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Cyngor Sir
CEREDIGION
County Council

Neuadd Cyngor Ceredigion, Penmorfa,
Aberaeron, Ceredigion SA46 0PA
www.ceredigion.gov.uk

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30 January 2024

Dear Sir / Madam

I write to inform you that a MEETING of the COUNCIL will be held at NEUADD CYNGOR CEREDIGION, PENMORFA, ABERAERON AND REMOTELY VIA VIDEO CONFERENCE on Tuesday, 6 February 2024 at 2.00pm for the transaction of the following business:

1. Apologies
2. Disclosure of personal / prejudicial interests
3. Chair Announcements
4. To consider the Annual Governance Statement 2022-23 (Pages 3 - 50)
- 5 (a) To receive the ISA260 Report of Audit Wales on the 2022-23 Statement of Accounts (Pages 51 - 70)
- 5 (b) The Chairman of the Governance and Audit Committee to formally present that Committee's comments on the report
- 5 (c) To approve the 2022-23 Statement of Accounts (Pages 71 - 198)

Members are reminded to sign the Attendance Register.

A Translation Service will be provided at this meeting and those present are welcome to speak in Welsh or English at the meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'L Edwards', written in a cursive style.

Miss Lowri Edwards
Corporate Lead Officer: Democratic Services

To: Chairman and Members of Council

CEREDIGION COUNTY COUNCIL

Report to: Council

Date of meeting: 6th of February 2024

Title: Annual Governance Statement 2022-23

Purpose of the report: To approve the Annual Governance Statement 2022-23

For: Decision

Cabinet Portfolio and Cabinet Member: Cllr. Matthew Vaux, Cabinet Member for Partnerships, Housing, Legal and Governance and Public Protection

Background

The Accounts and Audit (Wales) Regulations 2014 requires local authorities to conduct at least annually a review of the effectiveness of their governance framework including their systems of internal control. This review must be documented in an Annual Governance Statement and published as part of the Council's Annual Statement of Accounts.

The Governance & Audit Committee is responsible for monitoring the governance arrangements on behalf of the Council, and on 6/2/24 recommended approval by Council of the approved the draft **Annual Governance Statement 2022-23 (Appendix 1-attached)**

Council is requested to:

ii) approve the Annual Governance Statement 2022-23

RECOMMENDATION(S):

Council is requested to:

- ii) approve the Annual Governance Statement 2022-23 (**Appendix 1**)

REASON FOR RECOMMENDATION(S):

- 1) Comply with statutory requirements
- 2) To progress the publication of the Annual Governance Statement 2022-2023.

Appendices: **Appendix 1:** Annual Governance Statement 2022-23

Head of Service: Elin Prysor, Corporate Lead Officer – Legal & Governance Services / Monitoring Officer

Reporting Officer: Katy Sinnett-Jones – Governance Officer

Date: 23.1.24

Annual Governance Statement

2022-23



Approved by Council [x]

Contents

1	Executive Summary.....	3
2	Assessment of the effectiveness of key elements of the governance framework	5
3	Corporate Governance Achievements for 2022-23.....	7
4	Opinion on the level of assurance that the governance arrangements can provide	29
5	Issues identified for last year (2022-2023)	32
6	Agreed action plan for matters to be considered during 2023-2024.....	38
7	Conclusion.....	43
8	Certification of Annual Governance Statement.....	43

1 EXECUTIVE SUMMARY

Ceredigion County Council ('the Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council is also committed to improving the social, economic, environmental and cultural wellbeing of its citizens. This commitment is set out in the Council's Corporate Strategy 2022-2027 and describes how the council will meet the challenges ahead and make the most of opportunities. The Council's vision for this period is that the Council *'delivers value for money, sustainable bilingual public services, that support a strong economy and healthy environment, while promoting well-being in our people and our communities'* and is to be achieved by fulfilling the Corporate Priorities, which are:

1. Boosting the Economy, Supporting Businesses and Enabling Employment;
2. Creating Caring and Healthy Communities;
3. Providing the Best Start in Life and Enabling Learning at All Ages; and
4. Creating Sustainable, Greener and Well-Connected Communities.

To be successful the council must have a solid foundation of good governance and sound financial management. The Council's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code is supported by a Governance Assurance Framework that sets out what assurances the Council seeks to obtain, and how this will be done.

A copy of the Council's Local Code of Corporate Governance and Annual Governance Statement is available on the Council's website at <https://www.ceredigion.gov.uk/your-council/councillors-committees/annual-governance-statement/>.

The Council also has a duty under the Local Government (Wales) Measure 2009 to arrange to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council must ensure proper arrangements for the governance of its affairs are in place, facilitating the effective exercise of its functions, and which includes the arrangements for the management of risk. The Local Government and Elections (Wales) Act 2021 is in force and the Council has taken the necessary steps to ensure compliance.

A Governance Framework was developed in 2010 and has been revised in accordance with the CIFA/SOLACE Delivering Good Governance in Local

Government Framework 2016. The framework is used to review the governance arrangements on an annual basis.

The Well-being of Future Generations (Wales) Act 2015 also introduces new governance arrangements for public services in Wales. Public bodies are required to carry out sustainable development. It places a well-being duty on public bodies to set and publish well-being objectives designed to maximise their contribution to the seven national well-being goals. They are also expected to take all reasonable steps towards achieving their objectives.

Following the review and in accordance with the requirements of the Framework a Local Code of Corporate Governance is in place and has been reviewed for 2023-24.

The Local Code of Corporate Governance brings together in one document all the governance and accountability arrangements the Council has in place. The Code is based on best practice guidance set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The Council's Governance Framework is based on the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) and the following seven principles:

- A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B: Ensuring openness and comprehensive stakeholder engagement
- C: Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D: Determining the interventions necessary to optimise the achievement of the intended outcomes
- E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F: Managing the risks and performance through robust internal control and strong public financial management
- G: Implementing good practices in transparency reporting, and audit to deliver effective accountability

The Council is required, each year, to produce an Annual Governance Statement ('AGS') (this document), which explains how the Council has complied with the seven core principles and sub-principles contained in its Governance Framework and the Local Code of Corporate Governance, and also meets the requirement of The Accounts and Audit (Wales) Regulations 2014. This AGS gives assurances on compliance for the year ending 31 March 2023 and up to the date of approval of the Statement of Accounts. The review confirmed that the Council's governance arrangements are effective and fit for purpose.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this AGS, and to further enhance the Council's governance arrangements.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and the Audit Committee and are satisfied that the steps outlined in this AGS will address the areas for improvement.

Signed on behalf of **Ceredigion County Council**

Leader of the Council

Chief Executive

Date: xx/xx/xxxx

Date: xx/xx/xxxx

2 Assessment of the effectiveness of key elements of the Governance Framework

The Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.

The Leader of the Council provides clear strategic direction and the Constitution clearly defines the roles of Councillors and Officers. Internal and External Audit, Ethics and Standards Committee and the Governance and Audit Committee are committed to ensuring the governance arrangements are effective and robust.

The Council has conducted an annual review of the effectiveness of its governance against the CIPFA/SOLACE Delivering Good Governance Framework (2016). The review involved a member/officer workshop in which the Council's Governance Framework Document was analysed and reviewed, with further changes made after the workshop reported to the Governance and Audit committee. Contributions were made to the review by the following Members: the Chair of the Governance and Audit Committee along with councillor and lay members of the committee. In addition, the Monitoring Officer, Corporate Manager - Internal Audit, Governance Officer, Corporate Lead Officer - Democratic Services, Corporate Manager – Democratic Services, Corporate Lead Officer – People & Organisation and the Corporate Manager – Partnerships, Performance and Public Protection also took part.

During the workshop each behaviour was introduced and scored against a scoring mechanism, as follows:

- | | |
|------|--|
| 1/2 | Unacceptable Immediate action required |
| 3/4 | Below satisfactory - urgent Action Required (within 3-6 months) |
| 5/6 | Satisfactory - Action Required (before end of year 9-12 months) |
| 7/8 | Acceptable Minor adjustments may be required |
| 9/10 | Good - overall Governance considered to be good and meets best practice no further action required |

Each score used in the Governance Framework Document is a score out of 10 e.g. a score of 7/8 means a score of between 7 and 8 out of a total 10 marks.

The Governance Framework Document was also circulated to other officers, who have governance/management responsibilities within the Council. The review framework was presented to the Governance and Audit Committee on 17th January 2023.

The effectiveness of the governance framework draws on evidence and assurances from:

- Internal and External Audit and Inspection;
- Financial Controls;
- Risk and Performance Management;
- Legal and Ethical Standards;
- Corporate Directors and Other Senior Management, including the S.151 Officer and the Monitoring Officer;
- The Governance and Audit Committee; and
- Overview and Scrutiny Committees.

In addition, the Corporate Manager - Internal Audit undertakes an independent review of the Governance Framework and the method of scoring and evidence, on an annual basis. The review of the 2022/23 Framework was completed in January 2023 and provided 'high' assurance that there was a sound system of scrutiny and robustness in place. This was reported to the Governance and Audit Committee in March 2023.

The Council has drawn together a Local Code for Corporate Governance which sets out the systems and processes, and cultures and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that code and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims

and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Local Code for Corporate Governance is available on the Council's website at <https://www.ceredigion.gov.uk/your-council/councillors-committees/annual-governance-statement/>.

The CIPFA Financial Management code sets the standards of financial management for local authorities. It is designed to support effective practice in financial management and to assist local authorities in demonstrating their budgetary sustainability. The S151 Officer has undertaken a self-assessment review and is satisfied that the Council is compliant with the code.

3 Corporate Governance Achievements for 2022-23

The Local Code for Corporate Governance sets out the Local Authority's commitment to the principles of good governance. The following paragraphs outline the Corporate Governance achievements during 2022-23.

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

Behaving with integrity

- Code of Conduct for Members (updated in 2016) available on the Council's website, intranet site (CeriNet) under Councillor Resources, and in the Constitution.
- Members Code of Conduct Flowchart (updated in 2016).
- Code of Conduct for Officers* (review completed and updated Code published April 2023) available along with all Corporate policies and strategies via Council website/CeriNet and Staff News update for CeriNet being prepared to inform Staff of changes.
- Mandatory Induction and follow-up training on Code of Conduct and ethics provided to all Members.
- A comprehensive Induction programme for all Councillors undertaken following the Local Elections in 2022.
- Ethics/Fraud training provided in collaboration with Council's insurer at Corporate Managers' quarterly workshop 2021 forming a basis for e-learning module for all Staff (e-learning training content completed, to be created into e-learning training module shortly).
- Internal Audit ('IA') & Governance Services working with Learning & Development have prepared scenarios for training. Training supported by recent review of Council's Strategy on Counter-Fraud, Corruption & Bribery (to include Anti-Money Laundering).
- Day to day advice is provided by the Monitoring Officer ('MO') and Scrutiny Support Officer.
- Disciplinary Policy (Nov 2017). (due for review 24/25)

- Survey of members training and development needs carried out annually.
- Register of Members interests, available from the Council's Democratic Services, reviewed by MO. Register of Members' Interests also published on the Council website.
- All Councillors completed Personal / Confidential Data Agreement.
- Declaration of Interest and Hospitality forms for Officers and Members on CeriNet.
- Monitoring and review by MO of Chief Officers' declarations annually.
- MO advises Chief Officers and Members on need to declare close personal associations with other Officers or Members.
- MO advising of Officers regarding declarations of interest is ongoing. Regular reminders through News Updates on CeriNet system and at Leadership Group.
- NFI match highlights Staff who are directors of companies that have dealings with the Council – any non-declarations investigated by IA and reported to MO.
- Declaration of interest process to be extended to include requirement regarding related parties: that officers and Members declare if they are closely related to other Officers, Members or teachers. Specific declaration/return required stating whether this includes a Chief Officer (and to state relationship).
- Declaration of interest process to be extended to include requirement that Members specify Directorships - company name and number, (un)remunerated, private interest or Council appointment.
MO to remind Members of the need to accurately disclose all Directorships (including dormant companies).
- Declaration of interest process to be extended to include requirement that Members specify role within memberships - observer, member, volunteer, Committee member, Board member or Trustee.
- Officers' declaration of interest to include requirement to declare if they or a close family member, or any person or organisation acting on their behalf, are on the Board, management committee or other controlling group of an organisation with which the Council has significant dealings.
- Training to be provided on the role of Members on External Bodies.
- MO to undertake enquiries with company secretaries as necessary to ascertain basis of Members trustee/Directorship interests within charitable organisations or companies, and rationale. To seek amendment of Articles of Association or resignation of Council directorships if necessary.
- Members required to update Register of Interests in accordance with the Code of Conduct, and in addition, annually, which is opportunity to reference any close personal associates/roles etc. Additionally, declarations of interest made by members at meetings. This includes lay/independent members.
- Politically Restricted Post Register for Officers maintained and Political Restrictions on Local Government Employees Policy available to employees on CeriNet. Register of Politically Restricted Posts published on Council website.
- Dispensations forms for members updated in 2022.
- MO meets with political group leaders quarterly to consider their new duties to uphold standards of conduct of Members in their group.
- Political group leaders to cooperate with the Ethics and Standards Committee as required in pursuance of their new duties.
- Political group leaders to complete template setting out actions undertaken to evidence compliance with their new duties.
- Local Resolution Procedure for Members: ungrouped/unaffiliated Member receives Council Chair/Vice Chair' advice/support.

- The Ethics and Standards Committee has received training on its new duties (from May 2022) under the Local Government and Elections (Wales) Act 2021 ('2021 Act').
- The Terms of Reference of the Development Management Committee (formerly Development Control Committee) have been revised to clearly state its purpose, role and responsibilities, and how it links to Corporate Priorities.
- The Operational Procedures document for the Development Management Committee has been revised. A 'cooling-off' process has been established in order to review planning applications, which may, if approved, be a significant departure from policy.
- The Scheme of Delegations contains criteria for applications, which must be referred to the Development Management Committee, and those applications that can be delegated to the Corporate Lead Officer.
- A Protocol for Good Practice for Councillors at Development Management Committee has been produced and included in the Constitution.
- A good working relationship exists with all key regulators.
- The Constitution is subject to regular reviews, with ongoing updates as required, including presenting proposed changes to Cross Party Constitution Working Group, to make recommendations on changes to Constitution to Council. MO/Governance Officer report to Council to update delegations and Constitution.
- The Corporate Strategy 2022-2027 includes Corporate Well-being Objectives setting out the Council's priorities and high-level objectives with supporting actions on an annual basis.
- The Well-being and Improvement Objectives build on the priority areas identified in the Corporate Strategy 2022-2027 and are reviewed annually These are developed in consultation with the public and Members.
- Members' standards and conduct matters considered by the Council's Ethics and Standards Committee. Public meetings held regularly, and chaired by an independent person-determine dispensations, and consider strategic/policy issues and receive updates from PSOW Findings & APW cases. Committee and Members are advised by the MO & Standards Officer.
- Annual Ethics & Standards Committee Report reported to Council in October 2022.
- Governance & Audit Committee meets regularly to consider governance and external regulator reports. Chaired by Lay Person, per 2021 Act provisions.
- Governance and Audit Committee carry out a benchmarking exercise annually to provide further assurance on the review of the Annual Governance Statement ('AGS') process. IA review and report on the process annually.
- Effective 'Strategy to Counter Fraud, Corruption and Bribery (to include Anti-Money Laundering)' in place (updated June 2021).
- Internal Audit Annual Report on Counter Fraud presented to Governance and Audit Committee at year-end. 2021/22 report presented 6.6.22 and 2022/23 report presented 21.6.23.
- Ethics Audit undertaken during 2019. Follow up Internal Audit of Council's arrangements regarding ethics also in progress.
- Whistleblowing Policy available to Employees and Contractors (has been reviewed, updated, presented to Overview and Scrutiny Co-ordinating Committee (recommended to approve), approved by Cabinet and published on CeriNet 17.4.2023).
- A mandatory E-learning training module on Whistleblowing must be completed by all Staff.

- Revised Corporate Concerns and Complaints Policy published 1.10.2021.
- All complaints are dealt with in accordance with the corporate procedures which include informal and formal stages and these are communicated to Staff on a regular basis.
- The complaints system is monitored by the Corporate Complaints and Freedom of Information Manager.
- Annual Complaints Report considered by the Governance and Audit Committee and Cabinet prior to approval by Council. Includes Lessons Learned from complaints received.
- Agenda/Minutes for all committees published on the Council's Website, including disclosures of interests.
- Cabinet Decision Notices published on the Council's Website.
- Preparation for publication of delegated decisions register ongoing.
- Register of Contracts published on Council Website.

Demonstrating strong commitment to ethical values

- Ethics and Standards Committee championing ethical compliance to ensure that public have trust and confidence that Members and Officers work to highest ethical and moral standards.
- The Ethics and Standards Committee has been proactive, leading on training sessions and putting procedures in place for dispensation arrangements. The structure has recently been reviewed to improve efficiency and effectiveness.
- Officers such as Internal Auditors, sign an annual Code of Ethics affirmation.
- Follow up Internal Audit of Council's arrangements regarding ethics also in progress.
- Carmarthen County Council undertook an independent audit of ethics within the Council during 2019. Follow up Internal Audit of Council's arrangements regarding ethics in progress.
- Employee Handbook is reviewed annually, is available on CeriNet, sets out the expected Employee behaviour and includes the Code of Conduct for Local Government Employees.
- Training on equality and diversity and recruitment and selection including equal opportunities is provided for all Ceredigion County Council Managers.
- Training on equality and diversity is provided to all Councillors.
- All Staff must complete an e-learning module on Equality & Diversity.
- Standard Terms and Conditions for all Suppliers of Goods and services include conditions relating to Equality and Diversity and are available on the Council's website.
- Procurement Strategy 2018-2022 was approved by Council 19th June 2018. Task and Finish Group established December 2023 to consider Procurement & Commissioning Strategy 2024
- Procurement training also being rolled out to Staff.
- Council Recruitment Policy and DBS Policy.
- Training Needs Analysis Questionnaire has been circulated by Council newsletter to Staff requesting opinion on ethical culture of Council & training module planned in response to feedback.
- All Group Leaders signed Diversity in Democracy Declaration in September 2021.

Respecting the rule of law

- Council Constitution.
- Terms of reference are included in the Constitution.
- Consideration is being given to the Data Protection Principles, and processing of personal information in the context of Council Committees and all Members.
- Training for all Members on Introduction for Council, including GDPR.
- Statutory powers and legal implications included in every decision-making Cabinet report.
- Legal and Financial advice/implications is provided on all appropriate reports for decision.
- The MO and Legal Services and the IA Service are available to advise as appropriate.
- The MO attends Leadership Group/Cabinet/Council meetings and routinely attends many public meetings, as required, subject to availability. In the absence of the MO, the Deputy MO will attend Cabinet and Council meetings.
- The MO has direct access to the CE and reports to Council generally and as part of statutory duty.
- The MO operates an 'open' door policy for Members wishing to receive 'conduct' and 'governance' advice.
- Job descriptions & person specifications clearly define the roles and responsibilities required of posts.
- Members' Role descriptions set out their respective responsibilities.
- Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, published 13 April 2016). (No further update)
- Compliance with CIPFA's Statement on the Role of the Head of Internal Audit in Public Service Organisations (CIPFA, published 9 April 2019) & contribution published in CIPFA's accompanying Putting Principles into Practice document (2019).
- Financial Regulations and Financial Procedure Rules (Document F Constitution).
- Contract Procedure Rules (Document G in the Council's Constitution).
- Compliance with Specific Codes e.g. Internal Auditors' Public Sector Internal Audit Standards ('PSIAS', March 2017)
- Members of Governance and Audit Committee updated on fraud including IA annual counter fraud report.
- Statutory Officers accountable to the Chief Executive ('CE') and the Council.
- Regular meetings between CE, S.151 Officer & MO.
- Corporate Manager – Internal Audit ('CMIA') has free & unfettered access to Members and Officers at all levels, and right of access as per Council's Constitution and Internal Audit Charter.
- Two Officers in the IA team are accredited Counter Fraud Technicians.
- An Officer in the IA team holds a CIPFA Certificate in Investigative Practices ('CCIP').
- Council complies with Audit Wales's annual National Fraud Initiative requirements, currently co-ordinated by Internal Audit.
- Monitoring and response to fraud alerts (NAFN, wider networks, peers, etc).
- Membership and active participation in professional networks and groups (Tisonline, KHub, etc).

- Nominated Council Officers undertake various fraud training to maintain knowledge and expertise.
- Where appropriate, successful prosecutions publicised on Council website (and in local press).

B. Ensuring openness and comprehensive stakeholder engagement:

Openness

- All Council, Cabinet and Committee meetings open to the public and agendas and papers published on the Council website (with the exception of exempt reports exempt information as defined by the 1972 Local Government Act).
- Council and Cabinet meetings are broadcasted.
- In accordance with the requirements of the LGEW Act 2021, arrangements were made to enable hybrid meetings to be held from May 2022. New equipment has been installed in the Chamber. Council and Cabinet meetings are being broadcasted on the Council's Facebook pages. Members of the public can attend to view meetings remotely or in person.
- All Statutory Annual Reports, Statements of Accounts and Improvement Progress Reports are all published within timescales and are available on the Council's website.
- Freedom of Information Act publication scheme. (to be reviewed in 2024)
- A host of service areas are available online including council tax self-service and information.
- The Council's goals and values are set out in the Corporate Strategy 2022-2027.
- Ceredigion County Council Website.
- MO and Ethics & Standards generic email addresses created.
- Regular and timely responses to the press and other enquiries to Management and members as well as comprehensive FOI responses.
- Review of the FOI Publication scheme in progress.
- Freedom of Information Policy (March 2018).(to be updated in 2024)
- Corporate Complaints and Freedom of Information Manager in post.
- Complaints and Freedom of Information Privacy Notice.
- An Overview and Scrutiny Public Engagement Protocol (2018) (Document N Constitution) has been approved by Council and has been used on several occasions. No further update
- Protocol for speaking at the Development Management Committee in place (Part 4 Document I Constitution).
- Protocol for access by Cabinet Members to Overview and Scrutiny Committee approved by Council (Part 5 Document M2 Constitution).
- Integrated Impact Assessment ('IIA') tool and guidance to inform effective decision making have been developed and are being implemented.
- Council / Cabinet report template updated to include reference to legal implications, staffing implications, property / asset implications and risks and to reflect the new Corporate Strategy 2022 - 2027.
- Standard templates and guidance for reporting to Council, Cabinet and Overview and Scrutiny Committees are used and all include the IIA results.
- A Protocol is in place for working relationships between Members and Officers (e.g. Officer-Member Protocol). (The Constitution Part 5).

- A calendar of dates of meetings including forward work programmes of the Council, Cabinet and Committees are published on the Council's website.
- Organisational Awareness training available as an optional module of the Corporate Manager Programme, which includes information relating to the decision-making process, Wellbeing of Future Generations Act, Equalities, Welsh Language and the use of the IIAs.
- The Engagement and Consultation Checklist assists with decision making around whether or not to undertake a consultation regarding a proposed change and guidance on dissemination of consultation results is available to Officers.
- IIA conclusions reported to Council, Cabinet and Overview and Scrutiny. 13 IIAs went to Cabinet during 2022-23.
- The Council, in collaboration with partners, has carried out significant engagement to produce the Public Service Board's ('PSB') Well-being Assessment and Local Well-being Plan.
- Well-being objectives for 2022-23 have been set in order to deliver the Corporate Strategy 2022-2027.
- Corporate Complaints Policy has been reviewed, new Policy presented to Corporate Resources Overview & Scrutiny Committee 7.7.21 and to Council 23.9.2021, and Revised Concerns and Complaints Policy and Procedures 2021, its implementation and publication approved by Council.
- Social Services Complaints Policy and Procedure has been reviewed.
- Consultation Decision making tool (Consultation Tree and flowchart) have been developed and includes the use of feedback.
- Consultations are published on the Corporate section of the Council Website.
- Consultations are promoted through social media.
- Guidance has been issued on the Ceredigion Council intranet to all Staff to follow with regards to the dissemination of feedback to decision makers. Recent indications are that significant progress is being made in this area by Officers.

Engaging comprehensively with institutional stakeholders

- Public Services Board Terms of Reference available on the Council Website and PSB Project Groups Terms of Reference available. Scrutiny arrangements for the PSB have been put in place.
- Joint engagement and consultation exercises are held. Collaborative projects are running with institutional stakeholders with clear governance arrangements in place.
- Engagement with Service Users List including stakeholders with whom the authority should engage is in place and Engagement and Participation Policy.
- Collaboration Standards for New Strategic Projects Guidance and Templates are available.

Partnerships Include:

- PSB;
- West Wales Regional Partnership Board;
- Community Safety Partnership;
- Mid and West Wales Safeguarding Board; and
- Growing Mid Wales.
- Partnerships such as Growing Mid Wales have been established with governance arrangements. Growing Mid Wales Joint Overview and Scrutiny Committee has been established.

