the Swansea Bay City Deal, income generation project work, Digital Transformation and schools IT costs.	(2,803)
<b>Corporate Issues</b>		<b>(36,300)</b>
<b>Total Earmarked Reserves</b>		<b>(58,105)</b>
<b>Capital Reserves</b>	Revenue reserves earmarked for capital purposes.	(911)
<b>General Reserve / Working Balance</b>	Revenue reserve to fund non-specific future expenditure.	(20,036)
<b>Total Reserves</b>		<b>(79,052)</b>

### 8. OTHER OPERATING EXPENDITURE

2019/20 £000		2020/21 £000
2,044	Community Council Precepts	2,267
19,659	Precepts and Levies (Police and Fire)	21,007
100	(Gains)/Losses on the Disposal of Non Current Assets	(629)
<b>21,803</b>	<b>Total</b>	<b>22,645</b>

### 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2019/20 £000		2020/21 £000
10,813	Interest Payable and Similar Charges	10,569
11,980	Pension Interest Cost and Expected Return on Pension Assets	11,050
310	Changes in Impairment Loss Allowance	(52)
(497)	Interest Receivable and Similar Income	(251)
<b>22,606</b>	<b>Total</b>	<b>21,316</b>

### 10. TAXATION AND NON SPECIFIC GRANT

2019/20 £000		2020/21 £000
(89,714)	Council Tax Income	(94,855)
(45,752)	Non Domestic Rates	(44,940)
(168,695)	Non Ring Fenced Government Grants	(181,702)
(21,166)	Capital Grants and Contributions	(46,653)
<b>(325,327)</b>	<b>Total</b>	<b>(368,150)</b>

## NOTES TO THE ACCOUNTS

### 11. PROPERTY, PLANT AND EQUIPMENT

2020/21	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1st April 2020	437,357	33,339	407,023	647	13,915	13,187	<b>905,468</b>	18,563
Additions	8,176	2,920	10,063	1	-	34,492	<b>55,652</b>	-
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	(1,057)	-	-	-	(1,428)	-	<b>(2,485)</b>	-
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(5,353)	(2,336)	-	-	(1,136)	-	<b>(8,825)</b>	-
Derecognition - Disposals	(288)	(1,538)	-	-	(702)	-	<b>(2,528)</b>	-
Derecognition - Other	(10,742)	(5,090)	(1,209)	(1)	-	-	<b>(17,042)</b>	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	1,300	-	<b>1,300</b>	-
Change in Asset Classification	4,214	-	180	-	1,810	(6,204)	<b>0</b>	-
<b>At 31st March 2021</b>	<b>432,307</b>	<b>27,295</b>	<b>416,057</b>	<b>647</b>	<b>13,759</b>	<b>41,475</b>	<b>931,540</b>	<b>18,563</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April 2020	(50,673)	(20,290)	(125,223)	-	(136)	(4)	<b>(196,326)</b>	(1,889)
Depreciation Charge	(12,306)	(3,083)	(10,120)	-	(94)	-	<b>(25,603)</b>	(852)
Depreciation Written Out to the Revaluation Reserve	580	-	-	-	119	-	<b>699</b>	-
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	923	1,644	-	-	138	-	<b>2,705</b>	-
Derecognition - Disposals	22	1,482	-	-	24	-	<b>1,528</b>	-
Derecognition - Other	2,566	5,090	-	-	-	-	<b>7,656</b>	-
Change in Asset Classification	74	-	-	-	(74)	-	<b>0</b>	-
<b>At 31st March 2021</b>	<b>(58,814)</b>	<b>(15,157)</b>	<b>(135,343)</b>	<b>0</b>	<b>(23)</b>	<b>(4)</b>	<b>(209,341)</b>	<b>(2,741)</b>
<b>Net Book Value</b>								
At 31st March 2021	373,493	12,138	280,714	647	13,736	41,471	<b>722,199</b>	15,822
At 31st March 2020	386,684	13,049	281,800	647	13,779	13,183	<b>709,142</b>	16,674

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

2019/20	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
<b>Cost or Valuation</b>	£000	£000	£000	£000	£000	£000	£000	£000
At 1st April 2019	438,362	31,327	399,046	701	14,002	2,065	<b>885,503</b>	18,563
Additions	8,310	3,766	9,297	42	-	13,146	<b>34,561</b>	-
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	15,796	-	-	-	-	-	<b>15,796</b>	-
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(11,491)	-	-	(53)	(1,767)	-	<b>(13,311)</b>	-
Derecognition - Disposals	(67)	(1,750)	-	-	-	-	<b>(1,817)</b>	-
Derecognition - Other	(12,561)	(4)	(1,320)	(43)	-	-	<b>(13,928)</b>	-
Assets Reclassified (to)/from Held for Sale	(1,411)	-	-	-	75	-	<b>(1,336)</b>	-
Change in Asset Classification	419	-	-	-	1,605	(2,024)	<b>0</b>	-
Other Movements in Cost of Valuation	-	-	-	-	-	-	<b>0</b>	-
<b>At 31st March 2020</b>	<b>437,357</b>	<b>33,339</b>	<b>407,023</b>	<b>647</b>	<b>13,915</b>	<b>13,187</b>	<b>905,468</b>	<b>18,563</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April 2019	(45,979)	(19,149)	(115,314)	-	(65)	(4)	<b>(180,511)</b>	(890)
Depreciation Charge	(13,847)	(2,839)	(9,909)	-	(102)	-	<b>(26,697)</b>	(999)
Depreciation Written Out to the Revaluation Reserve	734	-	-	-	244	-	<b>978</b>	-
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	2,180	-	-	-	1,760	-	<b>3,940</b>	-
Derecognition - Disposals	-	1,698	-	-	-	-	<b>1,698</b>	-
Derecognition - Other	4,266	-	-	-	-	-	<b>4,266</b>	-
Change in Asset Classification	1,973	-	-	-	(1,973)	-	<b>0</b>	-
Other Movements in Depreciation and Impairment	-	-	-	-	-	-	<b>0</b>	-
<b>At 31st March 2020</b>	<b>(50,673)</b>	<b>(20,290)</b>	<b>(125,223)</b>	<b>0</b>	<b>(136)</b>	<b>(4)</b>	<b>(196,326)</b>	<b>(1,889)</b>
<b>Net Book Value</b>								
At 31st March 2020	386,684	13,049	281,800	647	13,779	13,183	<b>709,142</b>	16,674
At 31st March 2019	392,383	12,178	283,732	701	13,937	2,061	<b>704,992</b>	17,673

### 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

### Effects of Changes in Estimates

During 2020/21, there have been no material changes made to the accounting estimates for property, plant and equipment.

## NOTES TO THE ACCOUNTS

### 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.

## 12. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

2020/21 Financial Assets	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000
	Amortised Cost	86	1,018	52,524
<b>Total Financial Assets</b>	<b>86</b>	<b>1,018</b>	<b>52,524</b>	<b>59,226</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000	31st Mar 2021 £000
	Amortised Cost	(290,834)	(16,256)	(13,568)
<b>Total Financial Liabilities</b>	<b>(290,834)</b>	<b>(16,256)</b>	<b>(13,568)</b>	<b>(41,371)</b>

2019/20 Financial Assets	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000
	Amortised Cost	86	1,262	56,541
<b>Total Financial Assets</b>	<b>86</b>	<b>1,262</b>	<b>56,541</b>	<b>39,080</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000	31st Mar 2020 £000
	Amortised Cost	(297,098)	(16,264)	(13,697)
<b>Total Financial Liabilities</b>	<b>(297,098)</b>	<b>(16,264)</b>	<b>(13,697)</b>	<b>(42,048)</b>

## NOTES TO THE ACCOUNTS

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 above 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.

### Income, Expenses, Gains and Losses

31st Mar 2020 £000	Surplus or Deficit on the Provision of Services	31st Mar 2021 £000
10,813	Financial Liabilities Measured at Amortised Cost	10,569
<b>10,813</b>	<b>Total Net Gains/Losses</b>	<b>10,569</b>
<b>(497)</b>	<b>Interest Expense</b>	<b>(251)</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 2021, 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 2021, 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.

## NOTES TO THE ACCOUNTS

The values calculated are as follows:

31st Mar 2020			31st Mar 2021	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
(241,804)	(272,659)	PWLB Debt	(232,598)	(280,556)
(64,500)	(92,833)	Non-PWLB Debt	(67,443)	(105,122)
(1,568)	(1,568)	Non-PWLB Debt Temporary	(1,572)	(1,572)
<b>(307,872)</b>	<b>(367,060)</b>	<b>Total Debt</b>	<b>(301,613)</b>	<b>(387,250)</b>
<b>(16,264)</b>	<b>(16,264)</b>	<b>Long Term Creditors</b>	<b>(16,256)</b>	<b>(16,256)</b>

### 31<sup>st</sup> March 2021 – 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 2021, arising from a commitment to pay interest to lenders above market rates.

Fair value of assets:

31st Mar 2020			31st Mar 2021	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
56,500	56,500	Loans and Receivables	52,500	52,500
1,262	1,262	Long Term Debtors	1,018	1,018

### 13. DEBTORS

31st Mar 2020 £000		31st Mar 2021 £000
23,746	Central Government Bodies	44,093
1,813	Other local Authorities	1,785
3,461	NHS Bodies	3,483
12,898	Other Entities and Individuals	13,446
4,561	Payments in Advance	4,158
(4,990)	Less Provision for Impairment Loss	(5,062)
<b>41,489</b>	<b>Total</b>	<b>61,903</b>

## NOTES TO THE ACCOUNTS

### 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 2020 £000		31st Mar 2021 £000
1,480	Less than One Year	1,763
2,127	More than One Year	2,236
(1,198)	Less provision for Impairment Loss	(1,322)
<b>2,409</b>	<b>Total</b>	<b>2,677</b>

### 15. CASH AND CASH EQUIVALENTS

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

31st Mar 2020 £000		31st Mar 2021 £000
110	Cash Held by the Authority	96
3,193	Bank Current Accounts	3,715
<b>3,303</b>	<b>Total</b>	<b>3,811</b>

### 16. ASSETS HELD FOR SALE

2019/20 Current Assets £000		2020/21 Current Assets £000
3,536	<b>Balance Outstanding at Start of Year</b>	5,368
	<i>Assets Newly Classified as Held For Sale:</i>	
3,100	Property, Plant and Equipment	1,800
(6)	Revaluation Losses	-
1,589	Revaluation Gains	-
	<i>Assets Declassified as Held For Sale:</i>	
(1,764)	Property, Plant and Equipment	(3,100)
(1,087)	Assets Sold	(88)
<b>5,368</b>	<b>Balance Outstanding at Year End</b>	<b>3,980</b>

## NOTES TO THE ACCOUNTS

### 17. CREDITORS

31st Mar 2020 £000		31st Mar 2021 £000
(7,923)	Central Government Bodies	(7,350)
(5,860)	Other Local Authorities	(7,539)
(82)	NHS Bodies	(621)
(26,077)	Other Entities and Individuals	(22,957)
(2,106)	Receipts in Advance	(2,904)
<b>(42,048)</b>	<b>Total</b>	<b>(41,371)</b>

### 18. PROVISIONS

#### Long Term Provisions

	Injury and Damage Compensation Claims £000	Other Provisions- Housing Warranty £000	Total £000
<b>Balance at 1st April 2019</b>	(2,148)	(923)	(3,071)
Net Transfer (To)/ From	(222)	-	(222)
<b>Balance at 31st March 2020</b>	(2,370)	(923)	(3,293)
Net Transfer To/ From	8	-	8
Net Transfer (To)	(676)	-	(676)
<b>Balance at 31st March 2021</b>	<b>(3,038)</b>	<b>(923)</b>	<b>(3,961)</b>

#### Short Term Provisions

	Injury and Damage Compensation Claims £000	Other Provisions - Redundancy £000	Total £000
<b>Balance at 1st April 2019</b>	(1,256)	(766)	(2,022)
Net Transfer From	38	766	804
Net Transfer (To)	-	(325)	(325)
<b>Balance at 31st March 2020</b>	(1,218)	(325)	(1,543)
Net Transfer From	-	325	325
Net Transfer (To)	(382)	(67)	(449)
<b>Balance at 31st March 2021</b>	<b>(1,600)</b>	<b>(67)</b>	<b>(1,667)</b>

#### Long and Short Term - Injury and Damage Compensation Claims

This provision covers the estimated cost of settling all the outstanding insurance claims of the Council that existed at 31<sup>st</sup> March 2021.

#### Long Term - Other Provisions – Housing Warranties

This long term 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.

## NOTES TO THE ACCOUNTS

### Short Term - Other Provisions – 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 2020 £000		31st Mar 2021 £000
(59,093)	Earmarked and General Reserve Working Balance	(79,052)
(11,629)	Unapplied Grants	(14,434)
(8,076)	Usable Capital Receipts	(8,883)
<b>(78,798)</b>	<b>Total</b>	<b>(102,369)</b>

### 20. UNUSABLE RESERVES

31st Mar 2020 £000		31st Mar 2021 £000
(91,441)	Revaluation Reserve	(93,285)
(281,012)	Capital Adjustment Account	(290,643)
1,665	Financial Instruments Adjustment Account	1,489
495,303	Pensions Reserve	578,403
(15)	Deferred Capital Receipts Reserve	(3)
4,672	Accumulated Absences Account	6,213
<b>129,172</b>	<b>Total</b>	<b>202,174</b>

#### 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.

## NOTES TO THE ACCOUNTS

2019/20		Revaluation Reserve	2020/21	
£000	£000		£000	£000
	(78,299)	<b>Balance at 1st April</b>		(91,441)
		Historic cost adjustment between Revaluation Reserve and Capital Adjustment Account	(7,365)	
		<b>Revised Balance at 1st April</b>		(98,806)
(18,953)		Upward Revaluation of Assets	(924)	
618		Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services	2,711	
	(18,335)	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services		1,787
5,154		Difference Between Fair Value Depreciation and Historical Cost Depreciation	3,590	
39		Accumulated Gains on Assets Sold or Scrapped	144	
	5,193	Amount Written Off to the Capital Adjustment Account		3,734
	<b>(91,441)</b>	<b>Accumulated Gains on Assets Sold</b>		<b>(93,285)</b>

### 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.

## NOTES TO THE ACCOUNTS

2019/20		Capital Adjustment Account	2020/21	
£000	£000		£000	£000
	(292,429)	<b>Balance at 1st April</b>		(281,012)
-		Historic cost adjustment between Revaluation Reserve and Capital	7,365	
	(292,429)	<b>Revised Balance at 1st April</b>		(273,647)
		Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:		
26,697		Charges for Depreciation and Impairment of Non Current Assets	25,603	
9,351		Revaluation Losses on Property, Plant and Equipment	6,117	
14,232		Revenue Expenditure Funded from Capital Under Statute	12,503	
1,205		Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	1,087	
	51,485 (5,193)	Adjusting Amounts Written Out of the Revaluation Reserve		45,310 (3,734)
	(246,137)	Net Written out Amount of the Cost of Non Current Assets Consumed in the Year		(232,071)
		Capital Financing Applied in the Year:		
-		Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(936)	
(24,684)		Application of Grants to Capital Financing from the Capital Grants Unapplied	(46,304)	
(10,009)		Statutory Provision for the Financing of Capital Investment Charged Against the General Fund	(10,102)	
(182)		Capital Expenditure Charged Against the General Fund	(1,245)	
-	(34,875)	Deferred Sale Proceed to Comprehensive Income and Expenditure Account	15	(58,587)
	0			15
	<b>(281,012)</b>			<b>(290,643)</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. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result the balance of the premiums at 31<sup>st</sup> March 2021 will be charged to the general fund until 2055.

2019/20		Financial Instruments Adjustment	2020/21	
£000	£000		£000	£000
(175)	1,840	<b>Balance at 1st April</b>	(176)	1,665
		Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance with Statutory Requirements		
	(175)			(176)
	<b>1,665</b>	<b>Balance at 31st March</b>		<b>1,489</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.

2019/20 £000	Pension Reserve	2020/21 £000
513,753	<b>Balance at 1st April</b>	495,303
(41,790)	Actuarial (Gains) or Losses on Pensions Assets and Liabilities	62,800
52,580	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	50,690
(29,240)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(30,390)
<b>495,303</b>	<b>Balance at 31st March</b>	<b>578,403</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.

2019/20 £000	Deferred Capital Receipts Reserve	2020/21 £000
(15)	<b>Balance at 1st April</b>	(15)
-	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	12
<b>(15)</b>	<b>Balance at 31st March</b>	<b>(3)</b>

### 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.

Due to the Covid19 Pandemic the average number of annual leave days not taken has increased from 2.35 to 8.32 days.

2019/20		Accumulated Absences Account	2020/21	
£000	£000		£000	£000
(3,876)	3,876	<b>Balance at 1st April</b>	(4,672)	4,672
4,672		Settlement or Cancellation of Accrual made at the end of the Preceding Year	6,213	
		Amounts Accrued at the end of the Current Year		
	796	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		1,541
	<b>4,672</b>	<b>Balance at 31st March</b>		<b>6,213</b>

## 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

2019/20 £000		2020/21 £000
26,697	Depreciation and Impairment on Non Current Assets	25,603
9,351	Revaluation Losses on Property, Plant and Equipment	6,117
91	(Increase)/Decrease in Long Term Debtors	244
(9,035)	(Increase)/Decrease in Short Term Debtors	(20,414)
(62)	(Increase)/Decrease in Inventories	(12)
(6,783)	Increase/(Decrease) in Short term Creditors	(677)
(2,337)	Increase/(Decrease) in Long term Creditors	(8)
(479)	Increase/(Decrease) in Short term Provisions	124
222	Increase/(Decrease) in Long term Provisions	668
153	Increase/(Decrease) in Grants Receipts in Advance	959
1,205	Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the	1,087
23,340	Increase/ (Decrease) in Pension Liability	20,300
-	Impairments Charged to the CIES	-
(41)	Finance Lease Interest	(41)
9,662	Adjustment for Non Enhancing Spend Included in PPE Additions	9,386
(160)	Other Non-Cash Items Charged to Net Surplus/Deficit on the Provision of Services	(72)
<b>51,824</b>		<b>43,264</b>

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

2019/20 £000		2020/21 £000
(1,105)	Proceeds from the Sale of Property, Plant and	(1,728)
(21,475)	Other Receipts from Investing Activities	(44,117)
<b>(22,580)</b>		<b>(45,845)</b>

## NOTES TO THE ACCOUNTS

### 22. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2019/20 £000		2020/21 £000
(34,561)	Purchase of Property, Plant and Equipment	(55,652)
(4,964,342)	Purchase of Short Term and Long Term Investments	(576,600)
1,105	Proceeds from the Sale of Property, Plant and	1,728
4,962,942	Proceeds from Short Term and Long Term Investments	580,600
21,475	Other Receipts from Investing Activities	44,117
<b>(13,381)</b>	<b>Net Cash Flows From Investing Activities</b>	<b>(5,807)</b>

### 23. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2019/20 £000		2020/21 £000
30,516	Cash Receipts of Short and Long Term Borrowing	2,946
(5,968)	Repayments of Short and Long Term Borrowing	(9,206)
<b>24,548</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(6,260)</b>

The financing activities relate to non-cash changes. The 2020-21 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	2,943	3	2,946
Repayments	-	(9,206)	(9,206)
<b>Net Cash Flows from Financing Activities</b>	<b>2,943</b>	<b>(9,203)</b>	<b>(6,260)</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 the related expenditure is fully reimbursed. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement.

#### **COVID 19 Agency Arrangements**

During 2020-21 the Council have been acting on behalf of the Welsh government as an agent with regard to various COVID19 related grants. Expenditure for which has been fully reimbursed. These include business grants, hardship funding and social care recognition schemes. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement. Further details can be found in note 38.

## NOTES TO THE ACCOUNTS

### 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.

2019/20			2020/21	
£000	£000		£000	£000
		Funding Provided to the Pooled Budget:		
(526)		Grant	(1,773)	
(624)		City and County of Swansea	(700)	
(351)		Neath and Port Talbot Council	(394)	
(1,525)		The Health Board	(1,406)	
	(3,026)	In Year Contributions		(4,273)
	(3,026)	Total Income		(4,273)
	2,233	Expenditure Met from the Pooled Budget:		2,937
	(793)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		(1,336)
	<b>(111)</b>	<b>Authority Share of the Net (Surplus)/ Deficit Arising on the Pooled Budget</b>		<b>0</b>

#### **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.

## NOTES TO THE ACCOUNTS

2019/20			2020/21	
£000	£000		£000	£000
(2,728)		Funding Provided to the Pooled Budget:		
(2,579)		Neath and Port Talbot Council	(2,654)	
		The Health Board	(2,457)	
	(5,307)	Total Income		(5,111)
	5,280	Expenditure Met from the Pooled Budget:		5,108
	(27)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		(3)
	<b>(27)</b>	<b>Authority Share of the Net (Surplus)/ Deficit Arising on the Pooled Budget</b>		<b>(3)</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.

2019/20 £000		2020/21 £000
1,342	Basic and Senior Salaries	1,352
6	Expenses	-
<b>1,348</b>	<b>Total</b>	<b>1,352</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 include a ratio showing the remuneration of the Council's highest paid officer, its Chief Executive, compared to the median remuneration of all employees, which is £24,491. The ratio is:

	Pay multiple
Median employee earnings : Chief Executive's earnings	1 : 5.43

## NOTES TO THE ACCOUNTS

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

			Salary, Fees and Allowances £	Expenses Allowances £	Employers Pension Contribution £	<b>Total</b> £
Chief Executive Steven J Phillips	2019/20		£142,485	-	£25,647	£168,132
	<b>2020/21</b>	*	<b>£109,802</b>	-	<b>£22,290</b>	<b>£132,092</b>
Karen Jones	<b>2020/21</b>	**	<b>£32,849</b>	-	<b>£6,668</b>	<b>£39,517</b>
Director of Education, Leisure & Lifelong Learning	2019/20		£115,277	-	£20,750	£136,027
	<b>2020/21</b>	*	<b>£133,439</b>	-	<b>£26,703</b>	<b>£160,142</b>
Director of Environment	2019/20	*	£89,288	-	-	£89,288
	2019/20	**	£26,150	-	£4,707	£30,857
	<b>2020/21</b>		<b>£110,236</b>	-	<b>£22,378</b>	<b>£132,614</b>
Director of Social Services, Health & Housing	2019/20		£110,037	-	-	£110,037
	<b>2020/21</b>		<b>£115,755</b>	-	<b>£21,540</b>	<b>£137,295</b>
Director of Finance and Corporate Services	2019/20		£115,277	-	-	£115,277
	<b>2020/21</b>		<b>£118,447</b>	-	-	<b>£118,447</b>
Assistant Chief Executive & Digital Officer	2019/20		£91,179	-	£16,412	£107,591
	<b>2020/21</b>		<b>£70,392</b>	-	<b>£14,290</b>	<b>£84,682</b>
Head of Human Resources	2019/20		£81,494	-	£14,411	£95,905
	<b>2020/21</b>		<b>£83,735</b>	-	<b>£16,995</b>	<b>£100,730</b>
Head of Legal Services	2019/20		£75,941	-	£13,669	£89,610
	<b>2020/21</b>		<b>£79,928</b>	-	<b>£16,225</b>	<b>£96,153</b>

The Employers pension contribution of 20.3% (18% in 2019/20) 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 figures do not include any remuneration for the former Chief Executive in his role as returning officer. The amount paid to the former Chief Executive in 2020/21 was £1,297 (2019/20 £9,500), which is based on rates defined by the respective election bodies.

The Chief Executive post was filled by appointment on 1<sup>st</sup> January 2021 after the retirement of the former Chief Executive. There are two lines showing for the Chief Executive in 2020/21 to show the pay of the \*retiring Chief Executive, followed by the figures of the \*\*newly appointed Chief Executive.

The Director of Education retired on 31<sup>st</sup> March 2021, included in the remuneration for 2020/21 is an amount for unused holiday pay.

The Director of Environment post was filled by appointment on 3<sup>rd</sup> January 2020 after the retirement of the former Director of Environment. There are two lines showing in 2019/20 for the Director of Environment to show the pay of the \*retiring Director, followed by the figures of the \*\*newly appointed Director.

The Assistant Chief Executive & Digital Officer Post was deleted on 7<sup>th</sup> January 2021 after a restructure of the Senior Management Team which included the Head of Human Resources and the Head of Legal Services now reporting directly to the Chief Executive.

## NOTES TO THE ACCOUNTS

The number of other staff employed by the Council, including head 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 of employees has increased in 2020/21 due to a 2.75% pay increase on 1<sup>st</sup> April 2020.

Number of Employees				Number of Employees
2019/20				2020/21
43	£60,000	-	£64,999	42
20	£65,000	-	£69,999	28
7	£70,000	-	£74,999	12
7	£75,000	-	£79,999	7
10	£80,000	-	£84,999	10
2	£85,000	-	£89,999	4
-	£90,000	-	£94,999	2
3	£95,000	-	£99,999	-
-	£100,000	-	£104,999	1
1	£105,000	-	£109,999	-
-	£110,000	-	£114,999	1
<b>93</b>				<b>107</b>

As a result of a voluntary redundancy scheme in 2020/21, a number of additional employees received remuneration above £60,000. These individuals were paid the following amounts:

Number of Employees				Number of Employees
2019/20				2020/21
2	£60,000	-	£64,999	-
-	£65,000	-	£69,999	1
1	£70,000	-	£74,999	-
1	£85,000	-	£89,999	-
<b>4</b>				<b>1</b>

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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
							£000	£000
£0 - £20,000	7	7	37	21	44	28	392	242
£20,001 - £40,000	-	-	14	11	14	11	369	374
£40,001 - £60,000	-	-	4	3	4	3	199	162
£60,001 - £100,000	-	-	2	2	2	2	166	123
<b>Total</b>	<b>7</b>	<b>7</b>	<b>57</b>	<b>37</b>	<b>64</b>	<b>44</b>	<b>1,126</b>	<b>901</b>

The Council continues to minimise compulsory redundancy as far as is possible by using alternatives such as voluntary redundancy and redeployment to alternative

## NOTES TO THE ACCOUNTS

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.