- Regular reporting of partnership meetings and activity to Leadership Group and Cabinet.
- Partnership metrics are subject to internal review, where appropriate.
- Legal Team is actively involved in drafting and reviewing Terms of Reference for Inter Authority Agreements ('IAAs') and formal committees.
- A suite of documents have been developed that relate to strategic collaboration projects that the Authority is considering entering into. The documents include guidance, standards and numerous templates for varying stages of collaboration projects.

Engaging stakeholders effectively, including individual citizens and service users

- A new Engagement and Participation Policy for Ceredigion County Council, 'Talking, Listening and Working Together,' has been prepared and was agreed through the democratic process in Autumn 2022.
- A Community Engagement, Consultations and Partnerships Page has been created on CeriNet, which includes links to Engagement and Participation Policy, Engagement and Consultation Checklist, Engagement with Service Users and Consultation Decision Making Tool.
- All IAs for Cabinet are assessed by the Equalities and Inclusion Manager, including whether effective engagement, involvement and consultation has taken place and informed strategic decision-making process.
- Public Engagement Tool Kit.
- IAs Tool Kit.
- Summary reports on consultation and engagement activities are reported back to Members and service users.
- We have worked in partnership with Local Authorities and Public Services across Mid and West Wales on the review of our Strategic Equality Plans. A joint question set and engagement and consultation framework was produced and as a result, feedback was obtained from people with protected characteristics.
- Minutes of engagement groups with people with protected characteristics.
- Effective Community involvement carried out with the well-being assessment work.
- Effective Community involvement carried out with service users from different backgrounds to inform the new Strategic Equality Plan.
- Corporate Communications Protocol in place which is periodically reviewed.
- Dissemination of consultation results and reports on completed consultations and engagement exercises are posted on the Council's public consultations webpage in order to provide feedback to the public.
- Processes have been introduced to monitor feedback e.g. any consultation/engagement reports are presented to Scrutiny and Cabinet to inform their decision-making.
- Feedback from engagement and how people's views have been taken into account is recorded in the IAs.
- A Well-being assessment (PSB) has been carried out that will inform the development of the PSB's Local Well-being Plan, which was approved by Council on 20.4.2023 (Ceredigion Local Well-being Plan 2023-2028).
- An annual report on progress made against the Council's Well-being objectives and Corporate priorities in published on the Council Website.

- UNCRC – United Nations Convention on the Rights of the Child have been adopted by the Council.
- Participation Standards have been adopted by Council.

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

Defining outcomes

- The Council's Corporate Well-being Objectives are included in the Council's Corporate Strategy 2022-2027 and are reviewed each year and reported in the Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report published on the Ceredigion County Council website.
- The purpose and the vision of the Council have been determined by Council and is contained in the Corporate Strategy 2022-2027. This strategy illustrates how the authority will support and promote the well-being of the citizens of Ceredigion.
- All Planning arrangements reflect the Golden Thread and make the links to Corporate plans including;
 - Business Plans;
 - Strategic Plan;
 - Corporate Performance Management Reporting; and
 - Well-being and Improvement Objectives.
- Performance information is outlined in the Council's Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report.
- Business Plans are prepared on an annual basis and are monitored quarterly by a Performance Board, which includes Cabinet members and the Chairs and Vice Chairs of the Overview and Scrutiny Committees and Chair of the Governance and Audit Committee.
- Budget setting subject to detailed scrutiny by the five Overview and Scrutiny Committees.
- The Medium-Term Financial Plan is in place.
- Quarterly performance arrangements provide a challenge protocol to ensure outcomes are delivered.
- Business planning process includes resource allocation.
- Corporate performance management arrangements include quarterly assessment of risks to the achievement of outcomes or service delivery.
- includes risk logs for;
 - Business Plans (Level 1); and
 - Service Plans (Level 2).
- Local performance measures are included in Business and service delivery plans.
- Capital Plans include;
 - Rights of Way;
 - Highways;
 - Annual Budget Plan; and
 - Transformation.
- The Risk Management Policy and Strategy and the Risk Management Framework was approved by Cabinet on 24 September 2019.
- Risk Management training to be rolled out to Members and Senior Managers.

- Risk management e-learning package has been developed for all other Staff and training took place in 2019, with workshop with insurers arranged for senior Managers.
- Publication of service performance, including costs and value for money data is routinely considered within service reports.

Sustainable economic, social and environmental benefits

- The appointed Auditor considers the Council's arrangements to secure economy, efficiency and effectiveness. In his letter he has stated that the Council has complied with its responsibilities to the use of its resources.
- The most recent Audit of the Council's Improvement Plan (2020-2021) was issued in November 2020. The report concluded positively that the Council discharged its duties and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- A capital appraisal form is completed for new capital projects, which covers the requirement for the project, and is used to assess value for money and the revenue implications of major projects.
- Capital Investment Strategy is contained within the Medium Term Financial Strategy.
- The Authority has undertaken the following steps towards the implementation of the Well-being of Future Generations (Wales) Act 2015:
 - Prepared well-being objectives and statement;
 - Embedded the Well-being Goals and Sustainable; development principal into the business planning process.
 - Developed a new IIA tool and guidance;
 - Established a Well-being of Future Generations Act group and action plan;
 - The Constitution is continually monitored and reviewed;
 - PSB assessment of Local Well-being published in March 2017;
 - Scrutiny arrangements agreed for PSB;
 - Cabinet Reports, to include the Social/economic/ environmental impact assessment;
 - A mandatory e-learning module on the Act has been developed and promoted to all Council Staff;
 - an Equality, community and Welsh language Impact Assessment must be undertaken on all school restructuring proposals as required under the Welsh Government School Organisation Code; and
- Members have contributed to The Future Generations Officer Scrutiny Framework in relation to the WFGA.
- Wales procurement policy statement is aligned to the Council's Procurement Strategy 2018-2022.
- The Council wide WFGA Group Action Plan.
- Strategic Equality Plan 2020-2024.
- Welsh Language Standards in place and are monitored by the Welsh Language Policy Officer.
- Annual Welsh Language Standards monitoring report presented to Cabinet and published on the Council website.
- A mandatory E-learning training module on Welsh Language Awareness must be completed by all Staff.
- Members provided with Welsh Language Awareness and Equalities Training as part of their Induction Programme.

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

Determining interventions

- The IIA tool and guidance is available and training has been rolled out for Officers and Members.
- Corporate project management group has been established to formalise project development and management.
- Standard reporting templates are used in decision making process.
- Organisational Awareness training available as an optional module of the Corporate Manager Programme, which includes information relating to the decision-making process, Wellbeing of Future Generations, Equalities, Welsh Language and the use of the IIAs, Head of Democratic Services and MO (CLO- Legal & Governance) advise as necessary.
- Risk Management Policy, Strategy and Framework with training programme for Members, Senior Management and Managers, published on CeriNet and available to all Members of Staff. Documents amended to reflect additional risks and background information to make informed decisions. Corporate Risk Register reported regularly to Governance and Audit Committee.
- Medium Term Financial Strategy has been regularly updated.
- Consultation decision tree tool includes a guidance section on dissemination of consultation results.
- Finance challenge regarding savings on Council Website.

Planning interventions

- Corporate Performance Management arrangements include quarterly:
 - Weekly leadership Group meetings;
 - Quarterly reporting of progress against level 1 Business Plans;
 - Quarterly Performance Board meetings; and
 - Quarterly Executive Panel Meetings.
- A calendar is used to report deadlines and Board/Executive Panel dates are published with reports.
- All major collaboration projects have established governance and management arrangements including risk management.
- All projects considered by Corporate Project Management Panel, which is also attended by IA and is an effective forum for advice/challenge and highlighting risks as Service areas develop projects, including collaboration projects.
- The Corporate Project Management Panel helps ensure projects give early consideration to: the Well Being and Future Generations Act; to other guidance; to finance, procurement, governance and legal arrangements; to HR implications; Health & Safety; and Audit. Improve project arrangements prior to reporting to the Development Group and other authorisation processes. This also helps identify capital requirements for inclusion in future capital programmes.
- Ensuring Staff with project management skills are available.
- Account will be taken of legislative changes e.g. work is ongoing in relation to implementing legislative changes such as LGEW 2021 Act changes and considering/monitoring risks facing each partner when working collaboratively, including shared risks. Meetings are being held and preparation being carried

out, for example, regarding the 2021 Act's requirement for Corporate Joint Committees, including potential and shared risks (a CJC group has been established, with the first meeting held on 19th April 2021, to consider the requirement to establish the Mid Wales CJC in accordance with the 2021 Act).

- Appropriate Joint Scrutiny arrangements are in place in relation to the Growing Mid Wales Board. Similarly, the Mid Wales Corporate Joint Committee will have Sub appropriate arrangements in place (Joint Scrutiny, Standards and Governance and Audit Committee)- arrangements in compliance with legislation and its Standing Orders.
- Local performance indicators have been established and approved for each service element and included in the service plan and are reported upon regularly.
- The Business Planning process for 2022-23 is being implemented with Level 1 Business Plans shared with the Performance and Research Team.
- Performance measures have been identified within each Level 1 Business Plan that have in turn translate into the reporting Dashboard for each service. These measures have been closely scrutinised and have received final sign-off from senior leadership. Services report against these measures as part of the performance management process for the year.
- Business Plans include budget and finance information and form part of the quarterly Corporate Performance Management arrangements.
- Budget Framework in place.
- Service Accountancy – Budget monitoring takes place.
- Financial Regulations and Financial Procedure Rules (Document F Constitution) along with Budgetary Control Guidance are all up to date. Chief Officer Assurance Statements. The internal controls in place are subject to regular review by Internal Audit, in accordance with the annual risk-based audit plan.
- Changes through the corporate savings plan have been through a robust governance process to ensure that all savings all link to the desired outcome.
- Community Benefits is embedded in our Processes and Policies and has been regularly applied, monitored and reported upon. Well-being of Future Generations (Wales) Act is integrated into our processes.

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

Developing the entity's capacity

- Corporate and line management induction is now in place. Corporate induction and Corporate Manager Development plans were introduced in April 2018 and revised in October 2022. Corporate induction sessions are part of these requirements, all new Staff must attend an induction session. Senior Managers present within these face-to-face or virtual sessions.
- CeriNet (the HR intranet and resource to Staff and management) is continually reviewed and improved for effectiveness.
- Learning & Development is now managed via the Ceri system offering opportunities to all Staff.
- Ongoing annual Personal Performance scheme – Performance Reviews link to Corporate and strategic objectives.
- The Corporate Performance Management arrangements provide the forum for performance management's needs and thereafter preparing action plans for

delivery of corporate improvements in performance review of Staff. These have been further strengthened with the introduction of annual appraisals for all Staff via the Ceri HR system.

- A comprehensive induction programme is provided for all Members following the Local Elections in 2022. Ongoing training is arranged for specific issues e.g. Treasury management.
- Members attend various events, seminars and conferences (see above).
- Survey of members training and development needs carried out annually.
- Utilisation of research and benchmarking exercises.
- The Ceri HR payroll system has ensured that meaningful data on Staff is now available to Managers on a monthly basis in order to monitor costs turnover and absence.
- Effective operation of partnerships which deliver agreed outcomes.
- Effective Partnerships have been developed in a number of areas and services including:
 - School Improvement;
 - Health & Social care; and
 - Waste.
- Additional partnerships are included in the strategic Collaboration Projects List.
- Strategic workforce planning is undertaken utilising the Strategic workforce planning tool kit and is completed by all service areas. The Workforce Plan 2023-2028 is currently being developed and will be published once approved by Cabinet in Autumn 2023. Once in place, annual updates on progress of the workforce plan are reported to scrutiny.

Developing the capability of the entity's leadership and other individuals

- The Leadership and Senior Officer structure has defined these roles, including how they integrate with each other.
- Joint meeting of senior Managers ensures that roles, responsibilities and accountabilities are clear.
- Job descriptions clearly define the roles and responsibilities required of posts.
- The Constitution sets out the roles and responsibilities of Members (Part 3.4 Table 4) and senior Officers (part 2 Article 2)
- The Strategic Planning Toolkit includes an element of succession planning and talent management.
- Learning and Development opportunities are offered to those within a Leadership role or who are aspiring leaders.
- A Scheme of Delegation (The Constitution Part 3.5) exists and clearly sets out responsibilities for Members and Officers.
- Protocols are in place for working relationships between Members and Officers (e.g. Officer-Member Protocol).
- Codes of Conduct for Officers and Members are in place.
- Member Officer working groups in place and working effectively.
- Contract Procedure Rules ('CPR') (Part 4 Document G Constitution) and Financial Regulations and accompanying financial procedures (Part 4 Document F Constitution) are reviewed on a regular basis e.g. CPR updated March 2019.
- The Council's Constitution sets out the functions and responsibilities of the Leader and Chief Executive.

- The Corporate structure of the Council has been established to ensure that the Statutory Officers are able to perform their roles effectively.
- The CE is responsible for reviewing this structure, as necessary.
- Democratic Services Committee agreed the revised set of Member Role Descriptions, designed to be used alongside Welsh member Development (Competency) Framework, of Welsh Local Government Association ('WLGA') Framework.
- Member Role Descriptions and Person Specifications presented to Council.
- Comprehensive Induction Programme for all Members undertaken following the Local Elections 2022.
- Access to courses/information briefings on new legislation.
- Provision of opportunities for ongoing skills and refresher training for Officers.
- Members Workshops arranged, as necessary.
- Personal reviews for Officers.
- Survey of members training and development needs carried out annually.
- Development/training done as part of person specifications for key finance and legal posts (mandatory qualification, job requirements).
- Induction and Corporate Manager Development plans are in place.
- E-learning packages are regularly being developed and rolled out for mandatory and non-mandatory training for staff and Members.
- Performance Reviews are undertaken by all Staff as part of the Ceri system Performance Management module.
- The Corporate Performance Management arrangements provide the forum for performance management's needs and thereafter preparing action plans for delivery of corporate improvements in performance review of Staff.
- Induction programme is provided for new Members and new comprehensive induction programme has been provided post-election (from May 2022) with additional e-learning modules available. Ongoing training is arranged for specific issues. Members attend various events, seminars and conferences (see above).
- Scrutiny self-assessment undertaken annually.
- Succession planning is undertaken through discussions and actions within service areas and with partners this cannot always be evidenced. This will be further developed through the strategic workforce planning toolkit.
- Ceredigion Manager Programme offers personal development including governance arrangements and organisational knowledge.
- Members are encouraged and supported to complete Annual Reports, which are published on the Council's website.
- Chair of the Democratic Services Committee attends the National Network, facilitated by the WLGA.
- Chair of Governance and Audit Committee attends All Wales Governance and Audit Committee Chair's Networking Meetings to develop and compare role within Local Authorities.
- Staff development plans linked to appraisals have been strengthened with the introduction of the Performance Management module in Ceri.
- Implementing appropriate Human Resource policies and ensuring that they are working effectively.
- Smoke-Free Workplace Policy.
- Alcohol and Drug Misuse Policy.
- The Council has introduced a range of resources and options to enhance the health and well-being of Staff.

- Health and Well-being Strategy 2021-2026 has been introduced to support the improvement in the workforce health and well-being.
- The Council has appointed an Employee Health & Wellbeing Officer to coordinate and promote health and wellbeing within the workforce.
- A Care First employee assistance package has been introduced that offers:
- Counselling service; and
- Advice on financial, legal, consumer, eldercare, childcare and employment issues.
- Other support available for Staff includes:
 - Cognitive Behaviour Therapy Interactive health and wellbeing programme;
 - Eyecare scheme;
 - Childcare voucher scheme;
 - Iechyd Da; and
 - Mindfulness training for Staff and Managers.
- Counselling service is also available to Members.

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

Managing risk

- The Corporate Risk Management Framework and the Risk Management Policy and Strategy were approved by Cabinet on the 24th of September 2019 and continue to be updated.
- The Corporate Risk Register is considered at all Leadership Group, Corporate Lead Officers, Corporate Performance Management meetings and by the Governance and Audit Committee as a standing item. The Committee refers matters to Scrutiny Committees, where appropriate. This provides ongoing information and assurance that risks continue to be managed.
- All Risks are allocated to a Corporate Lead Officer (Risk Owner).
- Specific Project Risk Monitoring is undertaken.
- Risk Management is integral to operational business planning Policy and Strategy setting.
- Project and transformation Risks are all logged.
- All Plans included Risk logs including:
 - The Medium-term Financial Plan;
 - Business Plans (level 1); and
 - Service Plans (level 2).
- Corporate Risk Management arrangements are audited regularly.
- The management of risks is included in individual Services service/establishment audit programmes.
- 'Risks' form the basis of Internal Audit's audit programmes of work, as required by the Pentana audit management software system. Cabinet report template expanded to include risks and implications arising.

Managing performance

- Corporate performance management is linked to the Well-being and Improvement Objectives, Corporate Strategy 2022-2027 and the PSB's plans.

The Council also has many local indicators which helps it determine whether it has achieved the priorities in its Corporate Strategy 2022-2027.

- Council approved the Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report 2021-22.
- Benchmarking information carried out as part of service re-modelling.
- External & internal assessments by:
 - Audit Wales;
 - Estyn;
 - Care Inspectorate Wales ('CSIW'); Investigatory Powers' Commissioner's Office ('IPCO'); and
 - Information Commissioner's Office ('ICO').
- Self-Assessment (Governance and Audit Committee) - self-assessment exercise discussed at 28.11.22 workshop and will be carried out in 2023.
- Individual Services carry out self-assessment through a performance matrix.
- A undertake an annual self-assessment and have a 5-yearly independent external assessment / peer review as required by the PSIAS. EQA completed May 2022, report & resulting action plan presented to Governance & Audit Committee 27.9.22 along with the CMIA's Internal Audit Self-Assessment. The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of non-conformance.
- Cost performance (using inputs and outputs).
- A Corporate Performance Management Panel meets quarterly. All Corporate Lead Officers report to this Panel and the Dates for reporting are published in the report. The Chairs and Vice Chairs of the Overview and Scrutiny Committees attend with the principle that they can identify areas that require inclusion on their respective Forward Work Programmes.
- Chief Officers provide support and advice to Members and advice provided by Chief Finance Officer and MO.
- Scrutiny arrangements are in place which provide opportunities to challenge decision making and review the provision of services. The scrutiny function's aim is to provide added value to the continuous improvement agenda in their role as "critical friend". In addition, Overview and Scrutiny Committees also provide opportunities to undertake pre-decision and policy development work, which is a function of scrutiny, which has developed over recent years. The Council's aim is to scrutinise, where possible, before decisions are made.
- Overview and Scrutiny Committees can instigate Task and Finish Groups to investigate and research a matter further prior to reporting back to the relevant Committee.
- Training for Members on the role of Scrutiny and Scrutiny Chair and Vice Chair training provided.
- The Council's Overview and Scrutiny Co-ordinating Committee is responsible for taking an overview of the overall effectiveness of the PSB.
- Work undertaken with the Future Generations Office to develop a Scrutiny Framework in relation to the WFGA.
- A Corporate Performance Management Board meets each quarter, with Chairs of the Overview and Scrutiny Committees invited to attend.
- Reporting dates are set at beginning of each year.
- Transformation and Risks are all referred to joint Local Government meetings and Panels.

- Financial monitoring is regularly undertaken throughout the Council under a devolved accountancy arrangement and formal reporting is made to Cabinet. Monitoring is also incorporated into the quarterly performance management reports.
- Accounting practices - Codes of Practice are complied with. Prudential Indicators are prepared and reported to Council and monitored throughout the year. Regular budget monitoring takes place throughout the year. IA also reviews controls over income collection and monitoring.
- Business/Service plans are monitored to ensure delivery outcomes are achieved.

Robust internal control

- Risk Management Policy and Strategy and the Risk Management Framework were approved by Cabinet on 24 September 2019.
- Updates in relation to Business Continuity and Civil Contingencies arrangements submitted on a regular basis in line with the Corporate Risk Register, Risk CORP04.
- Business Continuity and Civil Contingencies Group meet quarterly.
- Regular meetings of the Emergency and Business Continuity Management Group take place to review Corporate and Service Area Emergency and Business Continuity Arrangements and Plans as well as recommendations arising from past incidents and exercises to evidence risk, identify emerging trends, and document any lessons learnt for follow up.
- The annual Internal Audit Plan is risk-assessed and takes account of Council aims and objectives, and corporate policies and procedures; to include a review of the Risk Management corporate arrangements, and testing the mitigating controls in place for a sample of risks noted in the Corporate Risk Register
- Internal Audit Strategy & Annual Plan 2022-2023 approved by Governance and Audit Committee 10 March 2022, & continues to take account of additional risks presented by the pandemic. The IA Plan for 2023-24 was presented to and approved by GAC on the 9 March 2023.
- IA's annual audit plan can address any necessary re-prioritisation of work, allowing IA to be reactive to any changes in risk within the Council.
- Regular Quarterly Internal Audit Progress Reports to Governance and Audit Committee for monitoring (e.g. Internal Audit Progress Report for period 1 July 2022 to 30 September 2022 presented to Governance & Audit Committee on 17 January 2023, period 1 October – 31 December presented to GAC 9 March 2023 and period 1 January – 31 March presented to GAC 21 June 2023).
- Internal audit reports issued to Managers highlight the risks of not implementing any IA recommended actions. Fundamental & significant recommended actions are followed up as part of IA's Management Action Programme and reported to Governance and Audit Committee on a 6-monthly basis. If CMIA considers that any fundamental risks have not been addressed by a Manager this is reported to Governance and Audit Committee who has the discretion of requesting that Manager to attend & explain reasoning for non-compliance.
- Summary of work and audit opinion on assurance provided annually in Internal Audit Annual Report at year-end. IA Annual Report for 2021/22 approved by Governance & Audit Committee 6 June 2022. IA Annual report for 2022/23 approved by GAC 21 June 2023.
- Follow-up IA reviews to monitor implementation of required actions as part of the Management Actions Programme.

- Internal controls, risk & governance processes are monitored according to the Internal Audit Charter (last version approved by Governance & Audit Committee 17/1/23) & the Annual Internal Audit Strategy and Plan.
- The appointed Auditor considers the Council's arrangements to secure economy, efficiency and effectiveness in his letter he has stated that the Council has complied with its responsibilities to the use of its resources.
- Risk evaluation always appears on agendas.
- Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption ('CIPFA', 2014). (no further update)
- Internal Auditors have procedures in place if fraud discovered.
- Two Officers in the IA team are accredited Counter Fraud Technicians.
- An officer) in the IA team holds a CIPFA Certificate in Investigative Practices ('CCIP').
- 'Strategy to Counter Fraud, Corruption and Bribery (to include Anti-Money Laundering)' updated and approved by Council 17 June 2021 (minutes confirmed 23 September 2021) has been written with regard to the Code of Practice & updated to ensure all requirements are included.
- IA undertakes counter fraud work where required (as well as dealing with the discovery of fraud as considered earlier).
- Council complies with Audit Wales's annual National Fraud Initiative requirements, currently co-ordinated by IA.
- IA presents Counter-Fraud Report to Governance and Audit Committee annually (2021/22 Counter-Fraud Report presented to Governance & Audit Committee on 6 June 2022). [2022/23 Counter-Fraud Report presented to GAC on 21 June 2023](#).
- Monitoring and response to fraud alerts (NAFN, wider networks, peers, etc);
- Membership and active participation in professional networks and groups (Tisonline, KHub, etc);
- IA offer advice to services on implementation of new systems and processes to ensure effective internal controls maintained;
- Nominated Council Officers undertake various fraud training to maintain knowledge and expertise;
- Where appropriate, successful prosecutions publicised on Council website (and in local press)
- IA's annual audit plan can address any necessary re-prioritisation of work, allowing IA to be reactive to any changes in risk within the Council.
- The AGS contains the CMIA's annual opinion on assurance.
- The IA function is headed by a CMIA who is currently studying to gain an IIA qualification, they have considerable audit & local government experience, and are supported by a team with appropriate knowledge and skills. Regular reporting to Governance and Audit Committee on the activity of IA is undertaken. Robust risk-based forward work programme and business planning is in place.
- IA evaluates and improves the effectiveness of risk management, control & governance processes in accordance with PSIAS, which is self-assessed and reported to Governance and Audit Committee annually along with any improvements required. A peer review is undertaken every 5 years the most recent having been completed in May 2022. The report and resulting action plan were presented to Governance & Audit Committee on 27 September 2022.
- IA provides an individual assurance to Managers after each audit review – these are then used to provide an overall corporate level of assurance annually, which feeds in to the AGS.

- A re-structure of IA was implemented in May 2019, and another in November 2020. The service has been fully resourced since 1 June 2022.
- Three members of the team are currently pursuing the Institute of Internal Auditors' professional training qualification.
- Governance and Audit Committee self-assessment - self-assessment exercise underway
- Regular meetings between CMIA and Chair of Governance and Audit Committee.
- Meetings as necessary between MO & Chair of Governance and Audit Committee.
- Regular meetings between MO & CMIA.
- Regular meetings between MO, CMIA & Audit Wales when necessary.
- Regular Meetings between Governance and Audit Committee Members and external regulator Audit Wales (with and without Officers).