### 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:

2019/20 £000		2020/21 £000
177	Fees Payable to Audit Wales for External Audit Services Carried Out by the Appointed Auditor for the Year	177
100	Fees Payable to Audit Wales for Statutory Work Carried Out Under the Local Government Measure	100
45	Fees Payable to Audit Wales for the Certification of Grant Claims and Returns for the Year	20
<b>322</b>	<b>Total</b>	<b>297</b>

### 29. GRANT INCOME

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

2019/20 £000	Grant Income	2020/21 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
168,695	Revenue Support Grant	181,702
6,405	Regeneration and Town Centre Redevelopments	8,512
5,852	21st Century Schools	24,722
50	Intermediate Care Fund	-
320	Local Transport Fund	907
564	Safe Routes / Accident Reduction Measures	215
15	Coastal Risk Management Projects	-
521	Active Travel	1,153
1,496	Additional Infrastructure Funding	753
9	Flood Prevention Grants	1,213
7	Flying Start	11
167	Childcare Offer Capital Grant	589
1,928	Additional Schools Funding	2,202
2,000	Hillside	-
1,113	HWB - Education Technology Grant	744
-	Drainage	1,018
-	Waste Transfer Station Grant	1,295
719	Other Capital Grants	3,319
<b>189,861</b>	<b>Total Grants Credited to Taxation and Non Specific Grant Income</b>	<b>228,355</b>

## NOTES TO THE ACCOUNTS

2019/20 £000	Grant Income	2020/21 £000
	<b>Credited to Services</b>	
1,453	Post 16	1,797
653	Youth	459
241	Active Young People	-
2,139	Childcare Offer	2,875
5,181	Children & Communities	3,815
-	Regional Consortia School Improvement Grant (RCSIG)	6,149
1,827	Teachers Pension	-
2,715	LA Education Grant	2,063
5,132	Pupil Deprivation Grant	6,035
255	Pupil Deprivation Grant - Looked After Children	-
294	Rural Development Plan	377
-	Minority Ethnic, Gypsy Traveller Grant	202
-	Covid Schools Funding	2,542
1,638	Other Education Grants	3,258
2,394	Concessionary Bus Fares	2,400
114	Bus Services Grant	116
-	Road Safety Grant	33
121	Other Highways Grants	249
1,912	Families First	-
354	Social Care Workforce Development	1,001
411	Youth Justice Board	233
3,076	Substance Misuse	3,515
3,807	Flying Start	3,803
1,494	Safe & Resilient Communities	-
152	Syrian Vulnerable Person Resettlement	134
-	Sustainable Social Services	1,992
505	Other Social Services Grants	109
701	Housing Benefit Admin	673
44,447	Mandatory Rent Allowances	42,238
421	Mandatory Rent Rebate	-
4,245	General Capital Grant for Housing Expenditure	1,547
425	Housing Energy Efficiency Grant	295
4,804	Supporting People	4,938
-	Culture & Heritage	4
177	Recreation & Sport	217
1,486	Community Purposes	481
-	Single Environment Grant	9
2,483	Workways	2,624
886	Sustainable Waste	753
459	Enabling Natural Resources & Wellbeing	-
326	Schools Information Technology Grant	-
1,304	Other Services Grants	4,392

## NOTES TO THE ACCOUNTS

2019/20 £000	Grant Income	2020/21 £000
	<b>Credited to Services (continued)</b>	
	- COVID19 - LA Hardship Fund	13,074
	- COVID19 - Loss of Income	9,589
	- COVID19 - Social Services voids	2,570
	- COVID19 - Social Sevices rate increase	1,884
	- COVID19 - Council Tax Reduction Scheme	604
	- COVID19 - Sickness Reimbursement Scheme	46
	- COVID19 - Care Home Testing	80
	- COVID19 - Care Home Visiting Pods	137
	- COVID19 - Skewen Flood	165
<b>98,032</b>	<b>Total Grants Credited to Services</b>	<b>129,477</b>
<b>287,893</b>	<b>Total Grant Income</b>	<b>357,832</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.

#### 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 note to the expenditure and funding analysis in note 5. Grant receipts are shown in note 29.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total paid to members in 2020/21, 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 Head of Legal Services are 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.

## Entities Significantly Influenced by the Council

### 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 and the University of Wales Trinity Saint David.

Within the Joint Committee Agreement there is acknowledgement that all partners will contribute £50,000 per annum to support the central administrative functions of the programme, as well as 1.5% "Top Slice" being applied to programme/project City Deal grant awards.

Neath Port Talbot Council contribution is fully paid up to 31<sup>st</sup> March 2021.

As at the 31<sup>st</sup> March 2021, no City Deal grant funding was awarded to Neath Port Talbot County Borough Council, due to programme/project business cases being still in development.

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 re-included within the Joint Committee budget allowing for the recharge of those functions by Authorities (omitted in the prior year 2019/20). 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.

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.

	2020/21 £000
<b><u>Income</u></b>	
Democratic Services Recharge	(21)
Interest Apportionment (derived from SBCD cash balances)	-
SBCD Grant Award	-
	(21)
<b><u>Expenditure</u></b>	
Partnership Contribution	50
<b>Total Balance of Related Parties</b>	<b>29</b>

## NOTES TO THE ACCOUNTS

### Waste

The Council owns a waste management company (Neath Port Talbot Waste Management Company Ltd). The waste management company has a 100% shareholding in the operating company for the materials recycling plant (Neath Port Talbot Recycling Ltd), which stopped trading on 30<sup>th</sup> September 2019. Both companies are due to be dissolved during 2021/22.

No waste management charges were made by the Council to NPT Recycling Ltd during 2020/21. In 2019/20 £4.544M was paid on behalf of Neath Port Talbot CBC and Bridgend CBC, the Council received income from Bridgend CBC. The waste services provided by NPTRL was TUPE transferred into Neath Port Talbot Council on 1<sup>st</sup> October 2019.

### Celtic Leisure

The Council has a contracted 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.

The Council pays Celtic Leisure an annual management fee to run the service (excluding the structural maintenance of buildings) which for 2020/21 was £1.461m (£1.593m in 2019/20). During 2020/21 the Council also paid a COVID loss of income Grant to Celtic Leisure of £1.475m and a one off payment for purchase of assets for £0.150m. There was £44,000 (£99,000 in 2019/20) outstanding balance owed by Celtic Leisure on 31<sup>st</sup> March 2021.

## 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.

2019/20 £000		2020/21 £000
	<b>Capital Investment</b>	
34,561	Property, Plant and Equipment	55,652
4,570	Revenue Expenditure Funded from Capital Under Statute	3,117
<b>39,131</b>		<b>58,769</b>
	<b>Sources of Finance</b>	
-	Capital Receipts	(936)
(24,684)	Government Grants and Other Contributions:	(46,304)
	Sums Set Aside from Revenue	
(182)	Direct Revenue Contributions and Reserves	(1,245)
(14,265)	Loans	(10,284)
<b>(39,131)</b>		<b>(58,769)</b>

As at 31<sup>st</sup> March 2021, the Authority has entered into a number of contracts for the construction of Property, Plant and Equipment. The budgeted cost of these commitments for 2021/22 and future years are shown in the table below.

## NOTES TO THE ACCOUNTS

The major commitments are:

Major Capital Commitments	2021/22 £000	Future £000	Total £000
Replacement Comprehensive School at Cefn Saeson	3,376	-	3,376
Replacement Primary at Abbey	6,049	1,419	7,468
New Build Block Ysgol Gymraeg Ystalyfera Bro Dur (North Campus)	4,545	342	4,887
Harbourside Infrastructure	2,563	-	2,563
Plaza Redevelopment	3,300	-	3,300
Neath Town Centre Redevelopment	10,817	1,070	11,887
The Technology Centre	4,957	-	4,957
	<b>35,607</b>	<b>2,831</b>	<b>38,438</b>

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.

2019/20 £000		2020/21 £000
<b>(338,618)</b>	<b>Opening Capital Financing Requirement</b>	<b>(342,873)</b>
(4,486)	Increase in Underlying Need to Borrow (Supported by Government Financial Assistance)	(4,489)
(9,778)	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	(5,795)
10,009	Minimum Revenue Provision and Prudential Borrowing	10,102
<b>(342,873)</b>	<b>Closing Capital Financing Requirement</b>	<b>(343,055)</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:

## NOTES TO THE ACCOUNTS

	Payment for Services	Reimburse Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Payable:				
Within 1 year	5,240	96	157	5,493
Within 2 to 5 years	17,199	446	563	18,208
Within 6 to 10 years	17,118	734	528	18,380
Within 11 to 15 years	16,022	993	268	17,283
Years 16 to 17	3,204	238	15	3,457
<b>Total</b>	<b>58,783</b>	<b>2,507</b>	<b>1,531</b>	<b>62,821</b>

The future service liability for reimbursing capital expenditure is:

2019/20 £000		2020/21 £000
2,682	Balance Outstanding at 1st April	2,597
(85)	Payments During the Year	(90)
<b>2,597</b>	<b>Balance outstanding at 31st March</b>	<b>2,507</b>

### 33. LEASES

#### Council as Lessee

##### Finance Leases

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

31st Mar 2020 £000		31st Mar 2021 £000
3,232	Other Land and Buildings - Asset Value	3,158

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 2020 £000		31st Mar 2021 £000
	<b>Finance Lease Liabilities</b>	
11	Current	11
855	Non Current	843
834	Finance Lease Costs Payable in Future Years	795
<b>1,700</b>	<b>Minimum Lease Payments</b>	<b>1,649</b>

## NOTES TO THE ACCOUNTS

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 £000	31st Mar £000		31st Mar £000	31st Mar £000
52	11	Not Later than One Year	52	11
206	49	Between 1 and 5 Years	206	51
1,442	806	Later than 5 Years	1,391	792
<b>1,700</b>	<b>866</b>		<b>1,649</b>	<b>854</b>

### 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 2020/21 was £1.204m and in 2019/20 was £1.295m. 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 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 technically a defined benefit scheme. However, 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. 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 2020/21, the Council paid £11.4m 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 figures for 2019/20 was £9.699m.

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 35.

# 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 that need to be disclosed 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. Benefits earned up to 31<sup>st</sup> March 2014 were linked to final salary, with benefits after this date based on a career average revalued earnings scheme.
- 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 City and County of Swansea Council. Policy is determined in accordance with the pension fund regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, such as large-scale withdrawals, 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.

### 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. 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.

# NOTES TO THE ACCOUNTS

## **McCloud**

During 2019, the Supreme Court rejected the Government's request to appeal against a judgement relating to "McCloud/Sargeant" a judge and a fire fighter who represented their pension scheme members in claiming unlawful discrimination. This concerned the transitional protections given to older scheme members as part of pension reforms introduced in 2014/15, which have been judged age discriminatory.

The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. The pension fund actuary, Aon Hewitt, has based the estimate on the major provisions of the remedy.

## **Guaranteed Minimum Pension (GMP) Equalisation**

GMP is a portion of the pension that was accrued by individuals who were contracted out of the State Second Pension between 6<sup>th</sup> April 1978 and 6<sup>th</sup> April 1997.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required to members who transferred benefits out since May 1990. The Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectify this so no allowance has been made for a potential liability arising from this ruling.

## NOTES TO THE ACCOUNTS

Local Government Pension Scheme	Discretionary Benefits Arrangements		Local Government Pension Scheme	Discretionary Benefits Arrangements
2019/20			2020/21	
£m	£m		£m	£m
		<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
		<b>Cost of Services:</b>		
40.36	-	Current Service Cost	39.15	-
0.24	-	Past Service Costs	0.49	-
-	-	(Gain)/Loss from Settlements	-	-
		<b>Financing and Investment Income and Expenditure</b>		
11.17	0.81	Net Interest Expense	10.35	0.70
<b>51.77</b>	<b>0.81</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>49.99</b>	<b>0.70</b>
		<b>Other Post-Employed Benefit Charged to the CIES</b>		
		<b>Remeasurement of the Net Defined Benefit Liability</b>		
62.94	-	Return on Plan Assets (excluding the amount included in the net interest expense)	(163.88)	-
(40.44)	(1.27)	Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	-	-
(21.94)	(0.26)	Actuarial Gains and Losses Arising on Changes in Financial Assumptions	234.78	2.55
(40.66)	(0.16)	Actuarial Gains and Losses due to Liability Experience	(11.52)	0.87
<b>(40.10)</b>	<b>(1.69)</b>	<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>59.38</b>	<b>3.42</b>
<b>11.67</b>	<b>(0.88)</b>	<b>Total Post Employment Benefit Charged to the CIES</b>	<b>109.37</b>	<b>4.12</b>
		<b>Movement in Reserves Statement</b>		
<b>(11.67)</b>	<b>0.88</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>(109.37)</b>	<b>(4.12)</b>
		<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year</b>		
26.68	-	Employers' Contributions Payable to Scheme	27.94	-
-	2.56	Retirement Benefit Payable to Pensioners	-	2.45

## 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
2019/20 £m	2019/20 £m		2020/21 £m	2020/21 £m
(1,090.77)	(31.68)	Present Value of the Defined Benefit Obligation	(1,355.71)	(33.35)
627.15		Fair Value of Plan Assets	810.66	
<b>(463.62)</b>	<b>(31.68)</b>	<b>Total</b>	<b>(545.05)</b>	<b>(33.35)</b>

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

2019/20 £m		2020/21 £m
669.72	Opening Fair Value of Scheme Assets	627.15
16.13	Interest Income on assets	14.49
(62.94)	Remeasurement Gains/(Losses): The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	163.88
26.68	Contributions by the Employer	27.94
6.15	Contributions from Employees into the Scheme	6.49
(28.59)	Benefits Paid	(29.29)
<b>627.15</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>810.66</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
2019/20 £m	2019/20 £m		2020/21 £m	2020/21 £m
(1,148.35)	(35.12)	Opening Balance at 1st April	(1,090.77)	(31.68)
(40.36)	-	Current Service Cost	(39.15)	-
(27.30)	(0.81)	Interest cost	(24.84)	(0.70)
(6.15)	-	Contributions from Scheme	(6.49)	-
40.44	1.27	Remeasurement Gains and (Losses): Actuarial Gains/Losses Arising from Changes in Demographic	-	-
21.94	0.26	Actuarial Gains/Losses Arising from Changes in Financial Assumptions	(234.78)	(2.55)
40.66	0.16	Actuarial Gains and Losses Due to Liability Experience	11.52	(0.87)
(0.24)	-	Past Service Cost	(0.49)	-
28.59	2.56	Benefits Paid	29.29	2.45
<b>(1,090.77)</b>	<b>(31.68)</b>	<b>Liabilities Extinguished on Settlement</b>	<b>(1,355.71)</b>	<b>(33.35)</b>

## NOTES TO THE ACCOUNTS

Local Government Pension Scheme Assets for Neath Port Talbot

The following table shows an analysis of the scheme assets.

Fair Value of Scheme Assets				Fair Value of Scheme Assets		
2019/20				2020/21		
UK £000	Overseas £000	Total £000		UK £000	Overseas £000	Total £000
		13,776	Cash and Cash Equivalents		12,582	
			<b>Pooled Investments Vehicles</b>			
			Managed funds:			
			Quoted			
	3,194	3,194	Equity	-	0	
	36,250	36,250	Fixed Interest	-	0	
			Unquoted			
	436,335	436,335	Equity	586,052	586,052	
9,824	15,321	25,145	Property	9,762	13,530	
6,355	-	6,355	Property Unit Trust	6,757	-	
28,436	5,952	34,388	Fixed Interest	26,151	45,741	
11,076	-	11,076	Index-Linked	11,201	-	
	15,764	15,764	Hedge Fund	-	18,730	
	29,022	29,022	Private Equity	-	41,168	
	10,611	10,611	Infrastructure	-	23,620	
	3,722	3,722	Private Debt	-	11,783	
	571	571	Derivatives	-	822	
	244	244	Cash Funds	-	1,350	
	-	0	Cash Dividends Due	12	-	
55,691	556,986	612,677	<b>Total Pooled Investments</b>	53,883	742,796	
		697	Net Current Assets		1,405	
		<b>627,150</b>	<b>Total Assets</b>		<b>810,666</b>	

In January 2019, the three segregated equity funds were transitioned to the Wales Pension Partnership Global Opportunities Fund as a pooled Equity Investment Vehicle. The Scheme no longer has any segregated global equity mandates.

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

Neath Port Talbot Share			Neath Port Talbot Share	
2019/20			2020/21	
Value of Net Assets £000	Proportion of Net %		Value of Net Assets £000	Proportion of Net %
139,807	22.3	Blackrock ACS Low Carbon Tracker Fund	188,741	23.3
31,452	5.0	Harbour Vest - Private Equity Fund	-	-
36,112	5.8	Goldman Sachs Global Libor Plus II	-	-
381,264	47.0	WPP Global Opportunities Fund	381,264	47.0

## NOTES TO THE ACCOUNTS

### 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, an independent firm of actuaries, estimates for the City and County of Swansea Pension Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2020.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefit Arrangements		Local Government Pension Scheme	Discretionary Benefit Arrangements
2019/20			2020/21	
		<b>Mortality Assumptions:</b>		
		Longevity at 65 for Current		
22.2	22.2	Men	22.3	22.3
24.2	24.2	Women	24.3	24.3
		Longevity at 65 for Future		
23.2	-	Men	23.3	-
25.7	-	Women	25.8	-
		<b>Rate of Inflation:</b>		
-	-	RPI	-	-
2.0%	2.0%	CPI	2.7%	2.7%
3.5%	-	Rate of Increase in Salaries	4.2%	-
2.0%	2.0%	Rate of Increase in Pensions	2.7%	2.7%
2.3%	2.3%	Rate for Discounting Scheme	2.1%	2.1%

### 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 2021 and the projected service cost for the year ending 31<sup>st</sup> March 2022 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)	1,328.60	1,384.18
% Change in Present Value of Total Obligation	-2.0%	2.1%
Projected Service Cost (£m's)	54.06	57.92
Approximate % Change in Projected Service Cost	-3.4%	3.5%

#### 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)	1,359.78	1,351.64
% Change in Present Value of Total Obligation	0.30%	-0.30%
Projected Service Cost (£m's)	55.96	55.96
Approximate % Change in Projected Service Cost	0.0%	0.0%

## NOTES TO THE ACCOUNTS

### 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)	1,378.76	1,332.66
% Change in Present Value of Total Obligation	1.7%	-1.7%
Projected Service Cost (£m's)	57.92	54.06
Approximate % Change in Projected Service Cost	3.5%	-3.4%

### Post Retirement Mortality Assumption

Adjustment to mortality age rating assumption	-1 year	+1 year
Present Value of Total Obligation (£m's)	1,405.87	1,306.90
% Change in Present Value of Total Obligation	3.7%	-3.6%
Projected Service Cost (£m's)	58.25	53.67
Approximate % Change in Projected Service Cost	4.1%	-4.1%

### Asset Liability Matching Strategy

The City and County of Swansea Pension Fund has not formally adopted any asset liability matching strategies within its current statement of investment principles. The Pension Fund is an open defined benefit LGPS fund which is open to new membership. Noting the positive cash flow of the Fund at this present time, the Fund has adopted a medium/long term investment horizon in its allocation to growth assets, however, the need to meet on-going liabilities, is addressed by the allocation to cash distributing assets in the form of bonds, property and infrastructure.

### 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 Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next nineteen years from 1<sup>st</sup> April 2020, funding levels are monitored to achieve this. Cash flows used in the valuation were estimated based on the 2019 actuarial valuation data provided.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31<sup>st</sup> March 2022 is £28.71m. Expected payments to beneficiaries of the discretionary benefits schemes in the year to 31<sup>st</sup> March 2022 are £0.95m for the LGPS Scheme and £1.51m 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.

# NOTES TO THE ACCOUNTS

## 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.

## 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 2020 £000</b>		<b>31st Mar 2021 £000</b>
1,850	Current - Up to One Month	3,085
555	One to Three Months	1,069
609	Three to Six months	484
419	Six Months to One Year	534
1,094	More than One Year	1,212
<b>4,527</b>	<b>Total</b>	<b>6,384</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:

31st Mar 2020 £000		31st Mar 2021 £000
(10,774)	Less than 1 Year	(2,572)
(1,001)	Between 1 and 2 Years	(26,651)
(37,706)	Between 2 and 5 Years	(13,556)
(1,732)	Between 5 and 10 Years	(2,175)
(256,659)	More than 10 Years	(256,659)
<b>(307,872)</b>	<b>Total</b>	<b>(301,613)</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.

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

## NOTES TO THE ACCOUNTS

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 all interest rates had been 1% higher (with all other variables held constant) the financial effect at 31<sup>st</sup> March would be:

	<b>31st Mar 2021 £000</b>
Increase/Decrease in Interest Received and Credited to the CIES	362
Increase/Decrease in External Interest Payable and Debited to the CIES	2,951

**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 2020/21 was £1,935.44. 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 48,098 (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	13,178	26,274	11,329	7,067	4,310	1,352	504	89	16	64,119

#### **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 2020/21 was 53.5p (2019/20 52.6p). 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 2020/21, the total non-domestic rateable value at the year-end was £103.935m (2019/20 £100.980m).

## 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	2020/21 £000
Blaengwrach	39
Blaenhonddan	230
Briton Ferry	152
Cilybebyll	100
Clyne and Melincourt	22
Coedffranc	399
Crynant	50
Cwmllynfell	40
Dyffryn Clydach	50
Glynneath	236
Gwaencaegurwen	86
Neath	400
Onllwyn	24
Pelenna	40
Pontardawe	183
Resolven	55
Seven Sisters	50
Tonna	38
Ystalyfera	73
	<b>2,267</b>
<b>Other Levies and Demands</b>	
Police and Crime Commission for South Wales	13,117
Fire Authority	7,890
	<b>21,007</b>

### 38. COVID 19

The Covid-19 pandemic significantly impacted on the work of the Council resulting in the development of new services and new ways of working. This included the development of the Safe and Well Service to support vulnerable people and those that needed to shield, Track Trace and Protect (TTP) service to support and keep people safe from Covid-19, Joint Enforcement Team to ensure compliance with the new legislation and rules, payments of financial support grants to businesses, payments to families entitled to free school meals, people on low earnings/benefits that were advised to self-isolate, payment to care workers etc. Office based staff worked from home or were seconded to some of the above mentioned roles.

The total amount of financial support from the both Welsh Government and Health received by the Council in 2020/21 to fund our activities and support our communities and businesses total £83.3m. The following table shows that the Council was reimbursed £28.610m by the Welsh Government and £4.417m from other local public bodies to cover increased service costs and also loss of income.

## NOTES TO THE ACCOUNTS

The council were also responsible for receiving and distributing Personal Protective Equipment (PPE) to both internal and external care providers. This PPE was provided nil of charge to the council by the Welsh Government / health services. The majority of this PPE was distributed to outside care providers with only an immaterial amount being utilised by the council. Due to the immaterial nature of the costs these have not been included in accounts.

2020/21	Expenditure	Income	Income Other Public Bodies
	£000	£000	£000
Reimbursement of Additional Expenditure incurred	14,553	(14,553)	0
Reimbursement- Loss of Income	0	(9,648)	0
Digital Transformation	0	(1,170)	0
Savings Strategies Contribution	0	(1,170)	0
Council Tax Administration & Court Costs	0	(153)	0
Business Grant Administration	0	(432)	0
Council Tax Support Increased Cost	0	(604)	0
Council Tax Grant	0	(727)	0
Circular Economy	0	(153)	0
Field Hospital	2,481	0	(2,481)
Track Trace Protect (TTP)	1,978	0	(1,936)
	<b>19,012</b>	<b>(28,610)</b>	<b>(4,417)</b>

The Council also administered schemes on behalf of the Welsh Government as an Agency service to pay grants to businesses and individual recipients totalling £50.268m.

2020/21	Expenditure £000	Income £000
Grants To Businesses	28,217	(28,217)
Business Restrictions Grant	12,939	(12,939)
Firebreak Grants	4,199	(4,199)
Discretionary Grant	1,292	(1,292)
Discretionary Firebreak Grants	496	(496)
Freelance Grants	437	(437)
Business Start Up Grants	80	(80)
Social Care Recognition Scheme	2,002	(2,002)
Social Care Sick Pay Scheme	279	(279)
Self Isolation Grant	247	(247)
Flood Grants paid to Skewen Residents	80	(80)
	<b>50,268</b>	<b>(50,268)</b>

# NOTES TO THE ACCOUNTS

## 39. ANNUAL GOVERNANCE STATEMENT

The Council is required by statute to provide an Annual Governance Statement that covers all significant corporate systems, processes 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

### Opinion on financial statements

I have audited the financial statements of Neath Port Talbot Council for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Neath Port Talbot Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Neath Port Talbot Council as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

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

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

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

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

## Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

### Matters on which I report by exception

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

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

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

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

## Responsibilities

### Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 9, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing Neath Port Talbot Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management and those charged with governance, relating to Neath Port Talbot Council's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.

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

- obtaining an understanding of Neath Port Talbot Council's framework of authority as well as other legal and regulatory frameworks that Neath Port Talbot Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Neath Port Talbot Council.

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

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

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

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

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

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

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

Adrian Crompton  
Auditor General for Wales  
30 July 2021

24 Cathedral Road  
Cardiff  
CF11 9LJ

## 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 Wales	Previously Wales Audit Office (WAO) - A body that independently examines the activities of the Council.
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 with complex mathematical models to predict the likelihood of future years. Their skills are used to work out insurance and pension fund valuations, taking into account relevant factors such as trends in insurance claims and life expectancy.
Cash flow statement	This statement summarises the movements in cash during the year for both revenue activities and capital activities.
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 accounts 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. It shows the accounting cost in the year, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
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.
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.
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.

## GLOSSARY OF TERMS

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.
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.
Minimum revenue provision (MRP)	A minimum annual charge that has to be made to the revenue accounts to systematically reduce the principal element of loans which have been raised and used to pay for capital schemes.
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 other reserves and the unusable reserves which cannot be utilised in this way.
National non domestic rates (NDR)	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.
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.

## GLOSSARY OF TERMS

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.
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.

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

Dyddiad/ Date 28<sup>th</sup> July 2021  
Rhif Ffôn/ Direct Line 01639 763251  
Ebost/ Email [h.jenkins@npt.gov.uk](mailto:h.jenkins@npt.gov.uk)  
Cyswllt/ Contact Mr Hywel Jenkins  
Eich cyf/ Your ref  
Ein cyf/ Our ref DOFCS/TJ

Appointed Auditor  
Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

Dear Sir

## Representations regarding the 2020-21 Financial Statements

This letter is provided in connection with your audit of the financial statements of Neath Port Talbot Council for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

### Management representations

### Responsibilities

We have fulfilled our responsibility for:

- the preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the UK 2020-21; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

---

Hywel Jenkins Cyfarwyddwr Cyllid a Gwasanaethau Gorfforaethol  
Cyngor Castell-Nedd Port Talbot  
Y Ganolfan Ddinesig  
Port Talbot SA13 1PJ  
Ffôn 01639 763251

Hywel Jenkins Director of Finance & Corporate Services  
Neath Port Talbot Council  
Civic Centre  
Port Talbot SA13 1PJ  
Phone 01639 763251

[www.npt.gov.uk](http://www.npt.gov.uk)

## **Information provided**

We have provided you with:

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

## **Financial statement representations**

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve

recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of an uncorrected misstatement identified during the audit is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- The provision made for insurance liabilities is based on an assessment of outstanding claims made by the Council's insurance advisers. This assessment also included a "buffer" requirement of £862,000 which had been incorrectly included in the provision rather than the insurance reserve. The impact of this unadjusted misstatement is that reported net expenditure and the general fund reserve are overstated and earmarked reserves understated.

### **Representations by the Audit Committee**

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 28 July 2021.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you.

We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware

Signed by:

Signed by:

Director of Finance and Corporate Services:

Chair of the Audit Committee

Date: 28 July 2021

Date: 28 July 2021

**Neath Port Talbot Council  
Annual Governance Statement  
2020/2021**

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## 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 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.

On preparing the AGS, the Council conducted a review on the effectiveness of its system of internal control in place for the year ending 31<sup>st</sup> March 2021 to ensure that:

- its 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 system 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. During the year ending March 2021, Covid-19 had a dramatic impact on the way we live and work and during that time the Council’s leadership and governance arrangements needed to adapt very quickly. Those

changes are reflected in this document to evidence how the Council ensured visibility of decision making and business was continued to be conducted in accordance with all relevant laws and regulations.