Managing data

- ICT and Digital Strategy for 2018-2022 has been approved.
- All policies are up to date including; (all approved in February 2019).
 - Data Protection & GDPR Policy (updated in 2023)
 - Information Security Policy; (to be updated 2024) and
 - Records Management Policy. (to be updated 2024)
- A mandatory E-learning training module on Information Security must be completed by all Staff.
- A mandatory E-learning training module on Data Protection must be completed by all Staff.
- Designated Data Protection Officer.
- Corporate Lead Officer Customer Contact , ICT & Digital is the Senior Information Risk Owner ('SIRO') and has attended appropriate training for that role.
- The following responsible Officers are identified:
 - IT Security Officer ('ITSO'); and
 - Information and Records Management Officer ('IRMO')
- In addition the following groups/committees consider Information security:
 - Cyber Resilience and Information governance Group; and
 - Emergency & Business Continuity group.
- External assessments to include compliance with Code of Conduct.
- Supporting the roll out and adoption the Cyber Assessment Framework across all LA's and the Fire and Rescue service.
- Regular Internal Audit of data protection Registration requirements.
- Procedures following Audit Wales audit have been implemented.
- Officers are considering the introduction of privacy notices in relation to applications to all Members, including the Development Management Committee.
- Training provided to Members on their obligations under the GDPR as part of the new Member training and a section on said legislation is now included in the protocol for Members in planning.
- Ceredigion County Council signed Wales Accord on the Sharing of Personal Information ('WASPI') and therefore uses WASPI framework for Information Sharing Agreements.

***The Accord is a common set of principles and standards under which partner organisations will share personal information. Organisations who adopt the Accord

will show their commitment in meeting the agreed conditions, obligations and requirements within the framework.

- In most cases agreements are forwarded to the Data Protection Officer.
- There is also a public register on WASPI Website.
- Regular external Assessments e.g. Compliance with Code of Conduct.
- Internal performance monitoring and evidence.
- Developing a Master Data Management team to manage data for Analysis and reuse across services.
- Cross matching data happens across the different services.
- Performance Indicator values are validated with evidence.
- Retention Schedule –now published on intranet.
- All Councillors signed Personal / Confidential Data Agreement.

Strong public financial management

- The latest version of the Medium Term Financial Strategy ('MTFS') was approved by Full Council on 21/09/23. This reflects the 2023/24 WG Final Settlement and the 2024/25 WG indicative All Wales Settlement and covers the period 2023/24 to 2026/27. This was also considered by Corporate Resources Overview & Scrutiny Committee on 19/07/23 and Cabinet on 05/09/23.
- This now includes a policy framework for setting the budgets annually as well as a three-year plan. The MTFS features as a corporate risk that is updated at least three times a year. The annual budget setting also included a risk assessment. The Council is responding to the proposal in the 2016 Wales Audit Office (now Audit Wales) Annual Improvement Report and considering the report in light of the MTFS through ensuring that the Council's financial management arrangements are sufficiently robust to meet the significant challenges ahead.
- A Strategic Plan has been developed and has improved the programme of work necessary to consider service priorities whilst addressing financial constraints.
- An annual budget project plan/timetable is established to ensure that a balanced budget is approved within the statutory period in accordance with the Councils budget framework.
- Regular budget reports are taken to Cabinet and Leadership Group throughout the year and operational budgets are monitored on a monthly basis.
- Budget monitoring is regular throughout the year, within services, to Cabinet and to Member Officer working groups e.g. Development Group and CMG.
- Quarterly Executive Panel meetings take place if required with Corporate Lead Officers together with the Leader of the Council, the CE, Corporate Lead Officer for Finance and Cabinet Member with Finance responsibility.
- Detailed scrutiny of the budgets prior to final decision by Council.
- Overview and Scrutiny Committees have the ability to scrutinise budgets at any time during the year.

G. Implementing Good Practices in transparency, reporting and audit to deliver effective accountability:

Implementing good practice in transparency

- Council's Website.
- Council and Cabinet meetings are broadcasted.
- Standard templates for Cabinet, Scrutiny and Council.
- Compliance to the Welsh language Standards and publication of the annual monitoring report.
- Use of Modern.Gov for publishing agendas and Councillor Information.
- Councillors' contact details, attendance records, Committee membership and Declarations of Interests available on the Council's Website.
- Councillors' annual reports available on the Council's Website.
- Overview and Scrutiny Annual Report available on the Council's Website.
- Democratic Services Annual Report available on the Council's Website.
- Equipment has been installed in the Council Chamber to enable hybrid meetings to be held, as per the Local Government and Elections Act 2021. Members of the public and press can attend in person or remotely where the meeting is not broadcast on the Council's Facebook page. The Council provides alternative ways for citizens to access information if they don't have access to digital services.

Implementing good practices in reporting

- The County Council's Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report is published on the Ceredigion County website to inform Ceredigion citizens what activities and actions the Council undertakes in support of its Well-being and Improvement Objectives. This also forms part of the Council's self-assessment. A summary plan is also available in public offices for our citizens.
- Annual financial statements are published on the Council's Website.
- Council's AGS evidences how it complies with the seven core Governance Framework Principles and sub-principles contained in the Framework and in the Local Code of Corporate Governance, including how it puts in place proper arrangements for the governance of its affairs, facilitates the effective exercise of its functions, and makes arrangements for risk management (the Governance Framework was developed in 2010 and has been revised in accordance with the CIFA/SOLACE Delivering Good Governance in Local Government Framework 2016). In compliance also with Local Government (Wales) Measure 2009 and The Well-being of Future Generations (Wales) Act 2015.
- Assessment of the framework for corporate governance carried out to ensure compliance. Decision by Council whether AGS approved alongside Statement of Accounts.
- AGS shared with accounts, reviewed and updated with Members and Officers providing a wider engagement process.
- Council's Local Code of Corporate Governance demonstrates how it has the necessary corporate governance arrangements in place to perform effectively. The Local Code of Governance is a public statement that sets out the way the Council will meet that commitment. 2023-24 Local Code of Corporate Governance approved by Council 20.4.2023 and published on Council website.
- Financial implications are a requirement for inclusion in all Cabinet Meeting reports. Financial Regulations and Financial Procedure Rules (Document F Constitution), Contract Procedure Rules (Document G Constitution) are all up to date.

- Accounting practices - Codes of Practice are complied with Prudential Indicators are prepared and reported to Council and monitored throughout the year. Regular budget monitoring takes place throughout the year. IA also reviews controls over income collection and monitoring.

Assurance and effective accountability

- A good working relationship exists with Welsh Government and external regulators, including Audit Wales, Estyn, CIW, Financial Services Authority ('FSA') and Food Standards Agency as key regulators.
- Audit Wales Protocol documented and procedures in place to ensure all 'Management Response Forms' from each Audit Wales report addressed and that Service responses are presented to Leadership Group, Governance and Audit Committee and Audit Wales.
- Regarding monitoring of progress of actions/recommendations, Governance Officer is Audit Wales point of contact for ongoing governance related MRFs/governance matters. Corporate Performance and Improvement Officer is point of contact for performance related MRFs/performance matters. This system is set out in a Protocol, approved by Leadership Group and presented to Governance and Audit Committee, with updated version (to reflect that the Corporate Performance and Improvement Officer is in post) presented to Governance and Audit Committee 9.9.2021 Meeting.
- Monthly meetings are also being held between Performance Officers & Audit Wales and can be arranged with other officers as necessary. Regular dialogue is maintained with representatives from Audit Wales.
- Recommendations from Audit Wales are taken forward in the Corporate Performance Management arrangements.
- All Audit Wales reports presented to Leadership group and Governance and Audit Committee, which monitors implementation of corrective actions required.
- Monitoring of progress of Actions process has been developed.
- Chief Internal Auditor (CMIA) is currently studying to gain an IIA qualification, and has considerable local government experience, and is supported by a team with appropriate knowledge and skills.
- The Audit Manager & Senior Auditor are undergoing an IIA qualification.
- and two auditors are developing ICT auditing skills.
- IA Officers are undergoing audit qualifications to enhance knowledge, skills and competency.
- A re-structure of IA was implemented in May 2019, and another in November 2020 and April 2022. The service has been fully resourced since 1 June 2022.
- A new CMIA has been in place from 1 January 2022, and has considerable experience in IA, and is supported by a knowledgeable & skilled Audit Manager.
- The role of CMIA has free and unfettered access to the Chair of the Governance & Audit Committee and both meet regularly during the year.
- Robust risk-based forward work programme and business planning is in place.
- Regular reporting to Governance & Audit Committee on the activity of IA is undertaken, i.e. quarterly Internal Audit Progress Reports to Governance & Audit Committee for monitoring progress performance and improvement and summary of work and audit opinion on assurance provided annually in Internal Audit Annual Report at year end. Follow-up reviews undertaken to monitor corrective actions are implemented.

- Internal Audit Charter regularly reviewed and approved by Governance & Audit Committee (last version approved by Audit Committee 17/1/23).
- CMIA provides annual objective opinion on assurance placed on Council's risk management, control and governance processes, based on the individual assurances given to Managers after each audit review, & feeds into the AGS.
- Compliance with PSIAS reported annually to Governance & Audit Committee with resultant improvement plan. Peer review of assessment every five years (latest review completed May 2022 by Anglesey County Council, report and resulting improvement plan were presented to Governance & Audit Committee on the 27 September 2022). The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of non-conformance.
- IA's mission is to enhance & protect organisational value by providing risk-based & objective assurance, advice & insight. This is detailed in the internal Audit Charter, which also states IA's right of access (as per the Council's Financial Regulations/Constitution).
- Partnership and Accountability agreements are established in collaborative projects.

4 Opinion on the level of assurance that the governance arrangements can provide

The Corporate Manager - Internal Audit (CMIA) prepares an Annual Internal Audit Report at year-end, which is usually presented to the Governance and Audit Committee at its June meeting. The report sets out the individual and collective outcomes of the audit reviews undertaken during the year and provides the overall audit opinion of assurance based on this audit work. The assurance provided also takes into account progress in implementing improvements, consideration of the risk register and assurances provided in reports issued by external regulators. The scope of audit work and how the need to constantly reprioritise to ensure sufficient work is undertaken for the assurance is detailed in the report.

The Annual Report at year-end contains the results of the internal audit annual self-assessment of the service, based on CIPFA's LG Application Note's template. This was subject to an external peer review in May 2022, and an external assessment is planned to be repeated every five years, as required by the Public Sector Internal Audit Standards (PSIAS). The resultant improvement plans from these assessments are included in the quarterly Progress Reports presented to the Governance and Audit Committee and reviewed annually in the Annual Internal Audit Report.

The Improvement Plans identify improvements made and planned against the recommendations arising from the assessments, along with the results of the service's Quality Assurance Improvement Programme as required by the PSIAS to ensure the Governance and Audit Committee is able to monitor the service's progress. The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function

currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of non-conformance.

A Report on the Annual Governance Statement 2022-2023 Progress and Current Year Action Plan was provided to the Governance and Audit Committee on 27 September 2023.

The Quarter 1 Internal Audit Progress Report 1/4/2022-30/6/2022 (presented to the Governance and Audit Committee on 27 September 2022 and subsequent periods expected on 17 January 2023, 9 March 2023 and 21 June 2023) include the actions taken to date to achieve the identified proposed improvements.

The Internal Audit staffing structure has been at full complement during the year 2022-2023.

On 10 March 2022, the CMIA also presented to the Governance and Audit Committee the Internal Audit Strategy and Plan for 2022/23. This is designed to ensure a sufficient area of coverage is undertaken to support the annual opinion on the effectiveness of the systems of governance, risk management and internal control across the Council. The Internal Audit Strategy and Plan for 2022/23 summarised the work areas the Internal Audit Section aimed to concentrate their time on during the year, taking account of the situation due to the pandemic.

The service is provided on a reactive basis, this addresses various risks introduced from changes in the Council's working practices such as the interim hybrid working strategy etc. Internal audit work has been assessed on an on-going basis with regular consideration given to the Council's changing risks, needs and priorities. In addition to this reactive work, assurance for 2022/23 is placed on planned reviews either carried forward or undertaken during the year to assess the annual level of assurance for the Council. In addition, more resources have been dedicated to developing the assurance mapping system to provide additional support to the assurance provided at year-end.

The CMIA concluded in her 2022/23 Annual Report presented to the Governance and Audit Committee on 21/06/2023 that the Council has a satisfactory framework of governance, risk management and internal controls in place to manage the achievement of the organisation's objectives during the year, based on:

- the number, scope and assurances from internal and external sources during the year to 31 March 2022, and
- the acceptance of actions by management (where available).

The Annual Governance Statement will be the subject of review by Audit Wales to ensure that it is consistent with their knowledge and with legislation. In addition, the Internal Audit section undertakes an annual independent review of the Annual Governance Framework and the method of scoring and evidence, as noted in Point 2 above.

The Council's Corporate Lead Officer - Customer Contact acts as the Authority's Senior Information Risk Owner and also has responsibility for Data Protection and ICT Security.

The SIRO Forum traditionally included subject matter experts: E.g. Facilities, Data Protection, IT Security, Head of IT, Legal, HR and some departmental representation. This meets every quarter to discuss information risk and information management issues.

The current key roles and scrutiny of Information Assets are as follows:

- An IT Security Officer ('ITSO') who advises on data security and external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements;
- An Information and Records Management Officer ('IRMO') advises on legal compliance and ensures that policies and procedures are in place and are being adhered to;
- Corporate Data Protection (known internally as Corporate Data Protection / FOI / EIR Group Meeting) meets quarterly and is chaired by the Head of Service Policy (Deputy HOS ICT&CS); and
- Annual Reports as required to the Council's Governance and Audit Committee.

Additionally:

- ITSO is the Vice-chair of Wales National Public Sector Security Forum (CymruWARP) which meets quarterly.
- IRMO Chairs the Information and Records Management Society Wales/Cymru and arranges events across Wales.
- IRMO is part of the WASPI - Mid and West Wales Quality Assurance Panel.

Following the Governance Framework review, overall governance arrangements are considered to be good on the basis that the majority of scores applied were 9/10.

The introduction of the Local Code for Corporate Governance outlining how the Council is committed to the core principles of the CIPFA/SOLACE delivering Good Governance in Local Government Framework provides guidance to all Members and Officers on the governance agenda.

Regular review of the Local Code of Governance will provide a high level of assurance that the governance arrangements are fit for purpose.

5 Issues identified for last year (2022-2023)

The following table records the actions that have been taken during 2022-23 to resolve the issues identified in the Annual Governance Statement for 2021-2022:

Note: Any actions not fully completed by the completion date will be carried forward into the 2023-2024 Action Plan

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
<p>A1.1 Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p>	<p>MO to continue to advise Members further on the need to declare hospitality/gifts.</p> <p>MO to continue to advise Chief Officers further on the need to declare:</p> <ul style="list-style-type: none"> close personal associations with other Officers or Members, Ongoing review on Chief Officers business declarations <p>MO and CLO Democratic Services to continue to review Members holding directorships, trusteeships, or memberships when appointed onto outside bodies, and committees, MO to consider member feedback and added</p>	<p>MO advising Members on need to declare hospitality/gifts is ongoing.</p> <p>MO advises members on need to declare close personal associations with other Officers or Members and will continue to do so.</p> <p>Ongoing review on Chief Officers business declarations is still in progress.</p> <p>Review of Members holding directorships, trusteeships, or memberships is ongoing.</p>	<p>EP/LE</p>	<p>March 2023- complete</p>

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	<p>value and continue to update Code of Conduct for Officers and Members</p> <p>Update Dispensations forms for Members</p> <p>Appraisals were halted due to Covid-19 Pandemic but have now recommenced (undertaken in May 2021 and continue to be held virtually).)</p> <p>Reviewed Code of Conduct for Officers to be issued once updated & approved.</p> <p>Officers to complete a Mandatory Ethics/Fraud e-training module once completed & approved.</p> <p>Planning/Development Management Committee governance actions/documents established, training</p>	<p>Work regarding member feedback and added value outstanding. Code of Conduct for Officers has been updated.</p> <p>Dispensations form for members has been updated.</p> <p>Appraisals recommenced.</p> <p>Review of Code of Conduct for Officers completed and published April 2023, <u>and Staff News update for CeriNet published to inform Staff of changes.</u></p> <p>Ethics/Fraud E-learning training content completed,- e-learning training module launched November 2023</p>		

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	to be provided and progress to be reviewed during 2022-2023.	Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Audit Wales Planning Service Follow-Up Review (received 18.7.2023). Members Task & Finish group appointed by Council 26/10/23		
A1.2 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)	Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.	Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Planning Service Follow-Up Review (received 18.7.2023). Members Task & Finish group appointed by Council 26/10/23	EP/LE/RHP	March 2023- ongoing

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
A1.3 Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Leadership Group to be updated on e-learning with HR reporting to Leadership Group.	Complete Code of Conduct Training provided to all Members following the Local Elections 2022 as part of a comprehensive induction programme for all Members. Refresher training provided on 18.5.2023.	LE	March 2023 – Complete
A1.4 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	Delegated Decisions Register to be published. Continued monitoring of the Mandatory e-learning take up of Whistleblowing module. Currently lower than required. Whistleblowing Policy to be reviewed.	Work on publishing Delegated Decisions Register is still in progress. Continued monitoring of completion of mandatory Whistleblowing e-learning module. Whistleblowing policy has been reviewed, updated,	EP/ HR	March 2023- complete

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		presented to Overview and Scrutiny Co-ordinating Committee (recommended to approve) and Cabinet (approved). Updated Policy published on CeriNet 17.4.2023.		
A3.1 Ensuring members and Staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Further training to be provided to all Members regarding their responsibilities in relation to Data Protection Principles and privacy notices. Privacy notices for Councillors being developed and to be provided as templates.	Training has been provided to all Members regarding their responsibilities in relation to Data Protection Principles. Privacy notices for Councillors being developed and to be provided by Data Protection Officer.	EP/LE/AM	March 2023
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Completion of review of the FOI Publication Scheme, which is in progress.	FOI Policy and EIR Policy both to be further updated under current business plan. Review of the FOI	LE/AW/MNH	March 2023

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		<p>Publication Scheme to be undertaken.</p> <p>Hybrid system in place for Members and the public and press to attend public meetings.</p> <p>Council and Cabinet meetings broadcast live on the Council's Facebook pages.</p>		
<p>B3.1 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</p>	<p>Due to the Covid-19 pandemic, decisions have needed to be made by Gold Command for emergency reasons (under the temporary executive function transfer of power in place until 31.8.2021 and for operational procedures under the Civil Contingencies Act 2004 following that date), therefore it has been impossible to consult physically in the community at present for many services, and consequently the scoring has been amended to reflect this.</p>	<p>Gold Command is no longer meeting.</p> <p>A new Engagement and Participation Policy, 'Talking, Listening and Working Together' has been published. Implementation of this policy to be reviewed before action complete.</p>	<p>AW</p>	<p>March 2023</p>

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	To continue to progress the review of the Community Engagement Policy that will include provisions for how stakeholders are engaged in future.			
D2.3 Considering and monitoring risks facing each partner when working collaboratively including shared risks	<p>To continue to take into account legislative changes e.g. Local Government and Elections (Wales) Act 2021.</p> <p>To implement legislative changes, such as regarding the Local Government and Elections (Wales) Act 2021 and consider/monitor risks facing each partner when working collaboratively, including shared risks.</p>	<p>Work is ongoing to account for legislative changes.</p> <p>Risks facing each partner when working collaboratively will continue to be considered/monitored.</p>	AW/EP	March 2023
G3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	Monitor progress of actions/recommendations.	Monitoring progress of actions/recommendations is ongoing.	EP/AW	March 2023

6 Agreed action plan for matters to be considered during 2023-2024

Following the implementation and review of the CIPFA/SOLACE Delivering good governance in Local Government Framework (2016) the following issues have been identified for resolution during 2023-2024:

Issue	Action	Outcome	Lead Officer	Completion Date
<p>A1.1 Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p>	<p>MO to continue to advise Members further on the Code of Conduct.</p> <p>MO to continue to advise Chief Officers further on the need to declare:</p> <ul style="list-style-type: none"> close personal associations with other Officers or Members, Ongoing review on Chief Officers business declarations <p>Review Members holding directorships, trusteeships, or memberships. Work regarding member feedback and added value outstanding. Code of Conduct for Officers has been updated.</p> <p>Officers to complete a Mandatory Ethics/Fraud e-training module once completed & approved (e-learning training content completed, to be</p>	<p>Further embedding of behaviour with integrity.</p> <p>e-module completed November 2023</p>	<p>EP/LE</p>	<p>March 2024</p>

Issue	Action	Outcome	Lead Officer	Completion Date
	<p>created into e-learning training module shortly).</p> <p>Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.</p> <p>Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Audit Wales Planning Service Follow-Up Review (received 18.7.2023).</p>	<p>Task & Finish Group established October 2023</p>		
<p>A1.2 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>Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.</p> <p>Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part</p>	<p>Further embedment of Standard Operation Principles and values, including their communication.</p> <p>Task & Finish Group established October 2023</p>	<p>EP/LE</p>	<p>March 2024</p>

Issue	Action	Outcome	Lead Officer	Completion Date
	<p>of the response to the recommendations from the Audit Wales Planning Service Follow-Up Review (received 18.7.2023).</p> <p>Audit Wales – setting of well-being objectives examination received June 2023. The recommendations will be responded to.</p>			
<p>A1.4 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</p>	<p>Delegated decision Decisions Register to be published – in progress.</p> <p>Report on generic whistleblowing activity to be presented to Overview and Scrutiny Co-ordinating Committee.</p>	<p>Further embedment of Standard Operating principles and communication through publication of documents.</p> <p>Delegated decision Decisions Register to be published – in progress. TPO Register prepared and to be published January 2024</p> <p>Chief Officer Register of Personal Business Interests to be updated & published</p>	<p>EP/ HR</p>	<p>March 2024</p>

Issue	Action	Outcome	Lead Officer	Completion Date
A3.1 Ensuring members and Staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Privacy notices for Councillors being developed and to be provided by Data Protection Officer.	Demonstrating strong commitment to rule of law. and adherence to relevant laws and regulations	EP/LE/AM	March 2024
A3.2 Creating the conditions to ensure that the statutory Officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	CMIA has completed and attained the Institute of Internal Auditors' Certified Internal Auditor qualification. The CMIA to complete the IIA's CMIIA qualification.	Ensuring key post holders are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. CIA qualification completed-2023	EP/AJ	March 2024- complete CMIIA March 2026
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	FOI Policy and EIR Policy both to be further updated under current business plan. Review of the FOI Publication Scheme to be undertaken.	Demonstrating commitment to openness.	LE/AW/MNH	March 2024
B3.1 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	A new Engagement and Participation Policy, 'Talking, Listening and Working Together' has been published. Implementation of this policy to be considered before action complete.	Improving Community Engagement.	AW	March 2024

Issue	Action	Outcome	Lead Officer	Completion Date
service (or other) provision is contributing towards the achievement of intended outcomes				
D2.3 Considering and monitoring risks facing each partner when working collaboratively including shared risks	<p>To continue to take into account legislative changes e.g. Local Government and Elections (Wales) Act 2021.</p> <p>To implement legislative changes, such as regarding the Local Government and Elections (Wales) Act 2021 and consider/monitor risks facing each partner when working collaboratively, including shared risks.</p>	<p>Risk management and compliance with legislation to demonstrate commitment to rule of law.</p> <p>Implementation of legislative changes -complete</p>	AW/EP	March 2024
E2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Delegated Decision Register to be published.	<p>Further clarity on which decisions are delegated through communication by way of publication.</p> <p>TPO Register prepared and to be published January 2024</p>	EP	March 2024

Issue	Action	Outcome	Lead Officer	Completion Date
		<p>Chief Officer Register of Personal Business Interests to be updated & published</p>		
<p>G3.1 Ensuring that recommendations for corrective action made by external audit are acted upon</p>	<p>Monitor progress of actions/recommendations – ongoing action.</p>	<p>Assurances and managing risk. Organisation Response Forms are completed for all External Audit reports and are presented to GAC as a standing item on the agenda.</p>	<p>EP/AW</p>	<p>March 2024</p>

7 Conclusion

The annual governance framework review measured progress against the new CIPFA/SOLACE Delivering Good Governance Framework (2016) and overall governance arrangements were found to be acceptable or good. The review confirmed that the Council's governance arrangements are effective and fit for purpose.

The Council has made good progress during the year with recorded achievements against each of the seven core principles.

The development of a Local Code of Corporate Governance bringing together all the local codes and documents together in one document provides assurance that there are clear governance arrangements in place.

The Council has identified a number of minor issues for resolution during 2023/24 and has set these out in an action plan for completion (as above). The actions taken as a direct result of the pandemic will be recorded, as appropriate.