### The Framework

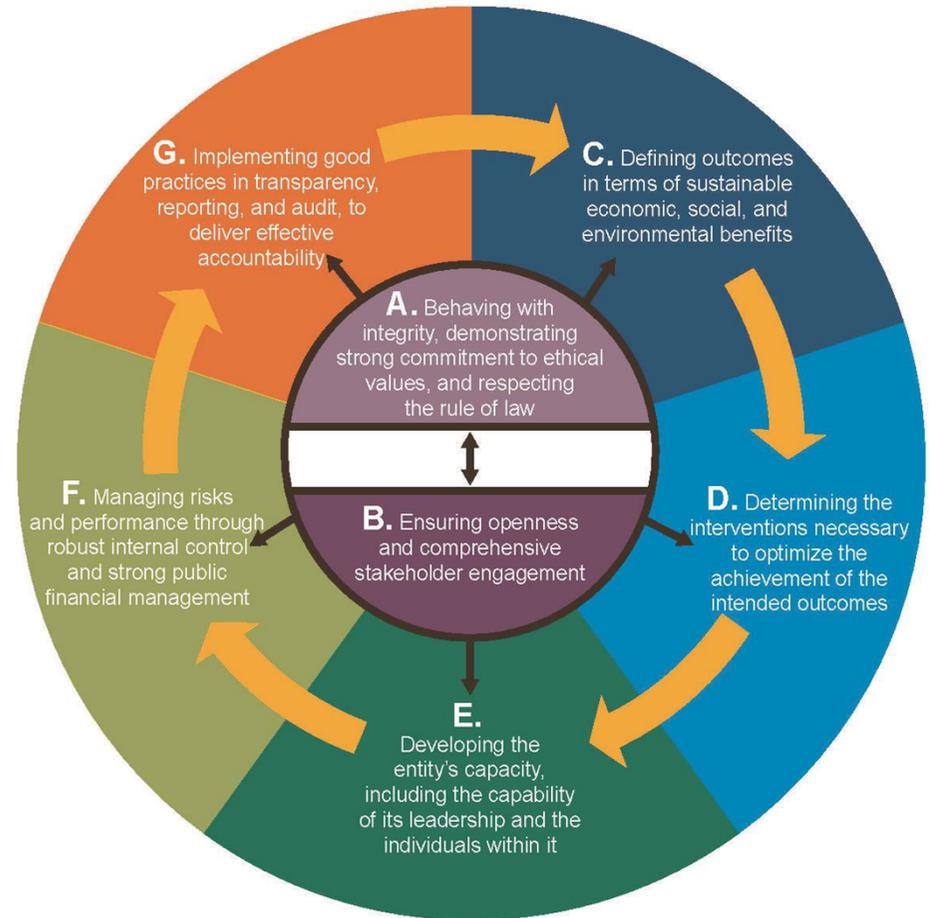
The Framework comprises two core principles and five supporting principles as illustrated in the diagram.

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 review have been included in an action plan set out in **Table 2** on page 63. The Corporate Governance Group, will oversee the action plan and progress will be reported to Corporate Directors Group, Cabinet and Audit Committee throughout the financial year.

Progress made on improvement work identified during 2019/2020 are contained in **Table 1** on page 57.



## 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
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	1.1.1 Employee Code of Conduct	An Internal Audit review of adherence to the Code was published in November 2020 and the Code was updated in January 2021 to take into account the recommendations made in the report.	None identified
	1.1.2 <a href="#">Member Code of Conduct</a>	<p>Monitored by the <a href="#">Standards Committee</a> 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>Ordinarily Members would receive training on the Code of Conduct and refresher training throughout the year. However, during 2020/2021 specific Code of Conduct training did not take place, instead ad hoc advice was provided to members on Code of Conduct matters via email or in general discussions as and when required. Specific Code of Conduct training took place on the 8<sup>th</sup> April 2021 relating to the member code of conduct,</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="writing-mode: vertical-rl; transform: rotate(180deg);">Page 112</p>		<p>social media issues, gifts and hospitality and officer/member protocols. Further training is envisaged for Autumn 2021 on officer/member relationships and biannually thereafter. Further training will be developed throughout the forthcoming year to enhance members compliance with the Members Code of Conduct.</p> <p>The Local Government and Elections (Wales) Act 2021 will provide 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>1.1.3 Members: An <a href="#">induction programme for Members</a> was published on the Council website in 2017.</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 perform their duties. Members elected through by-elections receive a tailored induction.</p> <p>A review of the programme is scheduled during 2021 in readiness for the Member</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 113		Induction following the Local Government Elections in May 2022.	
	1.1.4 Staff: an Induction Checklist, (which contains information about the expected standards of behaviour) must be signed by managers and their employees.	<p>The corporate Induction Checklist is emailed to recruiting managers in advance of when a new starter is due to commence employment and is signed by both manager and employee.</p> <p>In 2021, the HR team will implement the iTrent HR / Payroll Database that will have an 'onboarding' module, which will replace the Induction Checklist and facilitate more effective recording of induction arrangements and therefore provide much greater assurance.</p>	None identified
	1.1.5 <a href="#">Performance Appraisal Process 2016</a>	In 2021, the HR team will implement the iTrent HR / Payroll Database that will have a 'performance appraisal' 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 style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 114</p>	<p>1.2.1 Organisational Vision and Values are published in the <a href="#">Corporate Plan – Shaping NPT</a></p>	<p>The Vision and Values are incorporated into recruitment processes (written into job descriptions and person specifications of senior posts in the organisation).</p>	<p>None identified</p>
	<p>1.2.2 The vision and priorities for staff are contained within the <a href="#">Workforce Plan 2018-2022</a></p>	<p>A review of the Workforce Plan was carried out in December 2019 to review the actions taken to date and ensure future actions remain fit for purpose moving forward.</p> <p>Audit Wales are supporting the Council to learn workforce planning lessons from the Covid-19 pandemic, and to strengthen workforce planning arrangements as we move into recovery and developing the Council’s workforce into the future, embracing opportunities linked to new ways of providing services and working.</p>	<p>None identified</p>
	<p>See also 1.1.2 <a href="#">Member Code of Conduct - The Standards Framework for Members</a> (Section 1, Ethical framework)</p>	<p>As 1.1.2</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)</p>	<p>An IIA tool has been implemented across all service areas since April 2019.</p>	<p>A1.3.1: A review will be undertaken in 2021/2022 to ensure the revised IIA</p>

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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 115	The tool assesses the impact of proposed initiatives (e.g. policy, service, procedures, strategies, projects etc.) relating to key 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.	<p>During 2020/2021 the IIA tool and associated guidance was amended to formally take into account the Socio-Economic Duty, introduced on 31<sup>st</sup> March 2021.</p> <p>Training on the revised IIA tool for relevant officers and elected members will be completed by April 2021.</p>	tool is embedded into practice by Autumn 2021.
	1.3.2 Declarations of Interest	These are made by Members at the beginning of Committee meetings and recorded in the meeting minutes.	None identified
	1.3.3 The <a href="#">Standards Committee</a>	<p>The Committee meet on a quarterly basis (or more frequently where referrals from the Ombudsman are considered).</p> <p>Reports are regularly presented to the Standards Committee and any recommendations arising.</p>	None identified

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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 116		<p>The Committee also has delegated authority to discharge a number of functions. The Local Government and Elections (Wales) Act 2021 will provide 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>An annual report of the Standards Committee will also be presented to full Council highlighting the work of the Standards Committee.</p>	
	<p><a href="#">1.3.4 Member and Officer Relations Protocol</a></p>	<p>A protocol is in place as part of the Council's Constitution and Employee Code of Conduct</p> <p>A review of the Protocol will be undertaken by the end of September 2021 as part of the wider review of the Council's Constitution which was tasked to the Democratic Services Committee by Council in December 2020.</p> <p>The protocol is monitored by the <a href="#">Standards Committee</a></p>	None identified

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Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
1.4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	1.4.1 The Anti-fraud, Corruption and Malpractice Strategy	The review of this Strategy was temporarily paused as a result of Covid-19 and the requirement to re-prioritise the work of the Internal Audit Service. The review has now re-commenced and once approved by the relevant committee the new three year Strategy will be published.  Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).	A1.4.1: Review of Strategy to be completed and reported to Members during 2021/2022.
	<a href="#">1.4.2 Member Interests</a> are shown by individual Members on the Council website.	Declarations of Interest for Members is a standing item on all committee meeting agendas and recorded in minutes of meetings.	None identified
	1.4.3 Staff Interests	An up-to-date register is held by each Director and is subject to Internal Audit review annually.	None identified
	1.4.4 Members: The <a href="#">Constitution</a>	The Council's Monitoring Officer is required, by law, to keep a Register of all notifications made by Members. The Register is open to public inspection during normal office hours.	None identified
	1.4.5 Staff Gifts & Hospitality	An up-to-date register is held by each Director.	None identified
	1.4.6 Whistleblowing Policy	Policy approved by Personnel Committee in August 2015 and reviewed in January 2020.	None identified

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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 118	<a href="#">1.4.7 Corporate Comments, Compliments and Complaints Policy</a>	<p>The Corporate Comments, Compliments and Complaints Policy has been revised 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> <p>‘to review and assess the authority’s ability to handle complaints effectively’ and ‘to make reports and recommendations in relation to the authority’s ability to handle complaints effectively’.</p>	None identified
	<a href="#">1.4.8 Social Services Compliments and Complaints</a>	<p>A Social Services Compliments and Complaints Annual Report was prepared during 2020/2021 but was not reported to Cabinet due to the pandemic. Reporting to Cabinet will re-commence during 2021/2022.</p>	None identified
	<p>1.4.9 Corporate Comments, Compliments and Complaints and responses</p>	<p>Reported to Cabinet and relevant Cabinet Boards on a quarterly basis. During 2020/2021, due to the pandemic this reporting did not occur. Will re-commence during 2021/2022.</p>	None identified

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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 119	See also 1.4.4 Members: The <a href="#">Constitution</a> , Part 5, Section 3 'Personal Interests' addresses this.	Member's interests are published on the NPT Council website for each committee throughout the year.	None identified
	See also 1.1.1 Officers: <a href="#">Employee Code of Conduct</a> (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
2.1 Seeking to establish, monitor and maintain the organisation's ethical standards and performance	2.1.1. The Corporate Procurement Team	This is acknowledged by the team when undertaking tender work for other sections when developing and evaluating procurement process. The team also monitor and evaluate compliance looking at what approach sections adopt. The Ethical Employment Code of Practice and Modern Slavery Statement issued to all sections sets out processes that should be valued.	A2.1.1: 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.

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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>2.2 Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 120</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>Through the year, Members receive training on the Code of Conduct (&amp; refresher training).</p> <p>Annual reports are presented to Standards Committee.</p> <p>Members Declaration of Acceptance of Office – undertaken given to abide by the Members’ Code of Conduct</p> <p>Leading in the Welsh Public Service Behaviours Framework.</p>	<p>A2.2.1: Ethical awareness Officer training was provided in March 2021 on ensuring safe and legal decision making. Further sessions and ethical awareness matters are planned for 2021/2022.</p>
<p>2.3 Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p>	<p>2.3.1 Recruitment and Selection Policy 2018</p>	<p>Recruitment arrangements will be reviewed in 2021 to ensure that they remain fit for purpose. The implementation of a new online Recruitment service (as part of the iTrent HR / Payroll system) presents opportunities to introduce evidence based equality and diversity practices into our recruitment process. This will be considered as part of the review of our Recruitment Policy.</p> <p>Training is provided to recruiting managers.</p>	<p>A2.3.1 Courses in relation to Recruitment and Selection and Safe Recruitment and other Employment Policies and Procedures to be delivered in 2021/2022.</p>
	<p>2.3.2 <a href="#">Pay Policy Statement</a></p>	<p>The 2021/2022 review has taken place and the revised Pay Policy Statement was presented to Council on 24<sup>th</sup> March 2021.</p>	<p>None identified</p>

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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="writing-mode: vertical-rl; transform: rotate(180deg);">Page 12</p>	<p><a href="#">2.3.3 Contract Procedure Rules</a></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.</p>	<p>None identified</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><a href="#">2.4.1 Ethical Employment in Supply Chain Policy 2019</a></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>2.4.2 We 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, in early 2020 (pre Covid-19) each scrutiny committee was due to review existing collaborations to make sure they were all on a strong footing and productive to enable the Council's Cabinet to be confident that those arrangements are working in the best interest of citizens and also, that there is clear and effective democratic oversight of those arrangements. The focus of this work will be reviewed in 2021/2022 as part of the Council's recovery, reset and renew work.</p>	<p>A2.4.2: To ensure that a copy of all partnership agreements are logged centrally with the Head of Legal &amp; Democratic Services by September 2021.</p>

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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 122</p>	<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>		
<p>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>	<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. See also 1.4.4 The <a href="#">Constitution</a></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>	<p>None identified</p>

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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	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).	A3.2.1: To put in place an agreed procedure where Financial Regulations and Accounting Instructions are reviewed to ensure they remain relevant and proportionate. A review of Accounting Instructions is currently underway and will be completed by December 2021.
	3.2.2 Democratic Services - support function.	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.	None identified
	See also 1.4.4 The Council's Constitution sets out the different responsibilities of Members and Officers.	The Monitoring Officer oversees the Council's Constitution and ensures it is kept up to date.	None identified

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Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
	Clear job descriptions for all staff, which highlight their roles and responsibilities.		
<p>3.3 Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 124</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>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>	None identified
3.4 Dealing with breaches of legal and regulatory provisions effectively	3.4.1 Data Protection Breaches Panel review cases.	Head of Legal & Democratic Services reports 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 3 referrals were made to the Information Commissioner’s Office who directed that no further action was necessary on the part of the Council.	None identified

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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="writing-mode: vertical-rl; transform: rotate(180deg);">Page 125</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. During the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the Monitoring Officer was notified of a total of 2 complaints made against County Borough Councillors alleging a breach of the Code of Conduct. Both were dismissed by the Public Service Ombudsman for Wales as not being appropriate for investigation.</p> <p>For the civic year: 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the Standards Committee received 0 referrals from the Public Service Ombudsman for Wales stemming from the previous civic year (2019/2020) relating to the Code of Conduct of Town and Community Councils only.</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>4.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 126</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 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</a></li> <li>6. <a href="#">Audit Service progress Report September 2020</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="#">The Pay Policy Statement is published annually in line with the Localism Act 2011 and to ensure transparency in the Council's pay arrangements.</a></li> </ol>	<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
Page 127			
	<a href="#">4.1.2 FOI Policy / FOI Publication Scheme</a>	Published in March 2014.  As a result of the Covid-19 pandemic there was a delay in undertaking a review of the Scheme.	A4.1.2: To undertake a review of FOI Publication Scheme throughout 2021-2022 with a report to Cabinet for approval. An amended version of the Publication Scheme will then be considered as part of a review on the Constitution to ensure it is fully up to date.
	4.1.3 The Council's strategic purpose, vision and values are set out in the Corporate Plan – Shaping NPT.	One of our values is: we will conduct the work of the in an open and accessible way, ensuring we are properly accountable for the decisions we make.	None identified
	<a href="#">4.1.4 Council Meeting Cycle</a>	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

**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
Page 128	<p>4.1.5 Corporate Communications and Community Relations Strategy 2018-2020</p> <p>This includes new 'Brand' guidelines to create consistency and increase visibility and understanding about what the Council does.</p>	<p>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.</p> <p>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.</p>	<p>A4.1.5 Due to Covid-19 the review of the Corporate Communications and Community Relations Strategy has been delayed. This will be now be undertaken in 2021/2022.</p>
<p>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</p>	<p>4.2.1 Executive and non-executive and regulatory report guidance and report template</p>	<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>None identified</p>
	<p>4.2.2 Safe and Legal Decision Making</p>	<p>Training is available for relevant officers.</p>	<p>None identified</p>

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Behaviours and actions that demonstrate good governance in practice	Evidence of key systems, documents and processes	Assurance of arrangements in place	Suggested improvement / action
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 consequences of those decisions are clear	4.3.1 Modern.gov system  See also 1.3.1 Integrated Impact Assessment (IIA)	All publically accessible reports are published on the Council website via Modern.gov system showing the decisions taken at each meeting.	None identified
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	The Council uses Snap Survey software for corporate consultations for both internal and external stakeholders.  The Planning Policy Service use Objective consultation software for the Local Development Plan.  These arrangements are regularly reviewed to ensure they are effective and value for money when reviewing budget for the forthcoming financial year.	A4.4.1 Due to Covid-19 the review of the Consultation and Engagement Strategy has been delayed. This will be now be undertaken in 2021/2022.
	4.4.2 Community of Practice	First launched in September 2019, to improve the way we consult and involve our communities and partner agencies in the work we do from the outset. The aim being to get early feedback that helps shape proposals before the Council goes out to wider public consultation.	None identified
	4.4.3 Citizens Panel	The NPT Citizens Panel was launched in January 2020 enabling residents to express	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>
		their views and opinions about the Council's work and feel that their voices are listened to. 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.	
Page 130	4.4.4 Shaping NPT	An area on the Council's website ' <a href="#">ShapingNPT</a> ' has been designed to improve communications and engagement. The aim is to improve awareness of what the Council does and encourage engagement by simplifying the narrative around the Council's Corporate Plan and Annual Reports. We are using citizens' and wider stakeholders' stories to bring the Council's work to life celebrating successes and highlighting areas where more work needs to be done to achieve our objectives.	None identified
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	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.	See A 4.1.5

**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
Page 131	4.5.2 Consultation and Engagement Strategy 2018-2020		See A 4.4.1
	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

**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>4.6 Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 132</p>	4.6.1 Third Sector Partnerships	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. The Council recognises and values the contribution the organisations make to help us deliver on some of our services (e.g. supporting the wellbeing of local people and communities). The Partnership Agreement (Compact) between the Council and the Voluntary and Community Sector in Neath Port Talbot formally recognises the contribution of voluntary work to local people and communities. 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 sets out the responsibilities and expectations on both the Council and the Voluntary and Community Sector in working together.	None identified
	4.6.2 Voluntary Sector Liaison Forum	There is a partnership agreement in place between the Council and the local Voluntary and Community Sector in Neath Port Talbot.	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. Due to the	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 133		pandemic the forum did not meet during 2020/21 but meetings will recommence in 2021/2022.	
	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 partnership working is explicit</li> </ul>	See 2.4.2 and 4.5.4	<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 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>	A 4.7 Mapping exercise of partnership arrangements to be undertaken (as part of recovery planning) to capture the lessons learned including the identification of those partnerships that were effective and the de-prioritisation of those that were not.

<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 134	4.7.1 Staff Council (Consists of: LGS Green Book Negotiating Forum, LSPG (Schools trade union partnership forum), Service Joint Consultative Groups, and the Corporate Health & Safety Trade Union forum).	All of these groups meet regularly but no Staff Council meeting took place during 2020/2021 but will recommence in 2021/2022. These meetings 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 Heads of Service Workforce Planning Group.	None identified
	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)	The IIA assesses the need for consultation with stakeholders to consider whether 'initiatives' (e.g. policy, service, procedures, strategies, projects etc.) will have a positive, negative or neutral impact on the community.

<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  Page 135	See 4.5.1 Corporate Communications and Community Relations Strategy 2018/2020	Clear strategies are in place to ensure members and officers communicate effectively in relation to community engagement.  <a href="#">See 1.1.1 Employee Code of Conduct</a>  See 1.1.2 Member Code of Conduct - monitored by the <a href="#">Standards Committee</a>	See A.4.1.5
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		
4.12 Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	4.12.1 Council has a number of duties through the following legislation to ensure inclusivity of feedback from all stakeholder groups: <ul style="list-style-type: none"> <li>• Equality Act 2010</li> <li>• Welsh Language Standards (No.1) Regulations 2015,</li> </ul>	See 1.3.1	A1.3.1

**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
	<ul style="list-style-type: none"> <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>		
<p>4.1 Taking account of the interests of future generations of tax payers and service users</p>	<p>4.13.1 Well-being of Future Generations (Wales) Act 2015.</p>	<p><a href="#">Corporate Plan – Shaping NPT</a> Neath Port Talbot Public Services Board (PSB) <a href="#">Well-being Assessment</a></p>	<p>A4.13.1: Where relevant incorporate proposals for improvements from external regulator’s audit work into the Council’s 2021-2023 corporate planning arrangements.</p>
	<p>4.13.2 The Council’s three Well-being Objectives and statement are published in the <a href="#">Corporate Plan – Shaping NPT</a></p>	<p>The Council’s updated Corporate Plan 2020-2023 was due to be presented to Council for approval in April 2020 and as part of that work the well-being objectives were reviewed.</p> <p>The onset of the Covid-19 Pandemic meant that it was not practical to publish a refreshed detailed Corporate Plan for 2020/2021. For 2020/2021 the well-being objectives and priorities for improvement set out in the 2019-2022 Plan remain the same.</p>	<p>None identified</p>

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<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 137		<p>In preparing the Annual Report for the 2020/21 financial year, the Council is required to consider whether the current well-being objectives remain relevant or whether changes to those objectives should be considered. Given that the objectives were agreed in September 2017 and reviewed in March 2020, it was not considered necessary to make any changes. This was endorsed by Council on the 14<sup>th</sup> October 2020.</p> <p>Audit Wales has issued certificates confirming that the council has discharged its duties under relevant legislation for our <a href="#">Corporate Plan</a> and our <a href="#">Annual Report</a>.</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>

**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
<p>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</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 138</p>	<p>See 4.1.4 - The Council’s Corporate Plan. The Council’s vision is set out in the Corporate Plan</p>	<p>The Council’s strategic vision and priorities for the county borough are set out in the: <a href="#">Corporate Plan – Shaping NPT</a></p> <p>The Plan is reviewed each year to ensure it reflects current state of affairs / local need.</p>	<p>None identified</p>
	<p>5.1.1 Corporate Performance and Risk Management system (CPMS)</p>	<p>The system enables the integration of the Council’s strategic planning, business planning, performance management and risk management arrangements. This ensures that there is a ‘Golden Thread’ running from the three corporate well-being objectives, through to key corporate strategies and to service business plans. This enables the Council to clearly demonstrate how its services and functions contribute to the Council’s well-being objectives which in turn support the seven national well-being goals.</p> <p>During 2020 Audit Wales undertook a review of the CPMS. The review examined whether the system is strengthening arrangements for business planning, performance and risk management.</p> <p>The review findings included a number of positives which include:</p>	<p>A5.1.1: Incorporate the findings from the Audit Wales review of our performance, risk and business planning arrangements (undertaken in 2020/2021) into the corporate review of the Council’s corporate planning, financial planning and performance management arrangements (to be undertaken during 2021/2022 – as part of recovery planning).</p>

**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
<p>Page 139</p>		<ul style="list-style-type: none"> <li>• The CPMS keeps business planning, performance reporting and risk management in one place.</li> <li>• The CPMS creates links from service plans to well-being objectives.</li> <li>• The standard template for business planning helps to drive better consistency.</li> <li>• The CPMS provides an effective system to input data and create reports ready for review. It is an improvement on the previous system which depended on departmental spreadsheets.</li> <li>• Performance data in the system can be viewed by users across the Council, not just for their own service area.</li> <li>• Data can be filtered either by service areas or by Well Being Objective which makes tracking progress and looking for best practice easier.</li> <li>• The CPMS has video guides available to help users.</li> </ul> <p>The review by Audit Wales sought to answer the question: Is the Council's Corporate Performance Management System (CPMS) strengthening its arrangements for business planning, performance and risk management?</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>
Page 140		<p>Audit Wales concluded that: The CPMS is helping to develop better links between corporate objectives and service business plans and improving the efficiency of performance reporting. However, this information could be used more effectively to support strategic direction and risk management arrangements still need strengthening.</p> <p>A number of opportunities for improvement were identified by Audit Wales which will be actioned by the council.</p>	
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

<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>
5.3 Delivering defined outcomes on a sustainable basis within the resources that will be available  Page 14	See section 4.1	We examine the progress made in achieving our well-being objectives set out in the Corporate Plan, including the key performance indicators. On an annual basis progress is summarised in our Annual Report 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	The Council's risk register was not updated on a regular basis during 2020/2021 due to Covid-19. The Pandemic was recognised on the risk register as a key Strategic Risk.  The risks arising from the pandemic were managed via the establishment of a Corporate Incident Management Team chaired by the Council's Chief Executive.	See A5.1.1
	5.4.2 Senior Information Risk Owner (SIRO)	The Assistant Chief Executive and Chief Digital Officer fulfilled the SIRO role between June 2019 and December 2020. In January 2021 the Director of Finance and Corporate Services took over the role of SIRO. The SIRO will report directly to the Corporate Directors Group on information security matters. The SIRO is accountable for information risk throughout the Authority. An	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>
		Information Management Strategy has been prepared to support the SIRO in their role.	
5.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	See also 1.3.1 Integrated Impact Assessment (IIA)		
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	See also 4.1.4 The Council's strategic vision and priorities (set out in the <a href="#">Corporate Plan – Shaping NPT</a> )		
	See also 4.3.3 Budget setting process		
	See also A1.3.1		
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 <a href="#">Welsh Government Procurement Policy</a>  <a href="#">See also 2.4.1 Ethical Employment in Supply Chain Policy 2019</a>	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	See section 5.7 / 4.3 / 4.4		

<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>
benefits, through consultation where possible, in order to ensure appropriate trade-offs			
5.9 Ensuring fair access to services  Page 143	5.9 <a href="#">Strategic Equality Plan (SEP)</a>	<p>We revised the Council’s equality objectives and published them as part of the SEP 2020-2024 in October 2020. They were developed taking into account findings from the Equality and Human Rights Commission’s ‘Is Wales Fairer?’ Report. The Report focuses on six themes: Education, Health, Personal Safety, Living Standards, Employment and Participation, we have adopted these themes for our revised equality objectives.</p> <p>Actions initially developed to meet the equality objectives were revised to address the impact of the outbreak of COVID-19 on our communities as well as issues raised by the Black Lives Matter movement. The actions were approved by Council on 27<sup>th</sup> January 2021 and are published on our website.</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>
6.1 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	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 ensure it is kept up to date.  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.	None identified
	See section 5.7.		
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	<u>See sections 4.5 / 4.10 / 4.11 / 4.12</u>		
6.3 Planning Interventions - establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	See <a href="#">4.1.4 Corporate Plan – Shaping NPT</a> .	See 4.3.1	None identified

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<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>
6.4 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	See also section 6.2		
6.5 Considering and monitoring risks facing each partner when working collaboratively including shared risks	See 2.4.2 See also 5.4.1 Corporate Risk Management Policy		
6.6 Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	See 4.1.4 <a href="#">Corporate Plan – Shaping NPT.</a>		
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 4.1.4 <a href="#">Corporate Plan – Shaping NPT.</a>	There is a clear structure in place for delivering the objectives, priorities and actions set out in this Plan, which includes a basket of key performance indicators.  Service Business Plans also contain a number of local performance indicators.  On a quarterly basis the Cabinet and relevant Cabinet Boards, receive a report on progress being made in relation to the well-being objectives and improvement priorities. The above reporting arrangements did not happen during 2020/2021 due to the	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>
		pandemic but will recommence in 2021/2022.	
6.8 Ensuring capacity exists to generate the information required to review service quality regularly	See also 5.1.1 Corporate Performance and Risk Management System (CPMS)	The system generates a number of performance reports to support the above quarterly reporting cycle.	See A5.1.1
6.9 Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	6.9.1 <a href="#">Budget</a> setting process	<p>For 2020/2021 the savings identified came from professional and Cabinet Member input and were subject to an extensive programme of consultation with service users, staff and trade unions, and scrutinised by the relevant committee. The equality impact of budget proposals was also explicitly considered when developing and agreeing the proposals within the revised Forward Financial Plan.</p> <p>Due to the operational and financial challenges arising from Covid-19 the frequency of budget monitoring reports to the Executive was increased from quarterly to bi-monthly.</p> <p>On 9<sup>th</sup> March 2021, Council approved the 2021/2022 budget following stakeholder</p>	A6.9.1 Additional work on the forward financial plan covering the period April 2022 – March 2025 will be undertaken.