8 Certification of Annual Governance Statement

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness throughout the 2023/24 year and will monitor their implementation and operation as part of our next annual review. It is acknowledged that the pandemic may hinder some of these steps, which will be addressed and reported accordingly to Council in the 2023/24 AGS.

Audit of Accounts Report – Ceredigion County Council

Audit year: 2022-23

Date issued: January 2024

Document reference: 3998A2024

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

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

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

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

Contents

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

Audit of Accounts Report

Introduction	4
Proposed audit opinion	5
Significant issues arising from the audit	5
Appendices	
Appendix 1 – final letter of representation	7
Appendix 2 – proposed audit report	10
Appendix 3 – summary of corrections made	15

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 accounts in this report.
- 2 We have already discussed these findings with the relevant officers.
- 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 £3.02 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 Staff Remuneration – £1,000
 - Related Party disclosures for officers and members – £10,000
- 6 The timetable for completion of the audited accounts is set out in **Exhibit 1**.

Exhibit 1: accounts timetable

Timetable	<ul style="list-style-type: none">• The draft accounts were received on 18 August 2023.• We commenced our audit of the accounts on 16 October 2023. The revised accounts will be presented to the Governance and Audit Committee on 6 February 2024.• We expect to be able to certify the accounts on 7 February 2024.
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- 7 We have now substantially completed this year's audit.
- 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.

Proposed audit opinion

- 9 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**.
- 10 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 11 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 12 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 13 There are no misstatements identified during the audit which remain uncorrected.

Corrected misstatements

- 14 There were initially misstatements in the accounts that 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

- 15 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. We wish to bring the following matters to your attention.
- 16 In prior years, we have reported issues arising from our audit of the Council's portfolio of Property, Plant & Equipment (PPE). In particular, we have previously identified an insufficient audit trail and a lack of effective Quality Assurance regarding the revaluation of the assets. Whilst our audit work this year did identify that some improvements have been made, we have identified issues during the audit which the council needs to address.
- 17 Included within the Property, Plant and Equipment note is £44.3m of revaluations made during the year. The revaluations are a significant estimate which are generally calculated by multiplying the floor area of an asset by an industry standard rate (Building Cost Information Service (BCIS) rate). Once calculated the figure is adjusted for other factors such as professional fees, location factor, obsolesce factor etc.

Use of incorrect estimates

- 18 Audit testing identified that the Council had revalued its Depreciated Replacement Cost (DRC) assets using Quarter 3 BCIS rates. As Quarter 4 rates were available at the time of production of the accounts, these were a more accurate basis for the estimate and should have been used. The accounts were amended to increase the asset valuation by £4.1m (see Appendix 3).
- 19 **We recommend that the rates used in the revaluations are reviewed at the time the accounts are being produced to ensure that the most upto date rates are used.**

Use of incorrect professional fees percentage

- 20 The identification of the error above led to Council officers reviewing all PPE estimates. This review identified that the professional fees included in the valuations should be at 10% of the total cost and not the 12% used in the draft accounts. 10% had been used in the prior year. The accounts were accordingly amended to decrease the asset valuation by £4.3m (see Appendix 3).
- 21 We understand that senior officers were not involved in the decision to increase the professional fees rate for the draft accounts.
- 22 **We recommend that all estimates are reviewed and approved by senior officers prior to the production of the draft accounts.**

Insufficient evidence to support Floor Areas

- 23 Our testing of an initial sample of 37 revaluations (total value £14.55m) identified differences between the floor areas used in the calculations supporting the figures in the financial statements and the floor areas shown in the supporting floor plans on the asset register. We extended our sample to test an additional 15 revaluations (total value £0.387m) and found further differences within the floor areas. We did not find any individually significant differences.
- 24 The total difference identified from our sample testing amounted to £0.973m. However, this is the net position of the differences identified. Some of the errors result in an understatement of revaluation and some result in an overstatement.
- 25 Our sample has tested a total of £14.9m from the population of £44.3m. It is uncertain whether there are further errors in the remaining population though given the errors identified to date this is likely. Without testing the full population we are unable to quantify the exact error level. As a result, the accounts have not been amended. Given the error rate identified in our sample testing, we do not believe that it is material to the accounts.
- 26 **We recommend that the Council reviews the floor areas recorded within the system to ensure that these agree to the supporting floor plans.**

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

6 February 2024

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Ceredigion County Council for the year ended 31 March 2023 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 responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; 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 Ceredigion County Council and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

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

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

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

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

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

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

Representations by those charged with governance

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 on 6 February 2024.

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:

Corporate Lead Officer: Finance and
Procurement

Chair of Ceredigion County Council

Date: 6 February 2024

Date: 6 February 2024

Appendix 2

Proposed audit report

The independent auditor's report of the Auditor General for Wales to the members of Ceredigion County Council

Opinion on financial statements

I have audited the financial statements of Ceredigion County Council for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Ceredigion County Council's financial statements comprise the Expenditure and Funding Analysis, 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 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Ceredigion County Council as at 31 March 2023 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 2022-23.

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.

My staff and I are 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 the 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.

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 2022-23; and
- 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 the 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:

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

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 8, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls 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;
- assessing the 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 the responsible financial officer anticipates that the services provided by the Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Ceredigion County 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 posting of unusual journals.
- obtaining an understanding of Ceredigion County Council's framework of authority as well as other legal and regulatory frameworks that Ceredigion County 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 Ceredigion County Council.
- Obtaining an understanding of related party relationships.

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, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council; and
- 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 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 Ceredigion County 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. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Ceredigion County 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
7 February 2024

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4BZ

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
£4.133m	<p>Balance Sheet and Property, Plant & Equipment (Note 1.13)</p> <p>Our testing of Property, Plant & Equipment identified that the Council had revalued its DRC assets using Quarter 3 BCIS rates. As Quarter 4 rates were available at the time of production of the accounts, these were a more accurate basis for the revaluation and should have been used.</p> <p>The accounts were amended to increase the asset valuation by £4.133m.</p>	To ensure the accuracy of the financial statements.
£4.263m	<p>Balance Sheet and Property, Plant & Equipment (Note 1.13)</p> <p>Whilst updating the valuations for the error in the BCIS rates noted above, Council officers identified that the professional fees included in the valuations should be 10% and not 12% and amended for this.</p> <p>The accounts were amended to decrease the asset valuation by £4.263m.</p>	To ensure the accuracy of the financial statements.
£3.473m (No overall effect on the primary statements)	<p>Capital Commitments (Note 1.19)</p> <p>Testing identified that the Capital Commitments disclosure for 22-23 was overstated by £3.473m due to the 21-22 figure being included in error. The accounts were amended to reduce Note 1.19 by this amount.</p>	To ensure the accuracy of the financial statements

Value of correction	Nature of correction	Reason for correction
	As this is a disclosure note, there was no overall effect on the primary statements.	
<p>Various (see detail noted in the next column)</p> <p>(No overall effect on the primary statements)</p>	<p>Remuneration Band (Note 1.30)</p> <p>The Authority has used 'actual salary received' as compared to 'FTE Equivalent' in determining the Banding Analysis for the Remuneration Bandings over £60k disclosure. Our testing identified 2 additional employees who should be included in the £60-65k bandings. In addition, the 21/22 comparatives have also been restated to reflect FTE equivalents. As this is a disclosure note, there was no overall effect on the primary statements.</p>	To ensure accuracy of the financial statements and compliance with the CIPFA Code.
Various	<p>Exit Packages</p> <p>The exit packages note was incorrectly omitted from the draft statements provided. This has been subsequently included in the amended financial statements. As this is a disclosure note, there was no overall effect on the primary statements.</p>	To ensure completeness of the financial statements.
<p>£1.065m</p> <p>(No overall effect on the primary statements)</p>	<p>Operating Leases Council as Lessor (Note 1.34)</p> <p>Testing identified errors in the underlying asset register - 8 leases were excluded in error and 2 unoccupied assets were included in error. The net movement was that Note 1.34 was understated and the accounts were amended to increase Note 1.34 by £1.065m. As this is a disclosure note, there was no overall effect on the primary statements.</p>	To ensure the accuracy of the financial statements.

Value of correction	Nature of correction	Reason for correction
<p>Various (see detail noted in the next column) (No overall effect on the primary statements)</p>	<p>Cashflow Statement Testing of the Cashflow Statement identified the following errors:</p> <ul style="list-style-type: none"> • The purchase of short term investments was amended from £2.379m to £46.500m and the proceeds from short term investments line was amended from £4.180m to £53.059m as the net figures had been disclosed rather than the gross figures required by CIPFA Guidance. There was no net effect of this amendment. • The debtors figure was amended from £3.657m to £0.039m to ensure that the figure agreed to the Balance Sheet. • The Capital Grants figure was amended from £12.686m to £16.304m as the 2021-22 figure had been included in the draft financial statements in error. <p>There was no net effect of these amendments.</p>	<p>To ensure compliance with the CIPFA Code and accuracy of the financial statements.</p>
<p>Various (No overall effect on the primary statements)</p>	<p>A number of minor amendments were made to the financial statements relating to either revisions to disclosures of information or narrative changes.</p>	<p>To ensure the accuracy of the financial statements.</p>



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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.

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Reference: DO23-08

Date issued: 21 November 2023

Dear Duncan

Ceredigion Harbour Authority 2022-23 Annual Return

In accordance with the requirements of Section 12 and Section 13 of the Public Audit (Wales) Act 2004 and Section 42 of the Harbours Act 1964 I am giving my report on the Annual Return relating to harbour activities that you have prepared in relation to Ceredigion Harbour Authority for the year ending 31 March 2023.

I have undertaken our work in accordance with the specified procedures issued by the Auditor General for Wales. In summary these procedures require us to consider whether the Annual Return relating to harbour activities:

- has been prepared on a reasonable basis (for example, the figures agree to the underlying records upon which they have been prepared and are consistent with transactions recorded in the statutory accounts of the local authority for the same reporting period); and
- casts correctly.

Audit report on the Annual Return relating to the harbour activities of Ceredigion Harbour for the year ending 31 March 2023

Subject to the approval of the 2022-23 Annual Return by the Governance and Audit Committee we will be able to confirm the following:

“On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met; and
- is not inconsistent with the Harbour’s governance arrangements.”

Other matters

We have no other matters we need to bring to your attention.

Yours sincerely



Derwyn Owen

for and on behalf of Adrian Crompton, Auditor General for Wales

CEREDIGION COUNTY COUNCIL

Report to: Council

Date of meeting: 6 February 2024

Title: Report of the Corporate Lead Officer: Finance and Procurement upon the Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts 2022/23.

Purpose of the report: To consider the Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts for the year ended 31 March 2023.

For: Decision

**Cabinet Portfolio and
Cabinet Member:** Cllr Gareth Davies
Finance and Procurement Services

1. INTRODUCTION

The Ceredigion Harbour Authority Statement of Accounts has been prepared to meet the requirements of the Accounts and Audit (Wales) Regulations 2014.

2. ACCOUNTS

The Draft Accounts were issued to Audit Wales on 18 August. Following the completion of the audit the outturn position was breakeven, the level of the General Fund remained at £6.7m and the level of Earmarked Reserves have decreased at year-end to just under £49m. It is positive that it is the Auditor General's intention to issue an unqualified audit report on the Accounts.

The Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts for the year ended 31 March 2023 are enclosed for due consideration by Council. The Governance and Audit Committee considered the Accounts in their meeting held on the 6 February 2024 and Committee's views will be reported to Council.

	Has an Integrated Impact Assessment been completed? If, not, please state why	No Report is a statutory requirement
Wellbeing of Future Generations:	Summary:	
	Long term:	Not Applicable
	Collaboration:	Not Applicable
	Involvement:	Not Applicable
	Prevention:	Not Applicable
	Integration:	Not Applicable

Recommendation(s):	To approve the Council Statement of Accounts and the Harbour Statement of Accounts
Reasons for decision:	Approved Statements of Accounts.
Overview and Scrutiny:	Considered by the Governance and Audit Committee – 6th February 2024
Policy Framework:	Not Applicable
Corporate Well-being Objectives:	Not Applicable
Finance and Procurement implications:	Not Applicable
Legal Implications:	Not Applicable
Staffing implications:	Not Applicable
Property / asset implications:	Not Applicable
Risk(s):	Not Applicable
Statutory Powers:	Public Audit (Wales) Act 2004 Local Government and Housing Act 1989
Background Papers:	Not Applicable
Appendices:	Statements of Accounts
Corporate Lead Officer:	Duncan Hall, Corporate Lead Officer: Finance and Procurement
Reporting Officer:	Duncan Hall, Corporate Lead Officer: Finance and Procurement
Date:	29 January 2024



Cyngor Sir
CEREDIGION
County Council

STATEMENT OF ACCOUNTS

for the year ending
31st March 2023
Audited

CONTENTS

	Page No.
Narrative Report	2
Statement of Responsibilities for the Statement of Accounts	8
Auditor's Report to Ceredigion County Council	9

FINANCIAL STATEMENTS

Expenditure and Funding Analysis	13
Comprehensive Income and Expenditure Statement	15
Movement in Reserves Statement	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Statement of Accounts	20
Annual Governance Statement	82

NARRATIVE REPORT

About Ceredigion County Council

The County of Ceredigion covers an area of over 690 square miles of breath-taking scenery, dramatic coastline and vibrant communities. The County is geographically one of the largest in Wales and has a population figure of 71,500, per the 2021 census, scattered around the County with the main towns being Aberystwyth, Cardigan, Lampeter, Llandysul, Aberaeron and Tregaron.

Ceredigion caters for many industries namely agriculture, tourism, food manufacturing companies, retail, scientific research and many other indigenous businesses scattered around the County. Education plays a big role within Ceredigion, with two Universities, a Further Education College, 4 secondary schools, 3 middle schools and many Primary schools dotted around the County.

Ceredigion County Council is a unitary authority formed on 1 April 1996 and is responsible for a wide range of services and activities. The Council has adopted the “Cabinet” system of administration. The Cabinet carries out the Executive functions for the Authority.

Governance

The Annual Governance Statement (on pages 82 to 116) outlines the Council’s approach to ensuring that it maintains an effective system of corporate governance and internal control. The statement is produced following a review of the council's governance arrangements and includes an action plan to address any significant governance issues identified.

Issues and risks affecting the Council

The Council’s corporate risks, their risk score and RAG [red (13-25), amber (6-12), green (0-5)] ratings at the start and end of the year are shown below:

Corporate Risk	Beginning of the year	End of the year
Corporate Improvement & Performance Management Arrangements	6/Amber	-
Business Continuity & Civil Contingency	15/Red	12/Amber
Medium Term Financial Plan	20/Red	20/Red
Through Age and Well-being Programme	15/Red	15/Red
Information Management & Cyber Security Resilience	8/Amber	20/Red
Supporting Local Food Businesses, Maintain Safety	16/Red	9/Amber
Safeguarding	15/Red	15/Red
COVID-19	12/Amber	9/Amber
Climate Change & Coastal Erosion / Flooding	25/Red	25/Red
Ash Dieback	20/Red	20/Red
Phosphates	20/Red	20/Red
Recruitment and Retention	-	15/Red

- **Corporate Improvement and Performance Management Arrangements** – with an ongoing risk score of 6, this risk has been de-escalated to a service risk. The Council has successfully negotiated its first self -assessment and has set new well-being objectives. Business planning has been successfully re-established since Covid and the Corporate Performance Board meet regularly. Furthermore positive feedback has been received on the performance arrangements at a meeting with regulators in January 2023.
- **Business Continuity and Civil Contingency** – the overall risk score has reduced to 12 as processes and structures have been in place which have been tried and tested with significant incidents. There are contingency plans and business arrangements in place that provide assurance that it does not need to be on the Corporate Risk Register.
- **Information Management and Cyber Security Resilience** – the risk score has increased to 20. Previous mitigations were insufficient to prevent risks from increasing. Therefore, new mitigations have been put in place in order to reduce the risk.
- **Supporting Local Food Businesses, Maintain Safety** – the overall risk score has reduced to 9 as Public protection resources have been diverted to clear the backlog and mitigating actions have been successful.
- **COVID-19** – the overall risk score has reduced to 9 as COVID-19 has been deescalated at a national level.
- **Recruitment and Retention** – a new risk has been added as a result of the failure to recruit in a number of professional roles despite multiple campaigns; and increased use of agency staff to cover key professionally qualified roles.
- All other risks have no changes but mitigating actions have been reviewed.

Financial Strategy and Resource Allocation

There are many challenging years ahead in local government with public finances continuing to be extremely tight and this has a direct impact on the Council's budgets. These are therefore difficult times from a budgetary and service delivery perspective, particularly as the full consequences of the COVID-19 pandemic on public finances become apparent. COVID-19 has contributed to the cost of living crisis which is affecting individuals. The Council continues to experience unprecedented inflation pressures. This continues to be reflected in tender processes (mainly Capital) and in Revenue costs particularly where contracts are linked to inflation. Pay awards also remain as yet undetermined for 2023/24, with there now being a much greater risk of pay inflation exceeding the levels currently budgeted.

The Council's medium term financial strategy has been refreshed recently and will be approved during September 2023. The version approved in 2022 can be viewed here:

<http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/finance/medium-term-financial-strategy/>

Financial Performance - Revenue

The final overall revenue position is a broadly breakeven position with a very small overall overspend of £6k, against a 2022/23 Budget of £165.8m. This position results in the Council's General Balances remaining at £6.7m, equating to 3.7% of the 23/24 Budget (still being within the target range of between 3% and 5%).

Earmarked reserves are regularly reviewed and re-aligned to emerging priorities, commitments and potential needs. This has been looked at further as part of the Outturn process and a full breakdown of Earmarked reserves is shown in Note 1.8. In overall terms, specific Earmarked reserves (excluding General Balances) have decreased at year-end from £53.9m to £48.8m (being 27% of the 2023/24 Budget). It was always expected that Earmarked Reserves were at their peak at 31/03/22 and would start declining thereafter, but that this would happen in a controlled and carefully managed way.

Key matters that have been addressed through the Outturn position include:

- A £1.0m sum has been set aside in the Creating Caring & Healthy Communities reserve for a transitional period in relation to the Hafan y Waun Care Home in Aberystwyth.
- The 23/24 general staff pay award remains unconcluded and the pay offer tabled (which has been rejected by the Unions) exceeds the level of provision made in the 23/24 Budget, therefore a further contingency sum has been set aside for this aspect.
- The monies available for the newly approved Community Housing scheme, using Council Tax premium receipts, now stands at £1.8m as at 31/03/23.
- The Boosting the Economy, Supporting Businesses & Enabling Employment reserve has been increased and stands at £8.0m as at 31/03/23.

The 2022/23 financial performance continues to demonstrate that the Council's overall financial position remains positive and resilient and is being carefully managed through what is still an incredibly difficult financial period. The Council's balance sheet remains strong, albeit the outlook (with inflation remaining elevated for longer than economists expected) still remains challenging.

The overall final position for 22/23, with the overall bottom line variance of £6k, can be summarised as follows:

	2022/23 Latest Budget £'000	2022/23 Actuals £'000	Under/(Over) spend £'000
Funding			
Council Tax	(46,424)	(47,468)	1,044
Presentational adjustment for £700k Council Tax Surplus budgeted in 22/23 Latest Budget	-	700	(700)
NNDR + RSG	(119,419)	(119,421)	2
Total Funding	(165,843)	(166,189)	346

<u>Controllable Budget</u>			
Core Controllable Budget	165,843	166,895	(1,052)
Presentational adjustment for £700k Council Tax Surplus budgeted in 22/23 Latest Budget	-	(700)	700
Total Controllable Budget Performance	165,843	166,195	(352)
Overall Outturn Position	-	6	(6)

The overall final position is also shown in the Expenditure and Funding Analysis on page 13.

Financial Performance - Capital

	2022/23	2021/22
	£'000	£'000
Approved Budget	35,278	22,661
Expendable Budget	33,998	22,155
Actual Expenditure	<u>25,704</u>	<u>17,522</u>
	<u>8,294</u>	<u>4,633</u>

Approved Budget – is the total Capital Programme budget approved by Cabinet/Council which includes a general grants line which is not an expendable budget. This is a mechanism for adding additional approved grant schemes within the year.

Expendable Budget – is the total of the approved schemes within the Capital Programme excluding the general grants line.

Capital Expenditure Financing:	2022/23	2021/22
	£'000	£'000
General Capital Funding	4,289	1,992
Supported Borrowing	2,128	673
Providing the Best Start in Life & Enabling Learning at All ages Reserve	526	0
Capital Receipts	635	299
Revenue/Reserve contributions - Including Corporate Capital Reserve	456	127
WG repayable Funding (HILS & H2H loans)	39	142
Grants	17,631	14,289
	<u>25,704</u>	<u>17,522</u>

Pension 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 credit balance on the Pensions Reserve of £45m shows a surplus on an accounting basis in the resources the Council has set aside to meet the benefits earned by past and current employees.

There has been a material reduction in the present value of benefit obligations to £447m as at 31 March 2023 (£646m as at 31 March 2022). This is predominantly due to an increase in the discount rate applied, which as prescribed by accounting standards is linked to AA rated corporate bonds.

ACCOUNTING STATEMENTS

This Statement of Accounts has been provided to give electors, local taxpayers, Members of the Council and other interested parties information about the Council's financial position. It provides a summary of the financial position as at 31st March 2023 and includes a number of accounting statements, which show the range and scale in financial terms, of the Council's services and activities. The various services of the Council have co-operated by maintaining adequate accounting records, exercising budgetary control and providing relevant documents. This document has been prepared to meet the requirements of the Public Audit (Wales) Act 2004 (and as further specified in the Accounts and Audit (Wales) Regulations 2014) and fully reflects the Code of Practice on Authority Accounting in the United Kingdom 2022/23 requirements for accounting statements.

CORE FINANCIAL STATEMENTS

The Statement of Accounts comprises a number of Accounting Statements and the following notes are provided to explain their purpose.

Expenditure and Funding Analysis

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

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce council tax) and 'unusable reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council'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 for council tax purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Usable Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves, i.e. those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing difference as shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

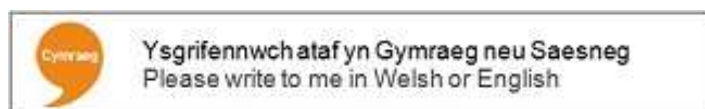
The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows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

Further Information

Interested persons have a statutory right to inspect the Accounts before the annual audit is completed. Anyone wishing further information or explanation on the Accounts should contact:

Finance and Procurement

E-mail: df.technicians@ceredigion.gov.uk



STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Lead Officer: Finance & Procurement.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

Chair of the Council

6th February 2024

THE RESPONSIBILITIES OF THE CORPORATE LEAD OFFICER – FINANCE & PROCUREMENT

The Corporate Lead Officer: Finance & Procurement is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ('the Code').

In preparing this Statement of Accounts, the Corporate Lead Officer: Finance & Procurement 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 Corporate Lead Officer: Finance & Procurement has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2023.

Corporate Lead Officer: Finance & Procurement

6th February 2024

THE INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF CEREDIGION COUNTY COUNCIL

Opinion on financial statements

I have audited the financial statements of Ceredigion County Council for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Ceredigion County Council's financial statements comprise the Expenditure and Funding Analysis, 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 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of Ceredigion County Council as at 31 March 2023 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 2022-23.

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.

My staff and I are 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 the 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.

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 2022-23; and
- 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 the 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:

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

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 8, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls 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;
- assessing the 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 the responsible financial officer anticipates that the services provided by the Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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, the council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Ceredigion County 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 posting of unusual journals.
- obtaining an understanding of Ceredigion County Council's framework of authority as well as other legal and regulatory frameworks that Ceredigion County 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 Ceredigion County Council.
- Obtaining an understanding of related party relationships.