**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
		consultation. No new savings proposals were proposed and additional funding of £3.1m from reserves was incorporated to set a balanced budget.	
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		
6.12 Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	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>
6.13 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 A6.9.1		
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"	See A2.4.1	<a href="#">See 2.4.1 Ethical Employment in Supply Chain Policy 2019</a>	

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

**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>Page 149</p>	<p>See 1.2.2 The vision and priorities for staff are contained within the <a href="#">Workforce Plan 2018-2022</a></p>	<p>The Workforce Plan seeks to identify the key challenges and priorities for our employees over the 5 year period, as set out in the Corporate Plan objectives and priorities, Forward Financial Plan, the Asset Management Plan and the Corporate Risk Register.</p> <p>The action plan seeks to 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.</p> <p>A review of the Workforce Plan will take place in 2021 to ensure that it remains fit for purpose given the changing circumstances of the council and to support organisational development as we move into recovery and future ways of providing service and working.</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>The Corporate Policy &amp; Performance Management Team work collaboratively with a number of other welsh Councils in relation to our corporate performance management system to share best practice.</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 style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 150</p>		<p>A number of services benchmark via The Association for Public Service Excellence (APSE) for some services                      The Council's Electoral Services officers participate in the Association of Electoral Administrators network to benchmark electoral administration.                      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.</p>	
<p>7.3 Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	<p>See 2.4.2 / section 4.6 and 4.7</p>		
<p>7.4 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<p>7.4.1 Social Care Workforce Development Partnership (SCWDP)</p> <p>See also section 7.1 Workforce Plan 2018-2022</p>	<p>The broad aim of the SCWDP is to improve the quality and management of social services provision through a planned approach to training and to increase the proportion of staff across the whole social care sector with the qualifications, skills and knowledge they need for the work they do and to achieve this through Social Care Development Partnerships led by local authorities.</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
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	<p>See 1.4.4 The Council’s Constitution (different responsibilities of Members and Officers / clear job descriptions for all staff).</p> <p>Additional support will be provided to the appointed Leader and Deputy Leader from March 2021</p>		
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	The Constitution requires the Head of Legal & Democratic Services to keep a list of all officer delegations made in accordance with the Constitution.	A7.6.1: Head of Legal & Democratic Services to undertake a review in 2021/2022 of all proposals and keep a central electronic list of delegations.
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.	See A1.4.4

**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 and external governance weaknesses</li> </ul>	<p>7.8.1 Member support and development.</p>	<p>Each year a schedule of Member Seminars is delivered over the Civic year. Some topics are standard items such as: Committee Procedures, Code of Conduct, Council Budget and Corporate Safeguarding. However, as the year evolves new topics are added. There was a full programme of Seminars scheduled for 2020/2021 however this was disrupted due to the Covid-19 pandemic.</p> <p>The following are examples of seminars that were held during 2020/2021:</p> <ul style="list-style-type: none"> <li>• Additional Learning Needs Reform</li> <li>• Houses in Multiple Occupation</li> <li>• Review of the Strategic Equality Plan</li> <li>• First Cymru Buses</li> <li>• Armed Forces Community</li> <li>• Covid-19 and Council Recovery</li> <li>• Local Government &amp; Elections (Wales) Act (including Corporate Joint Committees)</li> <li>• Socio Economic Duty</li> <li>• Budget</li> </ul> <p>Members are also encouraged to participate in the Annual Development Review (ADR)</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
Page 153		Process, and the Annual Survey of Members which highlights development and training needs.	
	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
	7.8.4 Reviewing individual officer performance	See below	None identified
	See also 1.1.3 An <a href="#">induction programme for Members</a> / 1.1.4 Staff: the Induction Checklist, (which contains information about the expected standards of) / 1.1.5 <a href="#">Performance Appraisal Process 2016</a> / 1.2.2 The vision and priorities for staff are contained within the <a href="#">Workforce Plan 2018-2022</a> / 2.2.1 Member training		
7.9 Ensuring that there are structures in place to encourage public participation	See section 4.5		

**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
7.10 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	7.10.2 External regulator inspections See 1.1.5 <a href="#">Performance Appraisal Process 2016</a>	CIW have a programme of inspections based on their annual performance evaluation.  The Local Government & Elections (Wales) Act 2021 contains a requirement for Peer reviews to be undertaken once every electoral (ordinary) cycle.	None identified
7.11 Holding staff to account through regular performance reviews which take account of training or development needs	See 1.1.5 <a href="#">Performance Appraisal Process 2016</a>	The majority of employees within the Council have regular 1:1s or supervision sessions with their manager to address their performance and to discuss training and development needs.  In 2021 the HR team will be implementing the iTrent HR / Payroll Database that will have a 'performance appraisal' 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
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	See 1.2.2 <a href="#">Workforce Plan 2018-2022</a>	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.	None identified

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<b>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</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 155		A wide range of tools and resources have been developed to support our employees during Covid-19. We have developed different ways of communicating with and reaching out to our employees, and we are developing a training plan to support managers managing virtually and remotely, which require different skill sets and include an emphasis on supporting the health and well-being of remote workers.	

<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			
8.2 Implementing robust and integrated risk management arrangements and ensuring that they are working effectively			
		See 2.4.2 / 4.1.1 / 4.5.4 / 5.4.1 / 5.4.2 and section 6.5	

<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>
8.3 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  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.	See A5.1.1:
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	See also 1.4.4 The Council's Constitution  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.		

**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>8.6 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</p>	<p>8.6.1 Scrutiny Committees</p>	<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>	<p>None identified</p>
<p>8.7 Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>See 4.1.4 <a href="#">Council Meeting Cycle</a></p>	<p>The cycle of meetings sets out a calendar of dates for submitting, publishing and distributing timely performance reports.</p>	
<p>8.8 Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)</p>	<p>8.8.1 Financial standards, guidance and regulations</p>	<p>The Director of Finance &amp; Corporate Services 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.</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
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		
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	8.12.1 Annual Governance Statement  See also 9.9.1 Internal audit service	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.	None identified

**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>8.13 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>Audit Committee (Terms of reference, Membership and Training)</p>	<p>Audit committee complies with best practice (Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013))</p>	<p>A8.13: New responsibilities for the renamed Governance and Audit Committee to be developed during 2021/2022</p>
<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 Head of Legal &amp; Democratic Services is the Council's Data Protection Officer (DPO) and has responsibility for ensuring compliance with the Data Protection Act 2018. The DPO will report directly to the Corporate Directors Group on information security matters.</p>	<p>A8.14.1: A review of Data Processing, Data Protection and Data Sharing work to be undertaken by the Information Governance team.</p> <p>As a result of the Covid-19 pandemic there was a delay in commencing this area of work but work began in Spring 2021 and will continue throughout 2021/2022.</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>
8.15 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	See 3.2.1	The CIPFA Financial Management Code 2019 (FM Code) was introduced during 2020-21, to improve the financial resilience of organisations by embedding enhanced standards of financial management. Compliance with the code was not mandatory during 2020-21 but will become mandatory for 2021-22.	The Council will assess its financial position during 2021/22 in line with the requirements of the CIPFA Financial Management Code.
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		

**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
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 <a href="#">Constitution</a>		
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	9.5 Corporate Governance Group	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	A9.5.1: Work to deliver governance awareness training across the Council is ongoing and will continue to ensure appropriate training

**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
action plan for improvement and evidence to demonstrate good governance (annual governance statement)		regular basis and have terms of reference to fulfil their role.	takes place with Council officers. Training will continue throughout 2021 and 2022.
9.6 Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	See 8.12.1 Annual Governance Statement		
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	See 8.12.1 Annual Governance Statement		
9.8 Assurance and effective accountability - ensuring that recommendations for corrective action made by external audit are acted upon	9.8 External audit / regulatory reports		
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	9.9.1 Internal audit service	During the initial period of the pandemic Internal Audit staff temporarily re-deployed to the Test, Trace and Protect Service. An abbreviated Internal Audit Plan was agreed by Audit Committee on 14 <sup>th</sup> September focussing on auditing areas considered to be a higher risk due to remote working due and the subsequent changes in control processes.	None identified

**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
		Compliance with CIPFA’s Statement on the Role of the Head of internal Audit (2010).  Compliance with Public Sector Internal Audit Standards.	
9.10 Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	See 9.8		
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 2020/2021:

<b>Constitution Review &amp; Monitoring (2020/2021)</b>	<b>Internal Audit Service (2020/2021)</b>	<b>Audit Committee (2020/2021)</b>	<b>Standards Committee (2020/2021)</b>	<b>External Auditors (2020/2021)</b>
<p>We started a review of the Constitution to look at ways to modernise arrangements.</p> <p>Democratic Services Committee were tasked in December 2020 to undertake a review of the Constitution and that work is presently ongoing with a report being brought back to Council in Summer 2021.</p> <p>Reports were taken to the Council's Cabinet and Cabinet Boards in 2020/2021 seeking authority to amend the Constitution to include</p>	<p>The focus of Internal Audit work in 2020/2021 was on auditing areas considered to be a higher risk due to remote working due to the pandemic and the subsequent changes in control processes. This is in order to provide an opinion on the internal control, risk management and governance arrangements of the Council.</p> <p>The Head of Internal Audit's opinion is that the</p>	<p>In 2020/2021 the Audit Committee:</p> <ul style="list-style-type: none"> <li>• Approved the Council's Statement of Accounts including the Annual Governance Statement.</li> <li>• Approved the Council's Internal Audit Plan for the second half of the year including the focus on higher risk areas.</li> <li>• Monitored Internal Audit performance against the plan.</li> </ul>	<p>During the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021, the Monitoring Officer was notified of a total of 2 complaints made against Members of Neath Port Talbot County Borough Council alleging a breach of the Code of Conduct. These however were dismissed by the Ombudsman and not referred to the Standards Committee with the Ombudsman finding no case to answer against the individual member.</p>	<p>In the Audit Wales – Annual Audit Summary 2020 – which detailed the work completed since the Council's last Annual Improvement Report which was issued in September 2020, the Auditor General provided an unqualified true and fair opinion on the Council's financial statements on 15<sup>th</sup> September 2020, in line with the statutory deadline. The Auditor General also certified that the Council has met its legal duties for improvement planning and reporting, and</p>

Constitution Review & Monitoring (2020/2021)	Internal Audit Service (2020/2021)	Audit Committee (2020/2021)	Standards Committee (2020/2021)	External Auditors (2020/2021)
<p>additional delegated powers for officers in respect of decision making of new items of legislation and in particular dealing with the legislative changes brought about by the Covid-19 pandemic.</p> <p>Formal reports by s151 or Monitoring Officer – no reports were issued by the s151 or Monitoring Officer in 2020/2021.</p>	<p>Council’s internal control environment and systems of internal control in the areas audited are satisfactory; and that despite the limited scope of work reasonable assurance can be given that there have been no major weaknesses noted in relation to the internal control systems operating within the Authority.</p>	<ul style="list-style-type: none"> <li>• Monitored External Audit Performance and received update reports from Audit Wales.</li> <li>• The Committee received Treasury Management Progress Reports in order to fulfill their obligations in relation to the Scrutiny of Treasury Management activity.</li> </ul>	<p>The annual report for 2019/2020 was presented to the Standards Committee on the 6<sup>th</sup> March 2020, highlighting the work undertaken and work will be ongoing in 2021 to address compliance with the Members Code of Conduct. An annual report for 2020/2021 will be presented to the Standards Committee in Autumn 2022 but due to Covid-19 the Standards Committee only met once in 2020/2021.</p>	<p>believes that it is likely to meet the requirements of the Local Government (Wales) Measure 2009 during 2020-21.</p>

## Governance Improvement Areas

The Council is committed to improving the governance arrangements in place and addressing issues identified.

**Table 1** improvement areas identified during 2019/2020 and progress made during 2020/2021.

	Improvement Areas 2019/2020	Progress (during 2020/2021)
Page 166	<p>1. Democratic arrangements - continuous review of arrangements being undertaken to evolve democratic arrangements when meetings will be held remotely.</p>	<p>Continuous review of the Council's democratic arrangements was undertaken by the Head of Democratic Services in consultation with Leader and Group Leaders and Chairs and Vice Chairs of Scrutiny Forum and Democratic Services Committee.</p> <p>The cycle of meetings for the remainder of 2020/2021 was agreed at Council on 23<sup>rd</sup> December 2020 (which included the standing up of Cabinet Boards) and the next cycle of meetings for the civic year 2021/2022 was agreed at the Annual Meeting on the 17<sup>th</sup> March 2021.</p> <p>The Local Government and Elections (Wales) Act 2021 will require amendments to processes to reflect changes, including increased provision of webcasting, remote attendance and participation schemes. A Member Seminar was held during March 2021 and work will be ongoing to implement the legislative requirements with reports being brought back to Members accordingly</p> <p>With regard to simultaneous translation, there is no solution to date and officers continue to work with WLGA and Welsh Government to source suitable requirements and a report will be brought to Democratic Services Committee on updates as and when available.</p>
	<p>2. Audit - refocusing of the audit work programmes to focus on issues related directly to the crisis and revisiting risk assessments to identify priorities for forward programme of work for Internal Audit</p>	<p>Due to the impact of the pandemic, the Audit Committee on 14<sup>th</sup> September approved an Audit Plan for the quarter September 2020 – December 2020.</p> <p>A further update was presented to Audit Committee at their meeting on 14<sup>th</sup> January 2021 in relation to Audit work completed to date and plans for the remainder of the financial year.</p>

	Improvement Areas 2019/2020	Progress (during 2020/2021)
		<p>The focus of Internal Audit work in 2020/2021 was on auditing areas considered to be a higher risk due to remote working due to the pandemic and the subsequent changes in control processes.</p> <p>Coverage of these areas will provide the Head of Internal Audit with sufficient assurance not to have to issue a limitation of scope when providing the opinion required for the financial year.</p>
3. Page 167	<p>Health, safety and welfare - ensuring risk assessments and associated control measures are robust across the Council to protect the workforce, those who need to use our services and functions and to uphold confidence in the Council's response to the ongoing situation.</p>	<p>"Homeworking Guidance – during Covid-19" - guidance and information prepared on what it is recommended an employee should have in place to ensure home working is carried out in a safe manner.</p> <p>"Return to Workplaces Processes – following COVID-19" – a framework developed within which services can commence their planning in relation to how they return to the workplace and deliver services in a sustainable way.</p>
4.	<p>Equalities and other impacts - ensuring there is scrutiny of the extent to which the changes implemented and planned discharge the Council's legal obligations.</p> <p>(Ensuring democratic oversight of the wider impact on the community arising from the crisis and how this may vary between geographies and between people who share protected characteristics).</p>	<p>Assessing the impact of various new/changes to policies and services is a requirement of the Council's reporting arrangements. First stage integrated impact assessments, and/or full integrated impact assessments as required, are undertaken as part of the policy development process and consider the impact of policies and/or services to meet legal requirements. The assessment provides members with information on which to make an informed decision with the minutes reflecting the consideration given. With the recent changes and developments as a result of the commencement of the socio economic duty the IIA framework has been reviewed.</p> <p>The Public Services Board is leading on the multi-agency recovery planning for the County Borough following the Covid-19 outbreak. An initial community impact assessment was commissioned to understand how people, businesses and organisations have experienced the pandemic and what impact it has had. The evidence from the community impact assessment will inform the approach to recovery and to help identify key areas where collective action by partners could reduce the negative impacts.</p>