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, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Council; and
- 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 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 Ceredigion County 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. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Ceredigion County 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
7 February 2024

1 Capital Quarter
Tyndall Street
Cardiff,
CF10 4BZ

EXPENDITURE AND FUNDING ANALYSIS 2022/23

2022/23	Outturn £'000	Transfers (to)/from Earmarked Reserves (Note 1.8) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding & Accounting Basis (Note 1.1 & 1.7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Schools & Culture	50,595	3,536	54,131	10,109	64,240
Porth Cymorth Cynnar	4,258	0	4,258	3,345	7,603
Finance & Procurement	17,608	(695)	16,913	(3,750)	13,163
Democratic Services	4,609	170	4,779	818	5,597
People & Organisation	2,161	41	2,202	406	2,608
Porth Cynnal	30,252	1,286	31,538	1,041	32,579
Porth Gofal	13,327	284	13,611	3,532	17,143
Policy, Performance & Public Protection	2,167	(25)	2,142	524	2,666
Highways & Environmental	18,288	2,173	20,461	5,090	25,551
Economy & Regeneration	3,752	461	4,213	3,106	7,319
Customer Contact	6,144	28	6,172	1,121	7,293
Legal & Governance	1,599	125	1,724	207	1,931
Leadership Group	7,253	(1,648)	5,605	524	6,129
Levies, Council Tax Premium & Reserves	4,882	(599)	4,283	(4,205)	78
NET COST OF SERVICES	166,895	5,137	172,032	21,868	193,900
Other Income and Expenditure	(166,889)	0	(166,889)	(8,281)	(175,170)
(Surplus) or Deficit	6	5,137	5,143	13,587	18,730
General Fund Opening Balance	(6,720)	(53,941)	(60,661)		
(Surplus) or Deficit	6	5,137	5,143		
General Fund Closing Balance	(6,714)	(48,804)	(55,518)		

EXPENDITURE AND FUNDING ANALYSIS 2021/22

2021/2022	Outturn £'000	Transfers (to)/from Earmarked Reserves (Note 1.8) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding & Accounting Basis (Note 1.1 & 1.7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Schools & Culture	48,508	(2,486)	46,022	9,374	55,396
Porth Cymorth Cynnar	3,719	(125)	3,594	174	3,768
Finance & Procurement	20,004	(1,996)	18,008	(4,972)	13,036
Democratic Services	4,016	0	4,016	732	4,748
People & Organisation	2,082	0	2,082	441	2,523
Porth Cynnal	23,632	(750)	22,882	816	23,698
Porth Gofal	11,595	(524)	11,071	2,383	13,454
Policy, Performance & Public Protection	2,657	0	2,657	335	2,992
Highways & Environmental	17,474	(1,398)	16,076	5,207	21,283
Economy & Regeneration	3,189	(59)	3,130	2,810	5,940
Customer Contact	5,705	(75)	5,630	1,019	6,649
Legal & Governance	1,527	0	1,527	195	1,722
Leadership Group	5,801	(4,922)	879	960	1,839
Levies, Council Tax Premium & Reserves	7,145	(3,073)	4,072	(4,072)	0
NET COST OF SERVICES	157,054	(15,408)	141,646	15,402	157,048
Other Income and Expenditure	(157,722)	0	(157,722)	(5,944)	(163,666)
(Surplus) or Deficit	(668)	(15,408)	(16,076)	9,458	(6,618)
General Fund Opening Balance	(6,052)	(38,533)	(44,585)		
(Surplus) or Deficit	(668)	(15,408)	(16,076)		
General Fund Closing Balance	(6,720)	(53,941)	(60,661)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

		2022/23		
	Note	Gross Exp £'000	Gross Inc £'000	Net Exp £'000
Schools & Culture		91,133	(26,893)	64,240
Porth Cymorth Cynnar		13,727	(6,124)	7,603
Finance & Procurement		27,311	(14,148)	13,163
Democratic Services		5,683	(86)	5,597
People & Organisation		3,721	(1,113)	2,608
Porth Cynnal		46,844	(14,265)	32,579
Porth Gofal		28,111	(10,968)	17,143
Policy, Performance & Public Protection		4,670	(2,004)	2,666
Highways & Environmental		32,513	(6,962)	25,551
Economy & Regeneration		14,097	(6,778)	7,319
Customer Contact		8,132	(839)	7,293
Legal & Governance		1,984	(53)	1,931
Leadership Group		8,195	(2,066)	6,129
Levies, Council Tax Premium & Reserves		78	0	78
COST OF SERVICES		286,199	(92,299)	193,900
Other operating expenditure	1.9	14,778	0	14,778
Financing and investment income and expenditure	1.10	7,263	(2,354)	4,909
Taxation and non-specific grant income	1.11	0	(194,857)	(194,857)
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES		308,240	(289,510)	18,730
(Surplus) or deficit on revaluation of Fixed Assets	1.27			(27,347)
Remeasurement of the net defined benefit liability (asset)	1.37			(203,614)
OTHER COMPREHENSIVE INCOME AND EXPENDITURE				(230,961)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				(212,231)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

		2021/22		
	Note	Gross Exp £'000	Gross Inc £'000	Net Exp £'000
Schools & Culture		82,576	(27,180)	55,396
Porth Cymorth Cynnar		9,992	(6,224)	3,768
Finance & Procurement		27,943	(14,907)	13,036
Democratic Services		5,110	(362)	4,748
People & Organisation		3,657	(1,134)	2,523
Porth Cynnal		38,588	(14,890)	23,698
Porth Gofal		24,664	(11,210)	13,454
Policy, Performance & Public Protection		6,291	(3,299)	2,992
Highways & Environmental		30,291	(9,008)	21,283
Economy & Regeneration		9,436	(3,496)	5,940
Customer Contact		7,435	(786)	6,649
Legal & Governance		1,782	(60)	1,722
Leadership Group		9,875	(8,036)	1,839
COST OF SERVICES		257,640	(100,592)	157,048
Other operating expenditure	1.9	13,389	0	13,389
Financing and investment income and expenditure	1.10	8,830	(794)	8,036
Taxation and non-specific grant income	1.11	0	(185,091)	(185,091)
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES		279,859	(286,477)	(6,618)
(Surplus) or deficit on revaluation of Fixed Assets	1.27			(32,256)
Remeasurement of the net defined benefit liability (asset)	1.37			(38,833)
OTHER COMPREHENSIVE INCOME AND EXPENDITURE				(71,089)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				(77,707)

MOVEMENT IN RESERVES STATEMENT

	Note	General Fund Balance	Earmarked Reserves	TOTAL	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2022/23									
Balance at 31/03/22		(6,720)	(53,941)	(60,661)	(6,564)	(5,289)	(72,514)	(158,176)	(230,690)
(Surplus) or deficit on provision of services		18,730	0	18,730	0	0	18,730	0	18,730
Other Comprehensive Expenditure & Income		0	0	0	0	0	0	(230,961)	(230,961)
Total Comprehensive Expenditure & Income		18,730	0	18,730	0	0	18,730	(230,961)	(212,231)
Adjustments between accounting basis & funding basis under regulations	1.7	(13,587)	0	(13,587)	323	1,788	(11,476)	11,476	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		5,143	0	5,143	323	1,788	7,254	(219,485)	(212,231)
Transfers to/from Earmarked Reserves	1.8	(5,137)	5,137	0	0	0	0	0	0
(Increase)/Decrease Balance at 31/03/23		6	5,137	5,143	323	1,788	7,254	(219,485)	(212,231)
		(6,714)	(48,804)	(55,518)	(6,241)	(3,501)	(65,260)	(377,661)	(442,921)
2021/22									
Balance at 31/03/21		(6,052)	(38,533)	(44,585)	(6,331)	(1,803)	(52,719)	(100,264)	(152,983)
(Surplus) or deficit on provision of services		(6,618)	0	(6,618)	0	0	(6,618)	0	(6,618)
Other Comprehensive Expenditure & Income		0	0	0	0	0	0	(71,089)	(71,089)
Total Comprehensive Expenditure & Income		(6,618)	0	(6,618)	0	0	(6,618)	(71,089)	(77,707)
Adjustments between accounting basis & funding basis under regulations	1.7	(9,458)	0	(9,458)	(233)	(3,486)	(13,177)	13,177	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(16,076)	0	(16,076)	(233)	(3,486)	(19,795)	(57,912)	(77,707)
Transfers to/from Earmarked Reserves	1.8	15,408	(15,408)	0	0	0	0	0	0
(Increase)/Decrease Balance at 31/03/22		(668)	(15,408)	(16,076)	(233)	(3,486)	(19,795)	(57,912)	(77,707)
		(6,720)	(53,941)	(60,661)	(6,564)	(5,289)	(72,514)	(158,176)	(230,690)

BALANCE SHEET

	Note	£'000	31/03/23 £'000	31/03/22 £'000
<u>ASSETS</u>				
Property, Plant and Equipment	1.13	308,702		277,636
Infrastructure	1.13	138,885		135,946
Investment Property	1.14	18,948		17,368
Heritage Assets	1.15	3,718		3,522
Long Term Debtors	1.17	4,095		3,961
Other Long Term Assets	1.37	45,020		0
LONG TERM ASSETS			519,368	438,433
Short Term Investments	1.18	11,626		18,006
Assets Held for Sale		470		720
Inventories		878		1,245
Short Term Debtors	1.21	36,191		36,660
Provisions		42		0
Cash and Cash Equivalents	1.22	25,244		32,498
CURRENT ASSETS			74,451	89,129
TOTAL ASSETS			593,819	527,562
<u>LIABILITIES</u>				
Short Term Borrowing	1.24	(1,151)		(7,818)
Short Term Creditors	1.23	(35,013)		(32,115)
Short Term Provisions		(251)		(240)
Donated Inventories Account		(367)		(687)
CURRENT LIABILITIES			(36,782)	(40,860)
Long Term Creditors		(931)		(808)
Long Term Borrowing	1.24	(106,903)		(108,054)
Other Long Term Liabilities	1.25	(5,272)		(145,029)
Capital Grants Receipts in Advance		(1,010)		(2,121)
LONG TERM LIABILITIES			(114,116)	(256,012)
TOTAL LIABILITIES			(150,898)	(296,872)
NET ASSETS			442,921	230,690
Usable Reserves	1.26	(65,260)		(72,514)
Unusable Reserves	1.27	(377,661)		(158,176)
TOTAL RESERVES			(442,921)	(230,690)

CASH FLOW STATEMENT

	Note	2022/23 £'000	Restated 2021/22 £'000
OPERATING ACTIVITIES			
Net Surplus/(Deficit) on the Provision of Services		(18,730)	6,618
Non cash transactions			
Depreciation and Impairment		13,234	9,928
Capital Grants		(17,407)	(17,393)
Pension Fund adjustments		19,015	17,587
		<u>(3,888)</u>	<u>16,740</u>
Adjustments for items reported separately on Cashflow			
(Gain)/Loss on the disposal of Fixed Assets		243	44
Items on an accrual basis			
(Increase)/decrease in Inventories		47	(150)
(Increase)/decrease in Debtors		39	(2,828)
Increase/(decrease) in Creditors		2,331	8,611
Net Cash Inflow/(Outflow) from Operating Activities	1.28	<u>(1,228)</u>	<u>22,417</u>
INVESTING ACTIVITIES			
Cash Outflows			
Purchase of fixed assets		(21,142)	(12,718)
Purchase of short term investments		(46,500)	(37,514)
Other Capital cash payments		(491)	(919)
		<u>(68,133)</u>	<u>(51,151)</u>
Cash Inflows			
Sale of fixed assets		209	302
Capital grants received		16,304	14,518
Proceeds from long term investments		0	0
Proceeds from short term investments		53,059	23,528
Other Capital Cash Receipts		531	1,646
		<u>70,103</u>	<u>39,994</u>
Net Cash Flows from Investing Activities		<u>1,970</u>	<u>(11,157)</u>
FINANCING ACTIVITIES			
Cash Outflows			
Repayment of short term and long term borrowing		(7,817)	(1,083)
Payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts		(178)	(374)
		<u>(7,995)</u>	<u>(1,457)</u>
Cash Inflows			
New Loans Raised		0	0
Net Cash Flows from Financing Activities		<u>(7,995)</u>	<u>(1,457)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		<u>(7,253)</u>	<u>9,803</u>
Cash and Cash Equivalents at beginning of the year		32,498	22,695
Cash and Cash Equivalents at end of the year	1.22	25,245	32,498

NOTES TO THE STATEMENT OF ACCOUNTS

1.1 NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

2022/23	Adjustments for Capital Purposes (Note A) £'000	Net change for Pensions (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
Schools & Culture	5,893	3,860	356	10,109
Porth Cymorth Cynnar	2,058	1,309	(22)	3,345
Finance & Procurement	151	701	(4,602)	(3,750)
Democratic Services	4	822	(8)	818
People & Organisation	0	431	(25)	406
Porth Cynnal	18	1,028	(5)	1,041
Porth Gofal	1,538	2,179	(185)	3,532
Policy, Performance & Public Protection	8	630	(114)	524
Highways & Environmental Services	3,196	1,864	30	5,090
Economy & Regeneration	812	1,114	1,180	3,106
Customer Contact	163	986	(28)	1,121
Legal & Governance	0	207	0	207
Leadership Group	215	228	81	524
Levies, Council Tax Premium & Reserves	0	0	(4,205)	(4,205)
NET COST OF SERVICES	14,056	15,359	(7,547)	21,868
Other Income and Expenditure	(18,606)	3,656	6,669	(8,281)
Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,550)	19,015	(878)	13,587

NOTE A – Adjustments for Capital Purposes

This column adjusts for depreciation, impairment, revaluation gains and losses, gains and losses on disposal of assets, capital grants and capital expenditure funded from revenue.

NOTE B - Net Change for Pensions Adjustments

This column shows the adjustments required to comply with IAS19 Employee Benefits - specifically the removal of employee pension contributions made by the Council as allowed by statute, the replacement with current service costs and past service costs as calculated by the actuary, and the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

NOTE C - Other Differences

This column includes other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include adjustments to realign expenditure and income in accordance with the code and adjustments for the Accumulated Absences accrual.

	Adjustments for Capital Purposes (Note A) £'000	Net change for Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
2021/22				
Schools & Culture	5,600	3,452	322	9,374
Porth Cymorth Cynnar	(989)	1,101	62	174
Finance & Procurement	86	679	(5,737)	(4,972)
Democratic Services	11	704	17	732
People & Organisation	0	412	29	441
Porth Cynnal	(33)	985	(136)	816
Porth Gofal	335	1,944	104	2,383
Policy, Performance & Public Protection	8	859	(532)	335
Highways & Environmental Services	3,466	1,701	40	5,207
Economy & Regeneration	1,053	979	778	2,810
Customer Contact	87	932	0	1,019
Legal & Governance	0	190	5	195
Leadership Group	582	340	38	960
Levies, Council Tax Premium & Reserves	0	0	(4,072)	(4,072)
NET COST OF SERVICES	10,206	14,278	(9,082)	15,402
Other Income and Expenditure	(18,043)	3,309	8,790	(5,944)
Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(7,837)	17,587	(292)	9,458

1.2 ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, and those Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that

economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The only exception to this are some regular payments where the revenue accounts are charged with the number of payments in the year. This policy is consistently applied each year and does not have a material effect on the year's Accounts.

iii. Cash and Cash Equivalents

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

iv. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. Transactions relating to COVID-19 will be included in the notes to the accounts.

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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.

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

vi. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding 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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account (which is included in Unusable Reserves) in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages, salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence earned.

Termination Benefits

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 severance or redundancy. Such amounts are charged on an accruals basis to Surplus or Deficit on the Provision of Service when the Council is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary severance or redundancy.

Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) for the Westminster Government.
- The Local Government Pension Scheme, administered by Carmarthenshire County Council (and referred to as the Dyfed Pension Fund).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council. However, arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet.

The Children's and Education line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme in the year.

The Local Government Pension Scheme

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

- Assets/Liabilities and service costs of the Dyfed Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method. The objective under this method is to expense each participant's benefits under the fund as they would accrue, taking into account future compensation increases and the fund's benefit allocation formula. Thus the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.
- The Benefit obligation is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the service cost is the total present value of the individuals' benefits attributable to service during the year.
- Liabilities are discounted to their value at current prices, using a discounted rate of 4.8%.
- The assets of the Dyfed Pension Fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions asset/liability is analysed into the following components:
 - Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Finance Service
 - Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - contributions paid to the Dyfed Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund

and pensioners and any such amounts payable but unpaid at the year end. The balance that arises on the Pensions Reserve thereby measures the impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

viii. Events After the Balance Sheet Date

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

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

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

ix. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset
- in the absence of a principal market, in the most advantageous market for the asset (highest and best use)

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets or liabilities for which fair value is measured or disclosed in the accounts are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

x. Financial Instruments

Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value

and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (and accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure lines in the Comprehensive Income and Expenditure Statement in the year of re-purchase/settlement. However, where re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. Where premiums or discounts are incurred that formally meet the terms of a debt restructuring exercise, they are accounted for as an adjustment to the carrying amount of the replacement loan or loans. If they do not meet these terms, they are spread over the longer of the outstanding term on the replaced loan or the term of the replacement loan (premiums) or the outstanding term on the replaced loan up to a maximum of ten years (discounts). 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.

The fair value calculations have been based on the comparable new borrowing rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss; and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are

initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial instruments held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council recognises expected credit losses on its financial assets held at amortised cost. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xi. Government Grants and Contributions

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

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

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

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

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

xii. Heritage Assets

The Council's Heritage Assets are primarily held to preserve items which were common in the district or were unique to it or relate to a significant historical event or person with local connections. They are held in a variety of locations across the county, but most remain in the main Coliseum Museum in Aberystwyth. They are generally held in accordance with the Council's accounting policies on Property, Plant and Equipment but some rules are relaxed in relation to specific assets for reasons described below.

Art Collection

The Council has approximately 190 pieces of art, both contemporary and historic, spread throughout its museums, council offices and leisure centres across Ceredigion. Most are of relatively insignificant value, well below the de minimis value of £10,000 applied for entry onto the Council's asset register. However four were specifically identified as being above this value by an appropriately qualified External Valuer and included in the Balance Sheet since 2011. They were revalued for insurance purposes at market value in 2023 and the condition of the items has not changed since this valuation. These are presumed to have an indeterminate life and thus it is not considered appropriate to apply depreciation.

Civic Regalia

The Council has four official chains of office held for the Chairman, Vice-Chairman and their consorts. Only the Chairman's Chain is considered to be worth more than the de minimis level, based on the market values of the metals used in their composition. It has therefore been valued and is included in the Balance Sheet at this amount. It will not be depreciated as it has an indeterminate life, but will periodically be considered for revaluation based on the market price of precious metals.

Historic Sites and Buildings

The Council owns and is responsible for the preservation and display of a number of historic sites and buildings throughout Ceredigion, including two castles. As there is no reliable way of valuing such items, due to the lack of a contemporary market, they are held in the balance sheet at historic cost.

Miscellaneous Exhibits

The Council's main museum at The Coliseum, Aberystwyth contains a large number of exhibits. However, because of low estimated values of each individual item and the lack of a contemporary market for many of the items, the Council considers the costs of a valuation exercise would considerably exceed the value of such a process to the users of the accounts and therefore no such exercise has taken place.

There are also thirteen large and/or potentially valuable items at the museum which have been valued for insurance purposes. Although individually the values are less than the £10,000 de minimis level they are significant in total, so have been added to the register and balance sheet as a single item. They will be treated in the same manner as the artworks and not depreciated. If the council makes any significant new purchase it will be added at cost until the next valuation takes place.

Museum Sites and Buildings

The Council's main Coliseum Museum in Aberystwyth has been extended into an adjacent vacant property. Expenditure on this project has been capitalised and added to the value of the museum. In addition to the main museum in Aberystwyth, the Council holds a number of subsidiary museums throughout the region. Consideration has been given to whether any of these should be held as Heritage Assets as opposed to Property, Plant and Equipment. It has been determined that two of them (including the Coliseum) are being held for their own historic significance, in addition to being used for displaying or holding exhibits. They have therefore been transferred to the Heritage Asset category on the Balance Sheet, continuing on the valuation basis they were on previously (Historic or Depreciated Replacement Cost). Depreciation is charged if considered appropriate, considering the individual circumstances of the building concerned.

Heritage Assets General

If there is any evidence of impairment then the carrying amounts of the balance sheet will be reviewed, although it is expected such events will be rare. Any such impairment will be

treated in a similar way to impairment on Property, Plant and Equipment assets. If any disposals are made they will also be accounted for in the same manner as Property, Plant and Equipment but disposal proceeds will be identified separately in the notes. There were no disposals in the period under consideration for this set of accounts and it is not expected they will be a common event as the collection is fairly static in nature.

xiii. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

xiv. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv. Jointly Controlled Operations and Jointly Controlled Assets

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

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

xvi. Leases

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. Where the lease term is indeterminate, or not specified, the term will be assumed to be 125 years for the purposes of the Statement of Accounts.

xvii. Long Term Contracts

Amounts due under long term contracts are charged to revenue as they fall due under the terms of the contract.

xviii. Minimum Revenue Provision (MRP)

The Council's Minimum Revenue Provision (MRP) Policy follows the principles of the guidance issued by the Welsh Government under section 21(1A) of the Local Government Act 2003 through using one of the options outlined in the guidance.

The major proportion of the MRP continues to relate to the historic debt liability that existed pre 2008 or post 2008 where it relates to Supported Borrowing funded by the Welsh Government. The MRP liability on the Council's Capital Financing Requirement that relates to pre 2008 debt and post 2008 Supported Borrowing funded through the Revenue Support Grant (RSG) system will be provided for using Option 3 (Asset life method) of the 2018 Welsh Government guidance and applying the Annuity Method with an interest rate of 4.2% (the average borrowing rate of loans outstanding as of 01/04/21) over a 44 year period commencing 1st April 2021. The period consists of the 50 year period selected to match the average lives of Council Assets not specifically financed by Unsupported Borrowing after 1st April 2008, less the six years expired since it was initially applied on 1st April 2015. As further new Supported Borrowing is utilised in the Capital Programme, the MRP liability on each new tranche of such borrowing will also be provided for using Option 3 of the 2018 guidance and applying the Annuity Method. Expenditure that was financed by Unsupported Prudential Borrowing will be provided for using Option 3 (Asset life method) of the 2018 guidance and applying the Annuity Method with an interest rate of 3.68% (the weighted average interest rate of the borrowing concerned) over a 38 year period (the weighted average remaining life of the relevant assets) commencing 1st April 2021. As further Unsupported Prudential Borrowing is utilised in the Capital Programme, the MRP liability

reflected within the Capital Financing Requirement will also be charged over a period commensurate with the average estimated useful life of assets using Option 3 and the Annuity Method.

Estimated life periods have been determined in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

The Council continues the principle of not charging MRP on any temporary unsupported (Prudential) borrowing. At present, only Welsh Government repayable funding for Housing Improvements and Empty Properties is treated in this manner.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

According to the Code, assets held under PFI schemes and finance leases are subject to MRP in the same way as assets acquired using other forms of borrowing. Under regulations and statutory guidance, these charges can match the repayment of the liability. The increase in the MRP due to the finance lease assets has therefore been charged at the same rate as the write down of the corresponding liability on the balance sheet so that there will be no overall impact on the General Fund Balances of the Council. The MRP due to the Ysgol Gyfun Penweddig PFI assets, which was historically treated on a similar basis to finance lease assets, was delinked in 2017/18 and will be written down over the remaining lifespan of the Ysgol Gyfun Penweddig buildings on an annuity basis instead.

xix. Overheads and Support Services

The Comprehensive Income and Expenditure Statement is prepared on a Service basis in line with the Council's in-year reporting. As such, the recharging of overhead and support services costs are excluded from the Comprehensive Income and Expenditure Statement.

xx. Property, Plant and Equipment

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

Voluntary Controlled and Voluntary Aided School buildings are not included on the Balance Sheet as they are not Council assets.

If any material part of a building has a significantly shorter lifespan than the main structure and the value of that part is more than £10,000, then it is considered a component to be separately identified on the Council's asset register. Any such components identified within the new capital expenditure are valued separately when initially added to the asset register (or when the asset is transferred out of Assets under Construction for newly constructed buildings).

Recognition – Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided 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. A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10k is included within capital spend. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is not added to fixed assets in the Balance Sheet but is charged as an expense as it is incurred. This entry is then reversed out to the Capital Adjustment Account to ensure there is no impact on Council Tax Levels.

Measurement – Assets are initially measured at cost, comprising:

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

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

The costs of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, 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 then carried in the balance sheet using the following measurement basis:

- Vehicles, Plant, Furniture and Equipment and Infrastructure Assets – Depreciated Historical Cost
- Assets under construction, Community Assets and some Heritage Assets – Historical Cost
- Assets Held for Sale – Lower of Carrying Amount and Fair value less costs to sell
- All other assets – Fair value, determined by Market Value

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value consist mostly of Other Land and Buildings and this category is split into five subcategories. Each subcategory as a whole is revalued every five years. The current timetable for asset revaluations is given below:

2023/24	Public Buildings (Leisure Centres, Public Conveniences, Theatres & Swimming pools), Heritage Assets (where held at Fair Value)
2024/25	Educational Buildings (Primary, Secondary & all-through schools, Youth Clubs & Referral Units)
2025/26	Offices and other Operational Buildings
2026/27	Social Services Buildings
2027/28	Car Park and Miscellaneous Land Assets

Surplus Assets are considered for revaluation based on when it is five years from their last revaluation, so it will be dependent on which of the categories they were transferred into Surplus from.

Further revaluations may take place between the scheduled investigations where the Valuers deem there have been material changes in the value of the relevant asset or assets.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

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

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

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Buildings – Straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – Straight line depreciation of the historic cost over the remaining expected life of the asset. Vehicles are given a residual value of 10% of the initial purchase price to reflect their potential resale value
- Infrastructure – Straight line depreciation of historic cost over the remaining expected life of the asset

Acquisitions and disposals of fixed assets are added to the asset register as at their date of purchase or sale in the relevant accounting year and are therefore depreciated in the usual manner for the year from that date if they are in a category which is normally depreciable.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (more than £10,000) and whose lifespan is materially different to the host asset, the components are depreciated separately according to the differing estimated lives.

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

Disposals – When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it will in most cases be reclassified as an Asset Held for Sale. In order for this category transfer to take place, the asset must meet the following criteria:

- It must be available for sale in its current condition and subject to normal terms of sale
- The decision to make the sale must have been made at the appropriate level of management
- The asset must be actively marketed at an appropriate price
- The sale must be expected to be completed within one year

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

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

Assets no longer in use that fail to meet all of the above criteria or are to be abandoned or scrapped are normally reclassified as Surplus Assets, unless the Council is not actively marketing the property because it is waiting for prices in the market to rise, in which case the asset might be categorised as an Investment Property. Surplus Assets are depreciated in a normal fashion, however the depreciation is charged to non-distributed costs and not the original service account as the asset is no longer in use.

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

Amounts received for disposal in excess of £10k are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts reserve, and can then

only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xxi. Private Finance Initiative (PFI) and Similar Contracts

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Ysgol Gyfun Penweddig PFI scheme, the liability was written down by an initial capital contribution of £12,027,000.

Long term assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 4.5% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile for write downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of amounts payable is recognised as an enhancement to and a corresponding impairment of the Penweddig School asset in Property, Plant and Equipment when the relevant works are eventually carried out. It will have no net effect on the Balance Sheet.

xxii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions included in the accounts may not be legally enforceable and may only be inferred from a set of facts in a particular situation therefore the inclusion of them in the accounts does not mean that liability has been accepted.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the

expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They include situations when legal proceedings and other claims covering a range of matters are pending. They concern difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome.

Contingent Assets

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

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

xxiii. Reserves

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

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

xxiv. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a long term asset has been charged as expenditure to the

relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

xxv. Value Added Tax (VAT)

The Accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable.

1.3 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice requires that the Council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

As at 31st March 2023 there are no relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have a significant impact in the financial statements. However, the following has been provided for information purposes:

IFRS 16 - Leases will affect the classification of operating and finance leases for lessees and will require local authorities to recognise all leases on their balance sheet as right-of-use assets with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. There are some exemptions for short term and low value leases. The implementation of IFRS 16 for local government has been further deferred by CIPFA/LASAAC until 1st April 2024.

1.4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Future levels of funding

There is a high degree of uncertainty about future levels of funding for local government with continued one year only settlements at both Westminster and Welsh Government level.

Voluntary Controlled and Voluntary Aided Schools

Voluntary Controlled and Voluntary Aided school buildings remain off the Balance Sheet as it has been confirmed that they are not Council assets.

Corporate Joint Committees

Possible changes to future governance arrangements brought about by the introduction of Corporate Joint Committees.

1.5 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 different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2023 for which there is a risk of adjustment in following financial years are:

Pensions Asset/Liability

Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged by Carmarthenshire County Council as the lead Pension Authority to ensure that the Council receives expert advice about the assumptions to be applied.

Impairment Allowance

It is difficult to estimate with certainty the level of impairment allowance required for the various types of debt.

Land and Buildings Valuation

Valuations undertaken in the years 2018/19 to 2021/22 have been reviewed and some valuations have changed as a result of significant increases to building costs or income generated from the asset.

1.6 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2022/23	2021/22
	£'000	£'000
Controllable Expenditure		
Employees	116,187	107,780
Premises	10,353	9,851
Transport	11,809	10,435
Supplies and Services	130,104	120,245
Total Expenditure	<u>268,453</u>	<u>248,311</u>
Controllable Income		
Grants	(61,801)	(68,414)
Other Income	(32,820)	(36,461)
Contract Services/Schools	(1,800)	(1,790)
Total Income	<u>(96,421)</u>	<u>(106,665)</u>
Controllable Before Reserves	172,032	141,646
Revenue Expenditure Funded from Capital under Statute	1,216	1,082
IAS19 <i>Employee Benefits</i> adjustments	19,015	17,587
Accumulated Absences	26	547
Depreciation, amortisation and impairment	13,234	9,928
(Gain)/Loss on disposal of assets	13	(659)
Capital Expenditure charged to the General Fund	(981)	(127)
Other capital accounting adjustments	(1,529)	(1,507)
Precepts	10,561	9,976
Taxation and non-specific grant income	(194,857)	(185,091)
(Surplus) or Deficit on Provision of Services	<u>18,730</u>	<u>(6,618)</u>

1.7 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.

2022/23

Usable Reserves

	General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive I&E Statement:</u>				
Charges for depreciation and impairment of non-current assets	13,785	0	0	(13,785)
Revaluation losses/gains on Property, Plant & Equipment	1,113	0	0	(1,113)
Movement in the fair value of Investment Properties	(1,664)	0	0	1,664
Capital grants and contributions applied	(14,675)	0	0	14,675
Revenue expenditure funded from capital under statute	1,216	0	0	(1,216)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal on the Comprehensive I&E Statement	452	0	0	(452)
<u>Insertion of items not debited or credited on the Comprehensive I&E Statement:</u>				
Statutory provision for the financing of capital investment	(1,537)	0	0	1,537
Capital expenditure charged against the General Fund	(981)	0	0	981
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(2,732)	0	2,732	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(4,520)	4,520
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	(353)	353	0	0
Use of Capital Receipts to finance new capital expenditure	0	(672)	0	672
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals	4	(4)	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0

Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(90)	0	0	90
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	8	0	0	(8)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	28,713	0	0	(28,713)
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,698)	0	0	9,698
Adjustments involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive I&E Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	26	0	0	(26)
Total Adjustments	13,587	(323)	(1,788)	(11,476)

2021/22

	Usable Reserves			
	General Fund Balance	Usable Capital Receipts	Capital Grants Unapplied	Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive I&E Statement:</u>				
Charges for depreciation and impairment of non-current assets	11,954	0	0	(11,954)
Revaluation losses/gains on Property, Plant & Equipment	(2,008)	0	0	2,008
Movement in the fair value of Investment Properties	(18)	0	0	18
Capital grants and contributions applied	(12,722)	0	0	12,722
Revenue expenditure funded from capital under statute	1,082	0	0	(1,082)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal on the Comprehensive I&E Statement	347	0	0	(347)
<u>Insertion of items not debited or credited on the Comprehensive I&E Statement:</u>				
Statutory provision for the financing of capital investment	(1,518)	0	0	1,518
Capital expenditure charged against the General Fund	(127)	0	0	127
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(4,671)	0	4,671	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(1,185)	1,185

Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	(602)	602	0	0
Use of Capital Receipts to finance new capital expenditure	0	(369)	0	369
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(404)	0	0	404
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	11	0	0	(11)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	26,484	0	0	(26,484)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,897)	0	0	8,897
Adjustments involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive I&E Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	547	0	0	(547)
Total Adjustments	9,458	233	3,486	(13,177)

1.8 EARMARKED RESERVES AND DELEGATED SCHOOLS BALANCES

A summary of the earmarked reserves set up by the Council is set out below:

	31/03/21	Transfer	Transfer	31/03/22	Transfer	Transfer	31/03/23
	Balance	to	from	Balance	to	from	Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Delegated Schools Budget - Primary	3,035	1,212	(17)	4,230	0	(1,636)	2,594
Delegated Schools Budget - Secondary	1,873	540	(12)	2,401	0	(951)	1,450
Delegated Schools Budget - All Through	1,441	240	0	1,681	0	(598)	1,083
Delegated Schools Budget-All Schools	6,349	1,992	(29)	8,312	0	(3,185)	5,127
Insurances - Supply Cover	297	13	(125)	185	0	(100)	85
Schools, Lifelong Learning & Culture Services	396	100	0	496	274	0	770
Schools, Lifelong Learning & Culture	7,042	2,105	(154)	8,993	274	(3,285)	5,982
Corporate Capital	3,225	2,971	0	6,196	0	0	6,196
Education Penweddig PFI	923	1,000	(309)	1,614	0	0	1,614
Corporate - Joint Arrangements	8	0	0	8	0	(8)	0
Funding / CTRS Equalisation	700	0	0	700	0	0	700
Corporate Redundancy	1,062	0	0	1,062	0	0	1,062
Insurance	888	216	0	1,104	102	0	1,206
Cost of Living Scheme (Discretionary)	0	487	0	487	0	(487)	0
Finance - General	250	0	0	250	230	0	480
Finance & Procurement	7,056	4,674	(309)	11,421	332	(495)	11,258
Democratic Services	112	0	0	112	0	0	112
County Council Election reserve	200	0	0	200	0	(165)	35
Democratic Services	312	0	0	312	0	(165)	147
People & Organisation	58	0	0	58	0	(41)	17
Porth Cymorth Cynnar	2	0	0	2	0	0	2
Pyrrh Investment	0	250	0	250	0	0	250
Porth Gofal	339	24	0	363	0	(313)	50
Pyrrh Through Age Model	341	274	0	615	0	(313)	302
Policy, Performance & Public Protection	102	0	0	102	25	0	127
Highways & Environment Services	1,293	1,005	0	2,298	0	(1,212)	1,086
Winter Maintenance/Storm Repairs	277	0	0	277	0	(122)	155
Environmental & Flood Protection	177	0	0	177	0	0	177
Civil Parking Enforcement	93	21	(28)	86	16	0	102
Highways & Environmental Services	1,840	1,026	(28)	2,838	16	(1,334)	1,520
Local Development Plan	248	0	0	248	0	(15)	233
Economy & Regeneration	177	0	0	177	0	(84)	93
Food Centre Wales (Horeb)	217	0	0	217	0	(19)	198
Growth Deal	250	0	0	250	0	(31)	219
Sewage Treatment Works Improvement Programme	543	0	(91)	452	0	0	452
Performance & Economy	1,435	0	(91)	1,344	0	(149)	1,195
ICT & Digital Investment	0	1,000	0	1,000	0	0	1,000
Customer Contact	134	75	0	209	0	(28)	181
Customer Contact	134	1,075	0	1,209	0	(28)	1,181
Legal & Governance	125	0	0	125	0	(125)	0

	31/03/21	Transfer	Transfer	31/03/22	Transfer	Transfer	31/03/23
	Balance	to	from	Balance	to	from	Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contingency & Budget Management	4,373	90	0	4,463	752	(1,078)	4,137
Cost and Inflationary Pressures	0	1,435	0	1,435	600	(713)	1,322
Placements Equalisation	0	1,000	0	1,000	0	(1,000)	0
Community Housing Scheme (Council Tax Premium)	648	472	0	1,120	677	0	1,797
National Eisteddfod 2020	170	0	0	170	0	(170)	0
Providing the Best Start in Life & Enabling Learning at All ages	5,437	535	(570)	5,402	0	(525)	4,877
Boosting the Economy, Supporting Businesses & Enabling Employment	4,510	2,995	(621)	6,884	1,204	(88)	8,000
Creating Caring & Healthy Communities	500	1,000	0	1,500	1,000	(198)	2,302
Creating Sustainable, Green & Well-connected Communities	4,450	500	0	4,950	0	(310)	4,640
Leadership Group	20,088	8,027	(1,191)	26,924	4,233	(4,082)	27,075
TOTAL EARMARKED RESERVES	38,533	17,181	(1,773)	53,941	4,880	(10,017)	48,804

The balance on the total Earmarked reserves decreased by £5,137k in 2022/23 and increased by £15,408k in 2021/22.

NOTES TO THE EARMARKED RESERVES

Delegated Schools Budgets

These reserves are ring-fenced and consist of the individual balances held for each Primary, Secondary and All through School in Ceredigion.

Corporate Capital

This reserve exists to provide funding for the Capital Programme and will be used for making a revenue contribution to current and future Capital Programmes.

Contingency (including COVID-19)

This reserve includes funding set aside to help mitigate and manage COVID-19 financial risks, as well as providing one-off or tapered funding relating to items treated corporately.

Investing in People's Future

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for the 21st Century Schools Capital Programme.

Boosting the Economy

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for the Council's Economic Strategy.

Promoting Environmental & Community Resilience

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for Coast Protection Capital schemes.

Other Reserves

All the other reserves are held by the respective services for the specific Purpose or Service named. They have been established from savings or underspends generated in past financial years and exist to meet one off non-recurring expenditure or to assist services in managing their budgets in any particular financial year on a one-off basis.

1.9 OTHER OPERATING EXPENDITURE

	2022/23	2021/22
	£'000	£'000
Community Council Precepts	1,257	1,183
Dyfed Powys Police Precept	9,303	8,793
Levies	4,205	4,072
Loss/(Gain) on the disposal of non-current assets	13	(659)
Total	<u>14,778</u>	<u>13,389</u>

1.10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23	2021/22
	£'000	£'000
Interest payable and other charges	4,994	5,725
Pensions interest cost and expected return on pensions assets	3,647	3,284
Interest receivable and similar income	(1,302)	(236)
(Surplus)/deficit on Trading Operations	49	128
Income and Expenditure in relation to Investment Properties	(815)	(847)
Changes to fair value on Investment Properties	(1,664)	(18)
Total	<u>4,909</u>	<u>8,036</u>

1.11 TAXATION AND NON SPECIFIC GRANT INCOME

	2022/23	2021/22
	£'000	£'000
Council tax income	58,029	56,605
Non domestic rates	27,082	25,064
Non-ringfenced government grants (RSG)	92,339	86,029
Capital grants and contributions	17,407	17,393
Total	<u>194,857</u>	<u>185,091</u>

Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands, based on estimated 1st April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for Ceredigion County Council, Town and Community Councils, and the Dyfed Powys Police Authority for the forthcoming year and dividing this amount by the Council Tax base.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts 32,063.08 for 2022/23 (31,911.26 for 2021/22).

Council Tax Base for Ceredigion County Council 2022/23

Tax Base (@ 97.5% collection rate)

<u>Band</u>	<u>Tax Base</u>
A*	2.30
A	982.47
B	3072.77
C	5708.29
D	6502.77
E	9491.04
F	4683.06
G	1414.98
H	159.90
I	45.50
Total Tax Base	32063.08

Analysis of the net proceeds from Council Tax:

	2022/23	2021/22
	£'000	£'000
Council Tax Collected	58,269	56,039
WG Hardship Claim	0	106
<i>Less:</i>		
(Increase)/Decrease Provision for Non-payment	(240)	460
Net Proceeds from Council Tax	<u>58,029</u>	<u>56,605</u>

The net proceeds can be analysed as follows:

	2022/23	2021/22
Ceredigion County Council	47,468	46,629
Precept for Dyfed Powys Police Authority	9,304	8,793
Precept for Town and Community Councils	1,257	1,183
	<u>58,029</u>	<u>56,605</u>

National Non-Domestic Rates (NNDR)

NNDR is operated on a national basis. The Welsh Government specifies an amount for the rate which was 53.5p in 2022/23 (53.5p in 2021/22), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government (WG). The WG redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population over 18 years old.

As at 31 March 2023 the rateable value was £56,692,847 (£56,060,088 as at 31 March 2022).

1.12 GRANT INCOME

Revenue Grants - Credited to Services:	Restated	
	2022/23	2021/22
	£'000	£'000
WG - COVID grants	808	7,667
WG - Post 16 Funding	3,757	3,773
WG - Regional Consortium Educational Improvement Grant	3,722	2,701
WG - Pupil Development Grant	1,685	1,550
WG - Local Authority Education Grant	3,473	5,463
WG - E-Ysgol	600	535
WG - Children & Communities Grant	2,530	2,210
WG - Housing Support Grant	3,852	3,847
WG - No one left out	592	0
WG - Sustainability Pressures Grant	1,030	1,145
WG - Social Care Recovery Fund	0	1,388
WG - LA Social Care Pressures Grant	0	1,145
WG - Health & Social Care Regional Intergration	1,742	0
WG - Sustainable Waste Management	522	732
WG - Concessionary Fares Grant	523	656
WG - Public Bus Services Grant	948	740
WG - Bus Services Support Grant	763	763
WG - Child Care	7,709	7,282
WG - Ramp up Funding	0	1,703
Social Care Wales - Workforce Development Programme	1,020	1,004
EU - Knowledge Transfer & Innovation Programme	545	480
DLUHC - Community Renewal Fund	2,258	100
DLUHC - Shared Prosperity Fund	522	0
Home Office - Refugee Programmes	994	163
DWP - Housing Benefit Subsidy & Admin Grants	13,654	14,313
Other Government Grants and contributions	8,552	9,053
Total Government Grants in Net Cost of Services	61,801	68,413

2021/22 Restated for additional information on grants disclosed in 2022/23.

Capital Grants and Contributions - Credited to Taxation and Non-Specific Grant Income:

	Restated	
	2022/23	2021/22
	£'000	£'000
WG - General Capital Grant	1,995	5,136
WG - Road Improvements	0	610
WG - Local Transport Network Fund	1,711	842
WG - Child Care	41	1,548
WG - 21st Century Schools	3,871	2,145
WG - Schools Additional Capital Works	1,140	1,188

WG - Free School Meals	798	570
WG - Land & Property Development	0	1,060
WG - Cardigan Mash Project	0	540
WG - Reducing Infant Class Sizes	909	0
WG - Lampeter HUB	1,057	63
Sports Wales - Stage 2 Bid Sports Wales	538	0
UK Govt - Levelling Up Projects	507	0
Other Grants	4,840	3,691
	17,407	17,393

2021/22 Restated for additional information on grants disclosed in 2022/23.

Additional Support funding

During the year, a range of support funding was provided for a number of different purposes including ongoing COVID-19 payments, Ukraine resettlement schemes and cost of living measures to support households.

The Council receives funding where it acts as a principal (acting on its own behalf) but also where it acts as an agent (acting as an intermediary). All funding received as a principal is included within the Statement of Accounts, whereas funding received as an agent is not.

The value of the additional funding streams received as an agent is summarised in the following tables:

Agency by Nature 2022/23

	Expenditure	Welsh Government Income
	£000	£000
Retail, Leisure and Hospitality Rates Relief Scheme	2,738	2,738
Social Care Workforce Payment Scheme	2,390	2,390
Self Isolation Grant	200	200
Statutory Sick Pay Enhancement Scheme - Social Care	49	49
Winter Fuel Support Scheme	1,509	1,509
Unpaid Carers Payment	352	352
Cost of Living Support	2,792	2,792
Ukraine resettlement schemes	157	157
Total	10,187	10,187

	Expenditure	Welsh Government Income
	£000	£000
Grants to Businesses	2,066	2,066
Retail, Leisure and Hospitality Rates Relief Scheme	8,636	8,636
Social Care Workforce Payment Scheme	1,561	1,561
Self Isolation Grant	886	886
Statutory Sick Pay Enhancement Scheme - Social Care	15	15
Flood Compensation Scheme (COVID-19)	576	576
Total	13,740	13,740

1.13 PROPERTY, PLANT AND EQUIPMENT**Movements in 2022/2023:**

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction (AUC) £'000	Total Property, Plant & Equipment £'000
Cost or Valuation						
At 31 March 2022	261,755	23,695	1,470	3,363	2,320	292,603
Additions	8,175	1,872	1	3	5,661	15,712
Revaluation increases/(decreases) in the Revaluation Reserve	27,496	0	0	(26)	0	27,470
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(9,393)	0	0	(135)	0	(9,528)
Derecognition-disposals	0	(1,686)	0	(737)	0	(2,423)
Derecognition-other	0	(132)	0	0	0	(132)
Assets reclassified (to) /from Held for Sale	0	(46)	0	0	0	(46)
Assets reclassified from AUC	1,586	0	0	0	(1,586)	0
Other movements	(948)	756	0	664	0	472
At 31 March 2023	288,671	24,459	1,471	3,132	6,395	324,128
Accumulated Depreciation and Impairment						
At 31 March 2022	(746)	(13,292)	0	(929)	0	(14,967)
Depreciation charge	(8,952)	(1,761)	0	(66)	0	(10,779)
Depreciation written out to the Surplus/Deficit on the Provision of Services	8,427	0	0	48	0	8,475
Impairment (losses)/reversals in the Revaluation Reserve	(317)	0	0	0	0	(317)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	24	0	0	0	(8)	16
Derecognition-disposals	0	1,371	0	658	0	2,029
Derecognition-other	0	73	0	0	0	73
Other movements	(21)	237	0	(180)	8	44
At 31 March 2023	(1,585)	(13,372)	0	(469)	0	(15,426)
Net Book Value						
At 31 March 2023	287,086	11,087	1,471	2,663	6,395	308,702
At 31 March 2022	261,009	10,403	1,470	2,434	2,320	277,636

Movements in 2021/22:

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction (AUC) £'000	Total Property, Plant & Equipment £'000
Cost or Valuation						
At 31 March 2021	237,131	24,641	1,469	4,006	1,325	268,572
Additions	5,840	963	2	0	1,941	8,746
Revaluation increases/(decreases) in the Revaluation Reserve	32,240	0	0	3	0	32,243
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(13,778)	(10)	0	(13)	(63)	(13,864)
Derecognition-disposals	(102)	(50)	0	(265)	0	(417)
Derecognition-other	(54)	(2,118)	0	(4)	0	(2,176)
Assets reclassified (to) /from Held for Sale	0	0	0	(500)	0	(500)
Assets reclassified from AUC	883	0	0	0	(883)	0
Other movements	(405)	269	(1)	136	0	(1)
At 31 March 2022	261,755	23,695	1,470	3,363	2,320	292,603
Accumulated Depreciation and Impairment						
At 31 March 2021	(8,843)	(13,796)	0	(899)	0	(23,538)
Depreciation charge	(7,196)	(1,724)	0	(79)	0	(8,999)
Depreciation written out to the Surplus/Deficit on the Provision of Services	14,417	10	0	29	0	14,456
Impairment (losses)/reversals in the Revaluation Reserve	(186)	(1)	0	0	0	(187)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	1,043	(5)	0	0	0	1,038
Derecognition-disposals	8	26	0	79	0	113
Derecognition-other	12	2,118	0	4	0	2,134
Other movements	(1)	80	0	(63)	0	16
At 31 March 2022	(746)	(13,292)	0	(929)	0	(14,967)
Net Book Value						
At 31 March 2022	261,009	10,403	1,470	2,434	2,320	277,636
At 31 March 2021	228,288	10,845	1,469	3,107	1,325	245,034

Depreciation

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

- Other Land and Buildings – 1-99 years
- Vehicles, Plant, Furniture and Equipment – 1-20 years
- Infrastructure – 10-99 years

Assets held under Finance Leases are depreciated on a straight line basis over the unexpired term of the existing lease.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value are revalued at least every five years with Investment Properties and County Farms considered annually. All property valuations are carried out internally by the Council's valuers who are Members of the Royal Institution of Chartered Surveyors. The assets revalued by the Council in 2022/23 were Car Parks and Miscellaneous Land Assets. All the remaining Council Buildings held on a Depreciated Replacement Cost (DRC) basis had their current valuations updated by an index based on appropriate figures taken from Building Cost Information Service (BCIS) data. The valuations for the remaining categories of assets were deemed sufficiently accurate by the valuers not to require any such indexation at the current time.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, referred to as the 'Red Book'. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:

- Historic cost is a reasonable proxy for fair value
- Vehicles, plant and equipment asset lives are based on the leasing periods the Council uses for vehicles or equipment of that specific type
- Residual values for vehicles, plant and equipment assets are 10% of the initial cost for vehicles and other equipment has no residual value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment:

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Surplus Assets £'000
Carried at historical cost:	592	24,459	594
Valued at fair value as at:			
31 March 2023	246,430	0	2,538
31 March 2022	8,969	0	0
31 March 2021	14,697	0	0
31 March 2020	16,226	0	0
31 March 2019	1,757	0	0
TOTAL	<u>288,671</u>	<u>24,459</u>	<u>3,132</u>

Reinforced Autoclaved Aerated Concrete (RAAC)

The Council has carried out the required inspections regarding RAAC and no evidence of RAAC has been found.

Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. There is no impact to any of the financial statements.

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

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

Infrastructure Assets with a net carrying amount of £138,885k were held as at 31 March 2023 (£135,946k as at 31 March 2022).