	<b>Improvement Areas 2019/2020</b>	<b>Progress (during 2020/2021)</b>
	5. Finance – understanding the one-off and recurring costs associated with the situation and the impact of this on the Council’s financial health.	<p>Monthly claims processes were set up to reclaim additional costs from the WG Hardship Fund. Claims also submitted for income loss resulting from the pandemic.</p> <p>Budget monitoring reports to Members moved to bi-monthly from quarterly to ensure Cabinet were kept informed as to the financial impact of the pandemic.</p> <p>The Council acted as agent for the Welsh Government to pay grants to support businesses affected by the Covid pandemic.</p>
	6. ICT - ensuring there is an assessment of the impact of innovation on Information Risk and suitable measures in place to manage the risks.	Digital Services and Information Governance have conducted Data Protection Impact Assessments (DPIAs) including Risk Assessments in respect of the introduction of new Digital solutions and to cover any significant changes to existing processes.
Page 168	Business Continuity – a review of business continuity planning to identify lessons learned for both the ongoing situation and for future incidents. (Assurance that emergency response can be mobilised quickly to any rise of infection across the county borough or to local clusters/outbreaks).	In September the Emergency Planning Team published the “1 <sup>st</sup> wave Covid-19 debrief report”. There are a number of recommendations which will be incorporated into the Council’s recovery plan.
	8. Statutory duties – careful consideration of Council responses to statutory duties suspended or relaxed during the emergency situation to ensure lessons learned from the emergency response inform choices made about the way such statutory duties are discharged into the future.	Ongoing review takes place of current and forthcoming legislative obligations and consideration will be given to all legislative aspects that have and will take place during the pandemic as part of recovery planning.
	9. Partnership working – ensure the lessons learned from mobilising the emergency response inform future choices made about partnership working	This improvement work to be carried over to 2021/2022 when a mapping exercise will be undertaken (as part of recovery planning) to capture the lessons learned including the identification of those partnerships that were effective and the de-prioritisation of those that were not.

	Improvement Areas 2019/2020	Progress (during 2020/2021)
Page 169	10. Capacity and capability – review the Council’s workforce planning priorities to ensure they continue to be aligned with the organisation’s priorities given the challenges and opportunities associated with the ‘new normal’.	<p>The already established Workforce Planning Group met more frequently throughout the emergency, weekly, and fortnightly from June and then as required later in the year.</p> <p>This forum supported the identification of critical skill shortages, enabled the rapid redeployment of staff to plug identified gaps, critical recruitment, and reviewed key employment strategies to support the Council’s response to the Covid-19 emergency. It is an inclusive approach, ensuring participation of all directorates and trade unions. The Group also provided sounding board for the Human Resource Team on key workforce strategies and ensured directorates had a framework for providing workforce data and intelligence.</p> <p>Audit Wales are working with the Council to identify learnings and future improvements for workforce planning with focus groups for key stakeholders planned</p>
	11. Report annually to the Standards Committee to give an assurance that the Member Code of Conduct is fit for purpose	<p>At a Standards Committee meeting in January 2021 Members considered code of conduct matters. A report will be presented to the 21<sup>st</sup> May Standards Committee meeting on the Code of Conduct to ensure it is fit for purpose.</p> <p>To date there have been no breaches referred to the Standards Committee in 2020-21 and a suitable assurance was given to the Corporate Governance Group.</p>
	12. Update the constitution and bring a report to members in Autumn 2020 following royal assent of the Local Government and Elections (Wales) Bill.	<p>The updating of the Constitution is continuing and a report was brought to Council in December 2020 seeking authority for the Democratic Services Committee to establish a task and finish group to review the appropriate provisions and to consider the implementation of the Local Government and Elections (Wales) Act 2021.</p> <p>Democratic Services Committee will now undertake this work stream during 2021/2022.</p>
	13. Whistle Blowing Policy to be reviewed in 2020 and published on the council website.	This was actioned in January 2020.

	Improvement Areas 2019/2020	Progress (during 2020/2021)
14.	Revise Corporate Complaints Policy in 2020 (to include: implementation of the Complaints Standards Authority for Wales (CSA) powers; recommendations from an internal audit review report which was received in November 2019; further staff guidance within the complaints process for disability related reasonable adjustments; further staff guidance in relation to covert recording and further staff guidance in relation to managing querulous/persistent complainants).	Revised Policy approved by Cabinet at its meeting on 16 <sup>th</sup> March 2021.
15.	Deliver six courses in relation to Recruitment and Selection and Safe Recruitment.	Only two courses have been provided this year as a result of re-prioritising HR activity.
16.	To provide training on implementation of Contract Procedure Rules - training to be scheduled for Spring 2020 and bi annually thereafter.	As a result of Covid-19 an extensive training programme was not able to take place. Officers adopted a new approach therefore of training officers in smaller groups via Microsoft Teams and issuing briefing and guidance notes to colleagues to assist in implementation. Ongoing support was provided by Corporate Procurement Team to any issues.
17.	Report annually to the Cabinet on the implementation and operation of the Ethical Employment in Supply Chain Policy - add to Cabinet forward work programme for 2020/2021.	Due to the pandemic this work has been delayed. A report will be brought to Cabinet for information in July 2021 as to the how the Ethical Employment in Supply Chain Policy has been implemented in Council Contracts.
18.	To ensure that a copy of all partnership agreements are logged centrally with the Head of Legal Services.	Work is presently ongoing and a definitive record of arrangements will be produced by September 2021.
19.	Reports annually to the Corporate Governance Group to give an assurance that the current system for dealing with data protection breaches is fit for purpose.	Data protection matters are reported to the Corporate Governance Group at every meeting and any updates or changes required are discussed at every meeting. The position has been that the policy remains fit for purpose because no changes are needed. However, a formal review of the policy is now taking place as a result of the exit from the European Union and suitable updates will be taken to the group in due course with an assurance provided at the same time.
20.	To undertake a review of FOI Publication Scheme in 2020/2021 with a report to Cabinet for approval.	Due to the pandemic this work has been delayed. Work is presently ongoing with this and an updated report will be provided to the Cabinet in 2021.
21.	Where relevant incorporate proposals for improvements from external regulators audit work into the Council's 2020-2021 corporate planning arrangements.	The onset of the pandemic meant that it was not practical to publish a refreshed detailed Corporate Plan for 2020/21. For 2020/21 the well-being

	Improvement Areas 2019/2020	Progress (during 2020/2021)
		<p>objectives and priorities for improvement set out in the 2019-2022 Plan remained the same.</p> <p>Corporate planning arrangements are underway for 2021/2022 and where relevant will incorporate proposals for improvement from external regulators audit work.</p>
22.	Incorporate the findings from the Audit Wales review of our performance, risk and business planning arrangements in 2020/2021 into CPMS.	Review undertaken in September 2020 (slightly scaled back from original scope). "Opportunities for improvement" received in December 2020 which will be considered as part of the corporate work to be undertaken early in 2021/22 to further develop the Council's performance management framework to meet the requirements set out in the Local Government & Elections (Wales) Act 2021
23.	A review of Data Processing, Data Protection and Data Sharing work will be undertaken by the Information Governance team in 2020 and central records kept of data sharing.	This work is ongoing but due to Covid-19 and staff priorities being redirected to other areas it was determined not appropriate to commence this stream of work in the Autumn 2020 and will instead begin in early 2021.
24.	To identify further training opportunities in order to provide additional clarity as to the role of Audit Committee Members and strengthen the Audit Committee function.	<p>Due to the pandemic no training was undertaken.</p> <p>Member training for the Governance &amp; Audit Committee will be undertaken during 2021/2022 following the appointment of Lay Members as required by the Local Government and Elections (Wales) Act 2021.</p>
25.	To deliver governance awareness training across the Council in 2020/2021.	Sessions were delivered by March 31 <sup>st</sup> 2021 (3 sessions). The sessions were a refresher for officers on how the Council makes decisions and the role of scrutiny.

**Table 2:** improvement areas identified during 2020/2021

<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A1	Reassess governance arrangements as part of recovery planning and the associated governance improvement priorities.	Corporate Governance Group
A1i	Democratic arrangements - continuous review of arrangements being undertaken to evolve democratic arrangements when meetings will be held remotely/hybrid.	Head of Legal & Democratic Services
A1ii	Health, safety and welfare - ensuring risk assessments and associated control measures are robust across the Council to protect the workforce, those who need to use our services and functions and to uphold confidence in the Council's response to the ongoing situation.	Head of Human & Organisational Development
A1iii	Equalities and other impacts - ensuring there is scrutiny of the extent to which the changes implemented and planned discharge the Council's legal obligations.  (Ensuring democratic oversight of the wider impact on the community arising from the crisis and how this may vary between geographies and between people who share protected characteristics).	Head of Legal & Democratic Services / Strategic Manager – Policy & Executive Support
A1iv	Finance – understanding the one-off and recurring costs associated with the pandemic and its future impact on the Council's financial health.	Head of Finance
Av	Digital and Cyber Security - ensuring there is an assessment of the impact of current service delivery and innovation on Information Risk and suitable measures in place to manage the risks.	Chief Digital Officer
Avi	Business Continuity – a review of business continuity planning to identify lessons learned for both the ongoing situation and for future incidents. (Assurance that emergency response can be mobilised quickly to any rise of infection across the county borough or to local clusters/outbreaks).	Head of Human & Organisational Development

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<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A1vii	Capacity and capability – review the Council’s workforce planning priorities to ensure they continue to be aligned with the organisation’s priorities given the challenges and opportunities associated with moving through the “Recovery Process”.	Head of Human & Organisational Development
A1.3.1	Undertake a review in 2021/2022 to ensure the revised IIA tool is embedded into practice by Autumn 2021.	Strategic Manager Policy & Executive Support
A1.4.1	Review of Anti-fraud, Corruption and Malpractice Strategy to be completed and reported to Members during 2021/2022.	Head of Finance
A2.1.1	Report annually to the Corporate Governance Group on corporate procurement and compliance.	Head of Legal & Democratic Services
A2.3.1	Ethical awareness Officer training was provided in March 2021 on ensuring safe and legal decision making. Further sessions and ethical awareness matters are planned for 2021/2022.	Head of Legal & Democratic Services
A2.3.1	Courses in relation to Recruitment and Selection and Safe Recruitment and other Employment Policies and Procedures to be delivered in 2021/2022.	Head of Human & Organisational Development
A2.4.2	To ensure that a copy of all partnership agreements are logged centrally with the Head of Legal & Democratic Services by September 2021.	Head of Legal & Democratic Services
A3.2.1	To put in place an agreed procedure where Financial Regulations and Accounting instructions are reviewed to ensure they remain relevant and proportionate. A review of Accounting Instructions is currently underway and will be completed by December 2021.	Head of Finance

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A4.1.2	To undertake a review of FOI Publication Scheme throughout 2021/2022 with a report to Cabinet for approval. An amended version of the Publication Scheme will then be considered as part of a review on the Constitution to ensure it is fully up to date.	Head of Legal & Democratic Services
A4.1.5	To undertake review of the Corporate Communications and Community Relations Strategy 2018-2020	Strategic Manager Policy & Executive Support

<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A4.4.1	To undertake review of the Consultation and Engagement Strategy 2018-2020	Strategic Manager Policy & Executive Support
A4.7	Mapping exercise of partnership arrangements to be undertaken (as part of recovery planning) to capture the lessons learned including the identification of those partnerships that were effective during the emergency response and the de-prioritisation of those that were not.	Strategic Manager Policy & Executive Support
A4.13.1	Where relevant incorporate proposals for improvements from external regulators audit work into the Council's 2021-2023 corporate planning arrangements.	Strategic Manager Policy & Executive Support

<b>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A5.1.1	A5.1.1: We will incorporate the findings from the Audit Wales review of our performance, risk and business planning arrangements into the corporate review of the Council's corporate planning, financial planning and performance management arrangements (to be undertaken early 2021-2022 – as part of recovery planning).	Strategic Manager Policy & Executive Support

<b>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A6.9.1	Additional work on the forward financial plan covering the period April 2022 – March 2025 will be undertaken.	Head of Finance

<b>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A7.6.1	To undertake a review of all proposals and keep a central electronic list of delegations.	Head of Legal & Democratic Services

<b>Principle F: Managing risks and performance through robust internal control and strong public financial management</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A8.13:	New responsibilities for the renamed Governance and Audit Committee to be developed during 2021/2022	Head of Finance / Head of Legal Services & Democratic Services
A8.14.1	Review of Data Processing, Data Protection and Data Sharing to be undertaken by the Information Governance team.  (As a result of the Covid-19 pandemic there was a delay in commencing this area of work but work began in Spring 2021 and will continue throughout 2021/2022).	Head of Legal & Democratic Services
A8.17	The Council will assess its financial position during 2021/22 in line with the requirements of the CIPFA Financial Management Code.	Head of Finance

<b>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>		
<b>Ref (action)</b>	<b>Improvement Action to be undertaken during 2021/2022 into 2022/2023</b>	<b>Responsible Officer</b>
A9.5.1	Work to deliver governance awareness training across the Council is ongoing and will continue to ensure appropriate training takes place with Council officers. Training has been provided in Spring 2021 and will continue throughout 2021 and 2022.	Head of Legal & Democratic Services / Strategic Manager Policy & Executive Support

**Signed:**



**Chief Executive: Karen Jones**

**Signed:**



**Leader of the Council: Councillor Edward Latham**

**Date: 4<sup>th</sup> May 2021**

**Date: 4<sup>th</sup> May 2021**

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