	2022/23	2021/22
	£'000	£'000
Net Book Value at 1 April	135,946	133,860
Additions	5,835	4,920
Derecognition - Disposals	0	0
Depreciation Charge	(2,888)	(2,825)
Impairment	(8)	(9)
Net Book Amount at 31 March	138,885	135,946

1.14 INVESTMENT PROPERTY

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2022/23	2021/22
	£'000	£'000
Balance at start of the year	17,368	16,912
Additions:		
Purchases	0	370
Subsequent expenditure	387	68
Net gains/(losses) from fair value investments	1,664	18
Transfers (to)/from Property, Plant and Equipment	(471)	0
Balance at the end of year	<u>18,948</u>	<u>17,368</u>

1.15 HERITAGE ASSETS

Cost or Valuation	Historic Land & Buildings	Museums	Artwork	Civic Regalia	Museum Exhibits	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000
1st April 2021	1,161	1,845	95	65	54	3,220
Additions	2	11	0	0	0	13
Revaluations	0	264	21	0	4	289
31st March 2022	1,163	2,120	116	65	58	3,522
Cost or Valuation						
1st April 2022	1,163	2,120	116	65	58	3,522
Additions	0	0	0	0	0	0
Revaluations	0	197	0	0	0	197
Impairment Losses/(Reversals) in Revaluation Reserve	0	(1)	0	0	0	(1)
31st March 2023	1,163	2,316	116	65	58	3,718

Further information on the Council's Heritage Assets is available in section 1.1 of the Notes to the Statement of the Accounts - part xii

1.16 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS**Fair Value Hierarchy**

Category / Sub Category	Level 1	Level 2	Level 3	Fair Value as at 31/03/2023
Assets Held for Sale	0	470	0	470
Corporate Estate	0	11,403	0	11,403
Empty Property	0	582	0	582
Investment Properties	0	5,003	0	5,003
Leased Property	0	177	0	177
Other Buildings	0	1,783	0	1,783
Surplus	0	2,643	20	2,663
	0	22,061	20	22,081

Category / Sub Category	Level 1	Level 2	Level 3	Fair Value as at 31/03/2022
Assets Held for Sale	0	720	0	720
Corporate Estate	0	10,729	0	10,729
Empty Property	0	542	0	542
Investment Properties	0	4,200	0	4,200
Leased Property	0	177	0	177
Other Buildings	0	1,720	0	1,720
Surplus	0	2,364	70	2,434
	0	20,452	70	20,522

Transfers between Levels of Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during 2022/23.

Valuation Techniques used to Determine level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for these assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The fair value of these assets has been based on the capitalised income received using the Council's own data, but also, where necessary, using a market approach using current market conditions of recent sales/lettings for similar assets in the local council area.

Highest and Best Use of the Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

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

Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	2022/23	2021/22
	£'000	£'000
Opening Balance	70	70
Transfers out of Level 3	(50)	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0
Closing Balance	<u>20</u>	<u>70</u>

Closing Balance

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Values Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Sub Category	As at 31/03/2023 £'000	Valuation technique used to measure fair value
Commercial	20	Valuation based on the market rent passing or terms agreed for the property
	<u>20</u>	

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuers work closely with finance officers reporting on a regular basis regarding all valuation matters.

1.17 LONG TERM DEBTORS

	2022/23	2021/22
	£'000	£'000
Adult Social Care	562	494
Housing	3,418	3,348
Other	115	119
	<u>4,095</u>	<u>3,961</u>

1.18 FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet:

	Long Term		Current	
	31/03/23	31/03/22	31/03/23	31/03/22
	£'000	£'000	£'000	£'000
Investments				
Loans and Receivables	0	0	11,626	18,006
Total Investments	<u>0</u>	<u>0</u>	<u>11,626</u>	<u>18,006</u>

	Long Term		Current	
	31/03/23	31/03/22	31/03/23	31/03/22
	£'000	£'000	£'000	£'000
Debtors				
Loans and Receivables	4,095	3,961	0	0
Financial Assets at amortised cost	0	0	33,027	33,016
Total Debtors	<u>4,095</u>	<u>3,961</u>	<u>33,027</u>	<u>33,016</u>

	Long Term		Current	
	31/03/23	31/03/22	31/03/23	31/03/22
	£'000	£'000	£'000	£'000
Borrowings				
Financial Liabilities at amortised cost	106,903	108,054	1,151	7,818
Total Borrowings	<u>106,903</u>	<u>108,054</u>	<u>1,151</u>	<u>7,818</u>

	Long Term	
	31/03/23	31/03/22
	£'000	£'000
Other Long Term Liabilities		
PFI and finance lease liabilities	5,272	5,450
Total Other Long Term Liabilities	<u>5,272</u>	<u>5,450</u>

	Long Term		Current	
	31/03/23	31/03/22	31/03/23	31/03/22
	£'000	£'000	£'000	£'000
Creditors				
Financial Liabilities at amortised cost	931	808	34,416	31,593
Total Creditors	<u>931</u>	<u>808</u>	<u>34,416</u>	<u>31,593</u>

Income, Expense, Gains and Losses

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

	2022/2023			2021/2022		
	Financial Liabilities at amortised cost	Financial Assets: Loans & Receivables	Total	Financial Liabilities at amortised cost	Financial Assets: Loans & Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	5,007	0	5,007	5,270	0	5,270
Fee expense	14	0	14	14	0	14
Total expense in Surplus/Deficit on the Provision of Services	5,021	0	5,021	5,284	0	5,284
Interest Income	0	(1,352)	(1,352)	0	(236)	(236)
Interest income accrued on impaired financial assets	0	0	0	0	0	0
Total income in Surplus/Deficit on the Provision of Services	0	(1,352)	(1,352)	0	(236)	(236)
Net (gain)/loss for the year	5,021	(1,352)	3,669	5,284	(236)	5,048

Fair values of Financial assets and liabilities that are not measured at Fair Value

The fair values calculated are as follows:

<u>Financial Liabilities</u>	31 March 2023		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities (All - Premature Repayment rates)	108,054	117,882	115,872	166,919
Financial Liabilities (All - New Loans rate)	108,054	105,025	115,872	145,911
Financial Liabilities (PWLB loans only - Premature Repayment rate)	101,176	111,105	108,993	156,253
Financial Liabilities (PWLB loans only - New Loans rate)	101,176	99,351	108,993	137,346

Valuation of PWLB loans: For loans from the PWLB, fair value estimates have been provided using both redemption and new borrowing (certainty rate) discount rates.

Valuation of non-PWLB loans: For non-PWLB loans, fair value estimates have been provided using both both premature redemption and new borrowing rates. In the absence of a substantial active market for new long term market loans, the rates used for new borrowing is based on discussions with possible market participants for new lending which suggested a proxy rate of Gilts plus 90 basis points. The rates used for premature redemption are

based on Gilts less 20 basis points. These rates provide a reasonable proxy for rates that a market participants appear to have used for early redemption costs for market loans.

The fair value estimates use the 'income approach', a valuation technique that converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount. The valuation basis adopted uses **Level 2 Inputs** - i.e. inputs other than quoted prices that are observable for the Financial Liability.

PWLB loans:

The commitment to pay interest above current market rates increases the amount that the Council would have to pay if PWLB requested or agreed to early repayment of the loans (Premature Repayment rate). The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB (New loans rate).

The following assumptions have been used in the fair value calculations:

- Accrued interest is included in the fair value calculation. This figure is calculated up to and including the valuation date.
- The discount rates were obtained from the market on 31 March 2023.

Other assumptions made about the fair values of financial assets and financial liabilities:

- the fair value of payables and receivables (Short Term Creditors and Debtors) is taken to be the invoiced or billed amount.
- the fair value of loans and receivables have been calculated and are not materially different to the carrying value.

1.19 CAPITAL COMMITMENTS

At 31 March 2023, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £2,139k (£5,612k as at 31 March 2022).

<u>2022/23</u>	£'000
Hafan Deg, Temple Terrace Lampeter	110
Cardigan Primary Renovation	769
Dyffryn Aeron - New Area School	84
Alterations and Extensions to Block 5 & 7 - Aberaeron Secondary School	287
Extension and Refurbishment Cardigan Secondary School	665
Lampeter Leisure & Wellbeing Centre	126
Artificial Sports Pitches Lampeter	98
Total	<u>2,139</u>
<u>2021/22</u>	£'000
B4333 Lloyds Terrace, Newcastle Emlyn	305
B4570 Teforgan, Llangoedmor - Earthworks	4
County Road Resurfacing Phase 4	846
Aberaeron Secondary School - Canolfan y Môr Extension	1,313
Cardigan Secondary School - Extension & Refurbishment	3,144
Total	<u>5,612</u>

1.20 CAPITALISATION DIRECTION**LOCAL GOVERNMENT ACT 2003 SECTIONS 16(2)(b) and 20: TREATMENT OF CERTAIN COSTS AS CAPITAL EXPENDITURE**

The Council has used flexibility in the use of capital receipts under guidance and direction issued by Welsh Government for 2022/23. This has enabled the Council to capitalise certain qualifying revenue expenditure. The following projects have made use of the guidance and direction:

Project	Expenditure incurred in year £'000	Expenditure Capitalised and funded through Receipts £'000
Through Age & Wellbeing Model Transformation	213	213

The benefits of the new cross service operating model are outlined in the 2021-2027 Through Age & Wellbeing Strategy approved by Full Council on 21/10/21.

1.21 DEBTORS

	31/03/23 £'000	31/03/22 £'000
Central Government Bodies	19,623	20,158
Other Local Authorities	2,253	3,714
NHS Bodies	3,424	4,420
Other entities and individuals	14,550	11,814
Impairment Allowance	<u>(3,659)</u>	<u>(3,446)</u>
Total	<u>36,191</u>	<u>36,660</u>

1.22 CASH AND CASH EQUIVALENTS

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

	31/03/23 £'000	31/03/22 £'000
Cash held by the Council	36	36
Bank current accounts	(2,016)	(5,036)
Short-term deposits with banks/building societies/other financial institutions	<u>27,224</u>	<u>37,498</u>
Total Cash and Cash Equivalents	<u>25,244</u>	<u>32,498</u>

1.23 CREDITORS

	31/03/23 £'000	31/03/22 £'000
Central Government Bodies	5,429	7,369
Other Local Authorities	3,925	2,143
NHS Bodies	277	552
Other entities and individuals	<u>25,382</u>	<u>22,051</u>
Total	<u>35,013</u>	<u>32,115</u>

1.24 BORROWING

The Council's long term borrowing is mainly from the Public Works Loan Board (PWLB) with some borrowing from other institutions that was inherited from the former Dyfed County Council. The loans are analysed by maturity with the interest rates ranging between 1.73% and 9.875%.

An analysis of loans by maturity:

	31/03/23	31/03/23	31/03/23	31/03/22	31/03/22	31/03/22
	PWLB	OTHER	TOTAL	PWLB	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Maturing withing one year	1,151	0	1,151	7,818	0	7,818
Long Term Borrowing						
Maturing in 1 - 2 years	4,214	0	4,214	1,151	0	1,151
Maturing in 2 - 5 years	5,805	80	5,885	8,718	80	8,798
Maturing in 5 - 10 years	18,538	556	19,094	13,352	556	13,908
Maturing in 10 - 15 years	19,381	250	19,631	16,163	250	16,413
Maturing in 15 - 20 years	7,623	0	7,623	17,138	0	17,138
Maturing in 20 - 25 years	11,396	0	11,396	11,586	0	11,586
Maturing in 25 - 30 years	9,300	0	9,300	3,800	0	3,800
Maturing in 30 - 35 years	16,000	0	16,000	13,500	0	13,500
Maturing in 35 - 40 years	8,000	0	8,000	16,000	0	16,000
Maturing in 40 - 45 years	0	5,760	5,760	0	5,760	5,760
45+ years	0	0	0	0	0	0
Total Long Term Borrowing	100,257	6,646	106,903	101,408	6,646	108,054

Loan Restructuring

No loan restructuring was carried out during 2022/23.

Welsh Government Grants to be repaid in future years

The Council did not receive any further loans from Welsh Government during 2022/23. From loans received in previous years there remains a balance of £886k across two schemes to be repaid in the future. Although these have been called grants, they have been treated as loans within the Balance Sheet due to the need to pay them back within 5-15 years. These loans are included in the Other columns in the table above.

1.25 OTHER LONG TERM LIABILITIES

	31/03/23	31/03/22
	£'000	£'000
Ysgol Gyfun Penweddig PFI Liability	3,010	3,517
Pension Liability	0	139,579
Finance Lease Liability	482	468
MRP writedown adjustment	1,780	1,465
Total	5,272	145,029

1.26 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 17 and Note 1.8.

1.27 UNUSABLE RESERVES

	31/03/23	31/03/22
	£'000	£'000
Revaluation Reserve	153,643	131,592
Capital Adjustment Account	178,938	166,159
Financial Instruments Adjustment Account	618	625
Pensions Reserve	45,020	(139,579)
Deferred Capital Receipts Reserve	3,515	3,426
Accumulated Absences Account	(4,073)	(4,047)
Total Unusable Reserves	<u>377,661</u>	<u>158,176</u>

The following are an analysis of the most significant Unusable Reserves:

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 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.

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	131,592	103,149
Upward revaluation of assets	30,783	34,296
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(3,436)	(2,040)
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>27,347</u>	<u>32,256</u>
Difference between fair value depreciation and historical cost depreciation	<u>(5,081)</u>	<u>(3,718)</u>
Accumulated gains on assets sold or scrapped	<u>(215)</u>	<u>(95)</u>
Amount written off to the Capital Adjustment Account	<u>(5,296)</u>	<u>(3,813)</u>
Balance at 31 March	<u>153,643</u>	<u>131,592</u>

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 contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 1.7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	166,159	157,781
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(13,785)	(11,954)
Revaluation losses on Property, Plant and Equipment	(1,113)	2,008
Revenue expenditure funded from capital under statute	(1,217)	(1,082)
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	(452)	(347)
	<u>(16,567)</u>	<u>(11,375)</u>
Adjusting amounts written out of the Revaluation Reserve	5,296	3,813
Net written out amount of the cost of non-current Assets consumed in the year	<u>(11,271)</u>	<u>(7,562)</u>
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	673	369
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	14,677	12,723
Application of grants to capital financing from the Capital Grants Unapplied Account	4,518	1,185
Statutory provision for the financing of capital Investment charged against the General Fund	1,537	1,518
Capital expenditure charged against the General Fund	981	127
	<u>22,386</u>	<u>15,922</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,664	18
Balance at 31 March	<u>178,938</u>	<u>166,159</u>

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.

	31/03/23	31/03/22
	£'000	£'000
Balance at 1 April	(139,579)	(160,825)
Reversing out IAS19 items	(28,713)	(26,484)
Remeasurements	203,614	38,833
Pension Costs payable	9,698	8,897
Balance at 31 March	<u>45,020</u>	<u>(139,579)</u>

Deferred Capital Receipts

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 arrangement, 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.

	31/03/23	31/03/22
	£'000	£'000
Low Cost Home Ownership Scheme	349	362
WG Houses into Home loans	291	341
HILS/H2H Capital Loans Deferred	300	332
Planning Permissions Commuted	2,137	2,049
Emergency Repair loans	373	276
Other Deferred Capital Receipts	65	66
Balance at 31 March	<u>3,515</u>	<u>3,426</u>

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, e.g. annual leave carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	(4,047)	(3,500)
Settlement or cancellation of accrual made at the end of the preceding year	4,047	3,500
Amounts accrued at the end of the current year	<u>(4,073)</u>	<u>(4,047)</u>
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	(26)	(547)
Balance at 31 March	<u>(4,073)</u>	<u>(4,047)</u>

1.28 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2022/23	2021/22
	£'000	£'000
Interest Paid	(2,517)	(5,095)
Interest Received	1,371	213

1.29 MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Details of individual payments, as required by The Local Authorities (Allowances for Members of County and County Borough and National Park Authorities) (Wales) Regulations 2002 are published in the local press.

	2022/23	2021/22
	£'000	£'000
Salaries	890	826
Expenses	<u>4</u>	<u>0</u>
Total	<u>894</u>	<u>826</u>

1.30 OFFICERS' REMUNERATION

- The multiple between the median full time equivalent earnings and the Chief Executives' maximum salary is **1:5.4** (2021/22: 1:6.1)
- The average full time equivalent earnings of the Chief Executive is **£133,985** (2021/22: £132,060)
- The median full time equivalent earnings of all the Council's employees is **£24,948** (2021/22: £21,695)

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

Senior Officers Emoluments - Salary between £60,000 and £150,000

2022/23

Post Holder Information (Post Title)	Salary (inc. Fees & Allowances) £	Returning Officer/Election Related Payments	Compensation for loss of employment	Pension Contributions Employers £	Total Remuneration Including Pension Contributions £
Chief Executive	133,985	4,591	0	21,884	160,460
Corporate Director	107,572	4,294	0	16,996	128,862
Corporate Director	102,347	0	0	16,171	118,518
Corporate Lead Officer: Schools	87,115	612	0	13,764	101,491
Corporate Lead Officer: Democratic Services	80,275	4,489	0	12,683	97,447
Corporate Lead Officer: Customer Contact (1)	82,249	0	0	12,683	94,932
Corporate Lead Officer: Porth Cymorth Cynnar	80,275	719	0	12,683	93,677
Corporate Lead Officer: Legal & Governance Services	80,275	655	0	12,683	93,613
Corporate Lead Officer: Highways & Environmental Services	80,275	502	0	12,683	93,460
Corporate Lead Officer: Policy & Performance	80,275	350	0	12,683	93,308
Corporate Lead Officer: Economy & Regeneration	80,275	319	0	12,683	93,277
Corporate Lead Officer: Porth Gofal	80,275	0	0	12,683	92,958
Corporate Lead Officer: People & Organisation	78,573	276	0	12,415	91,264
Corporate Lead Officer: Porth Cynnal (2)	61,454	0	0	8,281	69,735
Corporate Lead Officer: Finance & Procurement (S151) (3)	47,820	0	0	7,480	55,300
Corporate Lead Officer: Finance & Procurement (S151) (3)	36,298	0	0	5,735	42,033

No benefits in kind were paid to senior officers.

- 1) The Corporate Lead Officer: Customer Contact retired on 31st March 2023.
- 2) The Corporate Lead Officer: Porth Cynnal retired on 11th November 2022. An Interim Corporate Lead Officer was appointed and commenced the post on 1st November 2022. The Interim Corporate Lead Officer is engaged via an agency, the cost incurred for 2022/23 was £71,968.30.
- 3) The Corporate Lead Officer: Finance & Procurement (S151) retired on 31st August 2022, a new Corporate Lead Officer: Finance & Procurement (S151) was appointed and commenced the post on 1st September 2022.

**Senior Officers Emoluments - Salary between £60,000 and £150,000
2021/22 (RESTATED)**

Post Holder Information (Post Title)	Salary (inc. Fees & Allowances) £	Returning Officer/Election Related Payments	Compensation for loss of employment	Pension Contributions Employers £	Total Remuneration Including Pension Contributions £
Chief Executive	132,060	9,974	0	21,658	163,692
Corporate Director	105,647	5,063	0	16,692	127,402
Corporate Lead Officer: Schools	85,190	722	0	13,460	99,372
Corporate Lead Officer: Finance & Procurement (S151)	85,190	322	0	13,460	98,972
Corporate Lead Officer: Democratic Services	78,350	6,905	0	12,379	97,634
Corporate Lead Officer: Porth Cynnal (1)	82,489	0	0	13,033	95,522
Corporate Lead Officer: Legal & Governance Services	78,350	1,218	0	12,379	91,947
Corporate Lead Officer: Porth Cymorth Cynnar	78,350	408	0	12,379	91,137
Corporate Lead Officer: Policy & Performance	78,350	386	0	12,379	91,115
Corporate Lead Officer: Customer Contact	78,350	381	0	12,379	91,110
Corporate Lead Officer: Highways & Environmental Services	78,350	367	0	12,379	91,096
Corporate Lead Officer: Economy & Regeneration	78,350	318	0	12,379	91,047
Corporate Lead Officer: Porth Gofal (1)	77,383	0	0	12,226	89,609
Corporate Lead Officer: People & Organisation (2)	74,519	403	0	11,774	86,696
Interim Corporate Director (3)	70,532	1,089	0	11,128	82,749
Corporate Director - Jan'22 onwards (4)	22,299	0	0	3,523	25,822

2021/22 restated to include Returning Officer/Election Related Payments.

No benefits in kind were paid to senior officers. Any mileage expenses paid were paid at HMRC rate.

- 1) Remuneration includes £735 in respect of the Welsh Government NHS and Social Care Financial Recognition Scheme.
- 2) Remuneration is that of the Interim Corporate Lead Officer: People & Organisation to 13th December 2021. The post of Corporate Lead Officer: People & Organisation was filled on 14th December 2021 by the Interim Corporate Lead Officer: People & Organisation.
- 3) The Interim Corporate Director retired on 13th December 2021.
- 4) Following the retirement of the Interim Corporate Director on 13th December 2021, a new Corporate Director was appointed and the post was filled on 10th January 2022.

The number of employees (not including the senior employees shown separately above) whose remuneration was £60,000 or more, in bands of £5,000 is shown below.

These amounts do not include any employer's pension contributions paid. They do however include amounts paid to or receivable by the employee for any

compensation for loss of employment (0 employees in 2022/23 and 3 employees in 2021/22).

Remuneration Band	2022/23	2022/23	Restated	2021/22
	No. of Employees	No. which Include Termination Payments	No. of Employees	No. which Include Termination Payments
£60,000 - £64,999	32	0	25	0
£65,000 - £69,999	10	0	9	1
£70,000 - £74,999	3	0	3	1
£75,000 - £79,999	2	0	2	1
£80,000 - £84,999	2	0	2	0
£85,000 - £89,999	1	0	3	0
£90,000 - £94,999	2	0	1	0
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	1	0	1	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	1	0	0	0
TOTAL	54	0	46	3

2021/22 restated to include employees employed on a temporary and/or part-time basis whose grossed up remuneration would otherwise exceed £60,000.

The Council terminated the contracts of a number of employees in 2022/23, incurring liabilities of £94k (£250k in 2021/22). The following payments comprising of statutory and voluntary redundancy costs, pension contributions in respect of added years and pension strain and other ex gratia payments.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total Number of exit packages		Total cost of exit packages in each band	
	2022/23 no.	2021/22 no.	2022/23 no.	2021/22 no.	2022/23 no.	2021/22 no.	2022/23 £'000	2021/22 £'000
£0 - £20,000	0	0	8	7	8	7	94	44
£20,001 - £40,000	0	0	0	2	0	2	0	66
£40,001 - £60,000	0	0	0	1	0	1	0	41
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	1	0	1	0	98
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	0	0	8	11	8	11	94	249
Add: Amounts provided for in Comprehensive Income & Expenditure Statement not included in bandings							0	1
Total cost included in the Comprehensive Income & Expenditure Statement							94	250

1.31 EXTERNAL AUDIT COSTS

The following fees relating to external audit and inspection for the 2022/23 financial year are payable by the Council:

	Proposed Fee	Estimated Fee
	2022/23	2021/22
	£'000	£'000
Financial Audit Work	183	159
Performance Audit Work	109	104
Grant Certification Work	27	25
Other Financial Audit Work:		
Ceredigion Harbour Authority	2	2
Growing Mid Wales	2	2
	323	292

1.32 RELATED PARTY TRANSACTIONS

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 effective control 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 (e.g. council tax bills, housing benefits).

Individual revenue and capital grants received from government departments are shown in note 1.12.

Members and Officers

The Council has arrangements in place requesting officers and members to identify and disclose related party transactions. There were no material related party transactions with officers during the year.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' salaries paid in 2022/23 is shown in Note 1.29. Under the Code of Conduct, Members are required to record in the Register of Members' Interests any financial and other personal interests. The Register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do not take part in any discussion or decision relating to grants made or works or services commissioned.

The following transactions related to elected members took place during the year 2022/23:

Related party	Relationship and transaction details	Amount £'000
Neuadd Pentre Aberporth Village Hall	One member is a trustee. Funding provided for various support schemes/projects including cost of living, food poverty, LEADER project and community grant for renovation	19
Llechryd Coracle Hall	One member is a trustee. Grant paid for LEADER project.	3
Theatr Mwldan	One member is a trustee. Support for the Arts and event partnership projects	79
D C Evans Plant Hire Ltd	One member is a company secretary. Payments for various highways works.	90
Cyngor Bopeth Ceredigion Citizens Advice Bureau	One member is a director. Payments made as part of Warm Homes Fund project	9
Borth Community Hub	One member is trustee and treasurer. Grants paid for various support schemes including cost of living, food poverty and activities for Ukrainian refugees	11
Cerbydau Cenarth Coaches	One member is a director. Payments for school transport.	592
Gwasanaeth Angladdau Lewis Funeral Services	One member is the owner. Payments for funeral costs where next of kin/executor not known.	18
Neuadd Goffa Talgarreg Memorial Hall	One member is a trustee. Grant paid for LEADER project	2
Total		823

1.33 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2022/23	2021/22
	£m	£m
Opening Capital Financing Requirement	137.6	138.4
Capital Investment:		
Property, Plant and Equipment	21.5	13.6
Investment Properties	0.4	0.4
Other	0.0	0.0
Revenue Expenditure Funded from Capital under Statute	1.2	1.1
Sources of Finance:		
Capital Receipts	(0.7)	(0.4)
Government grants and other contributions	(19.2)	(13.9)
Sums set aside from Revenue:		
Direct Revenue Contributions - General Fund	(1.0)	(0.1)
Minimum Revenue Provision	(1.5)	(1.5)
Closing Capital Financing Requirement	<u>138.3</u>	<u>137.6</u>
Explanation of Movements in year		
Increase in underlying need to borrow (supported)	1.2	(0.3)
Increase in underlying need to borrow (unsupported)	(0.4)	(0.3)
Assets acquired under PFI	(0.1)	(0.1)
Assets acquired under finance leases	0.0	(0.1)
Increase/(decrease) in Capital Financing Requirement	<u>0.7</u>	<u>(0.8)</u>

1.34 LEASES

Council as Lessee:

Finance Leases

The Council has acquired various buildings, photocopiers, printers, computers and other equipment under finance lease terms. They were carried in the Balance Sheet at the following values:

	31 March 2023	31 March 2022
	£'000	£'000
Vehicles, plant, furniture and equipment	132	108
Infrastructure	941	968

The Council is committed to making the following payments under these agreements:

	31 March 2023	31 March 2022
	£'000	£'000
Finance Lease Liabilities (NPV on minimum payments):		
- Current	76	110
- Non-current	482	468
Finance costs payable in future years	(64)	(77)
Minimum lease payments	<u>494</u>	<u>501</u>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
Not later than one year	78	100	76	110
Later than one year and not later than five years	100	77	123	96
Later than five years	316	324	359	372
Minimum lease payments	494	501	558	578

Operating Leases

The Council has acquired refuse lorries, vans, minibuses, photocopiers, computers and various other equipment under operating lease terms. The Council is committed to making the following payments under these agreements:

	31 March 2023	31 March 2022
	£'000	£'000
Not later than one year	53	141
Later than one year and not later than five years	90	67
Later than five years	0	0
Minimum lease payments	143	208

Council as Lessor:

Operating Leases

The Council has leased out its Corporate Estate properties under operating lease terms.

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

	31 March 2023	Restated 31 March 2022
	£'000	£'000
Not later than one year	715	626
Later than one year and not later than five years	2,541	2,167
Later than five years	26,862	25,685
Minimum lease payments	30,118	28,478

2021/22 restated due to errors identified during 2023.

1.35 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Ysgol Gyfun Penweddig PFI Scheme

2022/23 was the twenty third year of a 30 year PFI contract for the construction, maintenance and operation of Ysgol Gyfun Penweddig in Aberystwyth. The PFI contract agreement covers the following operating specifications:

- Facilities Management – to ensure that the site and buildings are available during school days, office days and for community use at agreed times and periods;
- Building and Engineering Maintenance – to maintain the school buildings, facilities and equipment in good working order;
- Grounds Maintenance – to ensure that the school grounds are kept in a safe, pleasant, functional and operational condition;

- IT Network Maintenance – to maintain the school’s main ICT infrastructure and the telephone system;
- Cleaning – to provide a cleaning service that will ensure that the school operates within a clean environment; and
- Catering Service – to provide meals of high nutritional standards delivered in accordance with the needs of the school.

The agreement specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the school and maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the school. The building and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council has rights under the PFI agreement to terminate the agreement if the Provider defaults as stipulated within the agreement. The Council, in the event of such termination, will be liable to pay compensation to the Provider in accordance with Part II of Schedule 3 of the PFI Agreement.

Property Plant and Equipment

The asset is recognised on the Council’s Balance Sheet. Movements in its value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 1.13. The carrying value of Ysgol Gyfun Penweddig is £23,885k.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2023 (excluding any estimation of inflation and availability/performance deductions) are as follows:

<u>Payments due to be made:</u>	Payment for	Reimbursement	Interest	Total
	Services	of Capital Exp		
	£'000	£'000	£'000	£'000
within 1 year	656	507	326	1,489
within 2 to 5 years	3,025	2,097	821	5,943
within 6 to 10 years	2,066	913	141	3,120
	5,747	3,517	1,288	10,552

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is as follows:

Value of Liabilities at Balance Sheet Date

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	3,959	4,263
Repayment of Principal	(442)	(304)
Balance at 31 March	3,517	3,959
Long term	3,010	3,517

1.36 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita. 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, a notional fund is used 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 purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £6.5m (£6.1m in 2021/22) to the Department for Education and Skills in respect of teachers' pension costs, which represents 23.68% of teachers' pensionable pay for 2022/23 (23.68% of teachers' pensionable pay for 2021/22). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2022/23, £391,794 (£398,069 in 2021/22) was paid to the Teachers' Pension Fund, either directly or via Carmarthenshire County Council (in respect of the Council's share of the former Dyfed County Council's costs relating to the premature retirement of teachers). Also, the Council made payments of £392,022 in 2022/23 (£383,139 in 2021/22) directly to teachers who have retired prematurely since 1 April 1996. The capitalised value of the above payments is £7.05m and £7.06m respectively.

1.37 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Carmarthenshire County Council – 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. The estimated employer contributions for 2023/24 are £8,746k and this is based on contribution rates set per the 2022 Actuarial Valuation.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits 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 the Council is 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

	2022/23 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
- current service cost	24,969	23,103
- past service cost	0	0
- (gain)/loss from settlements/curtailments	97	97
Financing and Investment Income and Expenditure:		
- net interest cost	3,647	3,284
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	28,713	26,484
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	27,853	(23,896)
- Actuarial gains and losses arising on changes in demographic assumptions	(18,131)	(4,982)
- Actuarial gains and losses arising on changes in financial assumptions	(265,664)	(11,629)
- Experience (gain)/loss	52,328	1,674
	(203,614)	(38,833)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(174,901)	(12,349)
Movement in Reserves Statement:		
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	28,713	(26,484)
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers' contributions payable to scheme	9,698	8,897

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 benefit plans is as follows:

	2022/23 £'000	2021/22 £'000
Present value of the defined benefit obligation	447,258	646,303
Fair value of plan assets	(492,278)	(506,724)
Net (asset)/liability arising from defined benefit obligation	(45,020)	139,579

The Pension amount has moved from a liability to an asset in the Balance sheet (from a deficit to a surplus), this is largely due to the fact that the present value of the defined benefit obligation has significantly reduced due to an increase in the discount rate from 2.8% to 4.8%.

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

	All Benefits		Unfunded Benefits	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Opening fair value of scheme assets	506,724	474,566	0	0
Interest income	14,305	9,950	0	0
Remeasurement gain/(loss):				
- The return on plan assets, excluding the amount included in the net interest expense	(27,853)	23,896	0	0
Contributions from employer	9,698	8,897	352	360
Contributions from employees into the scheme	3,749	3,379	0	0
Benefits paid	(14,113)	(13,751)	(352)	(360)
Other	(232)	(213)	0	0
Closing fair value of scheme assets	492,278	506,724	0	0

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

	All Liabilities		Unfunded Liabilities	
	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000
Opening balance at 1 April	646,303	635,391	4,809	5,142
Current service cost	24,737	22,890	0	0
Interest cost	17,952	13,234	129	104
Contributions from scheme participants	3,749	3,379	0	0
Remeasurement (gains) and losses:				
- Experience (gains)/losses	52,328	1,674	208	14
- Actuarial (gains)/losses arising from changes in financial assumptions	(265,664)	(11,629)	(1,139)	(55)
- Actuarial (gains)/losses arising from changes in demographic assumptions	(18,131)	(4,982)	(123)	(36)
Past service cost	0	0	0	0
Losses/(gains) on curtailment	97	97	0	0
Benefits paid	(14,113)	(13,751)	(352)	(360)
Closing balance at 31 March	447,258	646,303	3,532	4,809

Local Government Pension Scheme assets comprised:

		Fair value of scheme assets		
		Quoted	2022/23	2021/22
		(Y/N)	£'000	£'000
Equities:	UK	Y	93,928	94,859
	Global	Y	201,096	157,591
	US	Y	0	33,140
	Canada	Y	0	2,230
	Japan	Y	17,377	19,458
	Pacific	N	0	811
	Emerging Markets	N	39,678	39,930
	European ex UK	Y	14,128	18,191
Sub-total equities			366,207	366,210
Bonds:	UK Government Indexed	Y	2,658	6,739
	Other Class 1	Y	34,853	40,234
Sub-total bonds			37,511	46,973
Property:	Property Funds	N	66,211	66,229
Sub-total property			66,211	66,229
Alternatives: Class 1		Y	18,805	18,698
Sub-total alternatives			18,805	18,698
Cash:	Cash accounts	Y	3,544	8,614
Sub-total cash			3,544	8,614
Total assets			492,278	506,724
Split of assets between investment categories				
			2022/23	2021/22
Equities			74.39%	72.27%
Bonds			7.62%	9.27%
Property			13.45%	13.07%
Alternatives			3.82%	3.69%
Cash			0.72%	1.70%

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 is dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the Fund being based on the last actuarial valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary have been:

	31 March 23	31 March 22
Duration information as at the end of the accounting period:		
Estimated Macaulay duration of liabilities	18 years	18 years
Duration profile used to determine assumptions	Very Mature	Very Mature
Financial assumptions:		
- Rate of CPI Inflation/CARE benefits revaluation	2.70%	3.30%
- Rate of increase in salaries	4.20%	4.80%
- Rate of increase in pensions in payment/deferment	2.80%	3.40%
- Discount rate	4.80%	2.80%
Post retirement mortality assumptions (normal health):		
- Non-retired members	S3PA CMI_2021_[1.5%] (110% males, 100% females)	S3PA CMI_2021_[1.75%] (100% males, 91% females)
- Retired members	S3PA CMI_2021_[1.5%] (107% males, 101% females)	S3PA CMI_2021_[1.75%] (94% males, 92% females)
Life expectancy of a male (female):		
- future pensioner aged 65 in 20 years' time	23.3 (26) years	24.4 (27.1) years
- current pensioner aged 65	21.9 (24.1) years	23 (24.9) years

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis as at 31 March 2023

Disclosure item	Central £'000	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+ 0.5% p.a. discount rate £'000	+ 0.25% p.a. inflation £'000	+ 0.25% p.a. pay growth £'000	1 year increase in life expectancy £'000
Liabilities	447,258	410,828	466,990	450,173	456,335
Assets	(492,278)	(492,278)	(492,278)	(492,278)	(492,278)
Deficit/(Surplus)	(45,020)	(81,450)	(25,288)	(42,105)	(35,943)
Projected Service Cost for next year	10,662	9,144	11,543	10,662	10,922
Projected Net Interest Cost for next year	(2,371)	(4,549)	(1,415)	(2,222)	(1,927)

Sensitivity 5		
+/- 1% change in Investment returns		
	+1%	-1%
	£'000	£'000
Liabilities	447,258	447,258
Assets	(497,242)	(487,314)
Deficit/(Surplus)	(49,984)	(40,056)
Projected Service Cost for next year	10,662	10,662
Projected Net Interest Cost for next year	(2,609)	(2,133)

Risks associated with the Pension Fund

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

1.38 DISCLOSURE OF NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's treasury management activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity and Re-financing 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 and stock market movements.

Treasury Management is carried out by a central Treasury team supported by an external advisor – Link Asset Services Ltd. Treasury Management is defined as '*The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks*'.

The Local Government Act 2003 requires the Council to set out its Treasury Management Strategy, which is approved annually by Full Council. Guidance exists in the form of a CIPFA Treasury Management code of practice. The Council's Treasury Management Strategy sets out the Council's policies for managing its investments and debt and for giving priority to the security and liquidity of those investments.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they have a credit rating.

All credit ratings are monitored via a creditworthiness service which provides online information together with weekly credit rating lists provided by Link Asset Services. This utilises credit ratings from all 3 credit rating agencies (Fitch, Moodys and Standards & Poors) and also factors in credit default swaps data where this exists in the markets. The Council is notified electronically every time a change occurs to the rating of an institution that is on

the approved list. If a counterparty or investment scheme is down-graded with the result that it no longer meets the Council's minimum credit criteria, the use of that counterparty/investment scheme will be withdrawn with immediate effect.

The credit criteria in respect of financial assets held by the Council as at 31st March 2023 are detailed below:

Financial Category	Asset	Criteria	Maximum Individual Investment held as at 31/03/23	Total Investments held as at 31/03/23
Deposits with UK Government Debt Management Office		Not credit rated	£4.0m	£22.2m
Deposits with Banks / Building Societies		Minimum rating: Long Term A- Short Term F1	£4.0m	£16.5m

The Council has an investment schedule which is approved by Full Council as part of the annual Treasury Management Strategy. This list shows:

- the categories of investment that are allowed and who is authorised to invest in each category (e.g. in house officers, external fund managers);
- the minimum credit rating criteria required for each type of investment;
- the maximum value of funds that can be invested with each individual counterparty;
- the maximum value of funds that can be invested for each category of investment;
- the maximum duration allowed for each type of investment;
- the upper limit for investments of greater than 364 days' duration.

This schedule is reviewed regularly and updated in line with latest credit ratings and market conditions.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default.

	Amount at 31 March 2023 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
<u>Deposits with Banks & Financial institutions</u>			
Fixed Term deposits with UK DMO	22,200	0.00%	0
A rated counterparties	16,454	0.05%	8
	<u>38,654</u>		<u>8</u>

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Management Strategy report.

The financial services sector continues to face much uncertainty and challenges. The Council continues to closely monitor the credit ratings of institutions on its approved counterparty list. Any counterparty that is downgraded resulting that it no longer meets the Council's minimum credit criteria, will with immediate effect be withdrawn from the approved counterparty list.

Liquidity and Re-financing Risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will need to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To this end the debt maturity profile is a key consideration when undertaking new borrowing or the restructuring of existing borrowing.

The maturity analysis of the Council's external debt as at 31/03/2023 is:

	£'000
Less than one year	1,151
Between 1 and 2 years	4,214
Between 2 and 5 years	5,885
Between 5 and 10 years	19,094
10 years and above	77,710
	<u>108,054</u>

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

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

Borrowings are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound.

The main strategy the Council adopts to manage interest rate risk is to manage the core balance and cashflow requirements, making longer investments where surplus funds allow, whilst at the same time recognising the financing requirements within the Council's 3 year capital Programme and undertaking new long term borrowing whilst interest rates are still generally at historic lows.

For 2022/23 the Council's investment portfolio (excluding accrued interest) began the year at £55.5m and ended the year at £38.7m. The debt portfolio (excluding accrued interest) began the year at £115.6m and ended the year at £108.1m.

An assessment of the latest interest rate position and future forecasts feeds into the setting of the annual budget. This is also used to monitor and project a budget outturn position regularly during the year. This allows any adverse changes to be taken into account. Interest rate forecasts are received from independent forecasters via the Council's external treasury advisors. This not only influences borrowing strategies but also investment timescales and the overall balance of the investment and borrowing portfolios.

At 31/03/2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in Interest Receivable on variable rate investments	9
Total impact on Income and Expenditure Account	9

Fair Value Impact	£'000
Decrease in fair value of fixed rate borrowings	11,303

The Fair Value of Fixed Rate investments and the difference to their carrying value is not material. The Council also does not have any variable rate borrowing liabilities.

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

Investment returns for 2022/23 have increased significantly due to interest rates rises through the year (2022/23: £1,148k 2021/22: £60k).

Price Risk

The Council no longer uses an external fund manager, therefore the investments it places are currently based on fixed interest rates. The Council is therefore not currently exposed to losses arising from movements in the prices of traded items e.g. shares, gilts, certificates of deposits.

Foreign Exchange Risk

The Council does not have any financial assets or liabilities denominated in foreign currencies and therefore does not have an exposure to loss arising from movements in exchange rates.

1.39 CONTINGENT LIABILITIES

Municipal Mutual Insurance

The former Council's insurers prior to 1996 were Municipal Mutual Insurance (MMI), who ceased writing insurance business on 30 September 1992. In order to ensure an orderly run-off, a Scheme of Arrangement (Scheme) was put in place that became effective on 21 January 1994. The directors of MMI triggered the Scheme on 13 November 2012, after it became clear that a solvent run-off was not able to be achieved. Ernst and Young were appointed as the Scheme administrators and set an initial levy rate of 15%, an amount of £30K, which was paid by the Council in 2013/14. In 2015/16, the Council was notified that the levy rate was being increased to 25% and so a further amount of £20k was paid. The Scheme requires the largest insurance creditors (Scheme Creditors) of MMI to accept partial payment of claims (past as well as future). The maximum amount of clawback that can be made due to any future levies is £174k provided that there are no further claims by Ceredigion against the Scheme, which is not expected.

Water Rates Legal Case

The Council transferred its housing stock to Tai Ceredigion in 2009, prior to that water rates were collected on behalf of Dwr Cymru from tenants as part of their rent. In return for this service the Council received a commission. This arrangement has been called in to question in the case *Kim Jones v London Borough of Southwark [2016] EWHC 457*. The court ruled that the defendant was acting as a water supplier and not as an agent of the water supplier in collecting water rates as part of rent. This ruling has potential financial implications in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates.

Human Rights Act (1998)

The Council currently has on-going cases where it is alleged the Council has breached the claimant's human rights under the Human Rights Act (1998). These cases are at the early stages where the exact nature of the allegations being made and the potential liability to the Council have yet to be established.

Loss of Earnings

Further to a previous court case, the Council has received a pre-action letter of claim for loss of earnings in the amount of £540k. The Council is currently consulting legal counsel on the matter.

CONTINGENT ASSETS**Grant claim**

A final grant claim for a programme has been submitted which includes an amount of £763k for work undertaken which previously had been considered as ineligible. The Welsh Government have indicated that they will consider the claim but there is no certainty that they will fund all or part of this amount.

1.40 JOINT COMMITTEES**Growing Mid Wales Board**

The Council and Powys County Council are members of the Growing Mid Wales Board which was established in 2020/21. The Board provides leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. A separate annual return has been produced for the Board. The only figures relating to Growing Mid Wales which are included in this Statement of Accounts is the Council's contribution towards the Board which is £30,590 for 2022/23 (£105,647 for 2021/22).

1.41 CORPORATE JOINT COMMITTEES**Mid Wales Corporate Joint Committee (MWCJC)**

The Council, Powys County Council and Brecon Beacons National Park are members of the MWCJC which was established in 2021/22. The Committee is tasked with the development of regional transport, strategic development plans and improving economic wellbeing. A separate annual return has been produced for the MWCJC. The only figures relating to the MWCJC which are included in this Statement of Accounts is the Council's contribution which is £78,283 for 2022/23 (nil for 2021/22) and income received of £6,005 in relation to services provided by the Council (nil for 2021/22).

1.42 POST BALANCE SHEET EVENTS AND AUTHORISATION OF ACCOUNTS FOR ISSUE

There are no post balance sheet events for 2022/23.

The Statement of Accounts is authorised for issue by the Corporate Lead Officer: Finance & Procurement on 06 February 2024.

ANNUAL GOVERNANCE STATEMENT

1 EXECUTIVE SUMMARY

Ceredigion County Council ('the Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council is also committed to improving the social, economic, environmental and cultural wellbeing of its citizens. This commitment is set out in the Council's Corporate Strategy 2022-2027 and describes how the council will meet the challenges ahead and make the most of opportunities. The Council's vision for this period is that the Council '*delivers value for money, sustainable bilingual public services, that support a strong economy and healthy environment, while promoting well-being in our people and our communities*' and is to be achieved by fulfilling the Corporate Priorities, which are:

1. Boosting the Economy, Supporting Businesses and Enabling Employment;
2. Creating Caring and Healthy Communities;
3. Providing the Best Start in Life and Enabling Learning at All Ages; and
4. Creating Sustainable, Greener and Well-Connected Communities.

To be successful the council must have a solid foundation of good governance and sound financial management. The Council's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code is supported by a Governance Assurance Framework that sets out what assurances the Council seeks to obtain, and how this will be done.

A copy of the Council's Local Code of Corporate Governance and Annual Governance Statement is available on the Council's website at <https://www.ceredigion.gov.uk/your-council/councillors-committees/annual-governance-statement/>.

The Council also has a duty under the Local Government (Wales) Measure 2009 to arrange to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council must ensure proper arrangements for the governance of its affairs are in place, facilitating the effective exercise of its functions, and which includes the arrangements for the management of risk. The Local Government and Elections (Wales) Act 2021 is in force and the Council has taken the necessary steps to ensure compliance.

A Governance Framework was developed in 2010 and has been revised in accordance with the CIFA/SOLACE Delivering Good Governance in Local Government Framework 2016. The framework is used to review the governance arrangements on an annual basis.

The Well-being of Future Generations (Wales) Act 2015 also introduces new governance arrangements for public services in Wales. Public bodies are required to carry out sustainable development. It places a well-being duty on public bodies to set and publish well-being objectives designed to maximise their contribution to the seven national well-being goals. They are also expected to take all reasonable steps towards achieving their objectives.

Following the review and in accordance with the requirements of the Framework a Local Code of Corporate Governance is in place and has been reviewed for 2023-24.

The Local Code of Corporate Governance brings together in one document all the governance and accountability arrangements the Council has in place. The Code is based on best practice guidance set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The Council's Governance Framework is based on the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) and the following seven principles:

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

B: Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

The Council is required, each year, to produce an Annual Governance Statement ('AGS') (this document), which explains how the Council has complied with the seven core principles and sub-principles contained in its Governance Framework and the Local Code of Corporate Governance, and also meets the requirement of The Accounts and Audit (Wales) Regulations 2014. This AGS gives assurances on compliance for the year ending 31 March 2023 and up to the date of approval of the Statement of Accounts. The review confirmed that the Council's governance arrangements are effective and fit for purpose.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this AGS, and to further enhance the Council's governance arrangements.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and the Audit Committee and are satisfied that the steps outlined in this AGS will address the areas for improvement.

Signed on behalf of **Ceredigion County Council**

Leader of the Council
Date: 06/02/2024

Chief Executive
Date: 06/02/2024

2 Assessment of the effectiveness of key elements of the Governance Framework

The Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.

The Leader of the Council provides clear strategic direction and the Constitution clearly defines the roles of Councillors and Officers. Internal and External Audit, Ethics and Standards Committee and the Governance and Audit Committee are committed to ensuring the governance arrangements are effective and robust.

The Council has conducted an annual review of the effectiveness of its governance against the CIPFA/SOLACE Delivering Good Governance Framework (2016). The review involved a member/officer workshop in which the Council's Governance Framework Document was analysed and reviewed, with further changes made after the workshop reported to the Governance and Audit committee. Contributions were made to the review by the following Members: the Chair of the Governance and Audit Committee along with councillor and lay members of the committee. In addition, the Monitoring Officer, Corporate Manager - Internal Audit, Governance Officer, Corporate Lead Officer - Democratic Services, Corporate Manager – Democratic Services, Corporate Lead Officer – People & Organisation and the Corporate Manager – Partnerships, Performance and Public Protection also took part.

During the workshop each behaviour was introduced and scored against a scoring mechanism, as follows:

- 1/2 Unacceptable Immediate action required
- 3/4 Below satisfactory - urgent Action Required (within 3-6 months)
- 5/6 Satisfactory - Action Required (before end of year 9-12 months)
- 7/8 Acceptable Minor adjustments may be required
- 9/10 Good - overall Governance considered to be good and meets best practice no further action required

Each score used in the Governance Framework Document is a score out of 10 e.g. a score of 7/8 means a score of between 7 and 8 out of a total 10 marks.

The Governance Framework Document was also circulated to other officers, who have governance/management responsibilities within the Council. The review framework was presented to the Governance and Audit Committee on 17th January 2023.

The effectiveness of the governance framework draws on evidence and assurances from:

- Internal and External Audit and Inspection;
- Financial Controls;
- Risk and Performance Management;
- Legal and Ethical Standards;
- Corporate Directors and Other Senior Management, including the S.151 Officer and the Monitoring Officer;

- The Governance and Audit Committee; and
- Overview and Scrutiny Committees.

In addition, the Corporate Manager - Internal Audit undertakes an independent review of the Governance Framework and the method of scoring and evidence, on an annual basis. The review of the 2022/23 Framework was completed in January 2023 and provided 'high' assurance that there was a sound system of scrutiny and robustness in place. This was reported to the Governance and Audit Committee in March 2023.

The Council has drawn together a Local Code for Corporate Governance which sets out the systems and processes, and cultures and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that code and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Local Code for Corporate Governance is available on the Council's website at <https://www.ceredigion.gov.uk/your-council/councillors-committees/annual-governance-statement/>.

The CIPFA Financial Management code sets the standards of financial management for local authorities. It is designed to support effective practice in financial management and to assist local authorities in demonstrating their budgetary sustainability. The S151 Officer has undertaken a self-assessment review and is satisfied that the Council is compliant with the code.

3 Corporate Governance Achievements for 2022-23

The Local Code for Corporate Governance sets out the Local Authority's commitment to the principles of good governance. The following paragraphs outline the Corporate Governance achievements during 2022-23.

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

Behaving with integrity

- Code of Conduct for Members (updated in 2016) available on the Council's website, intranet site (CeriNet) under Councillor Resources, and in the Constitution.
- Members Code of Conduct Flowchart (updated in 2016).

- Code of Conduct for Officers* (review completed and updated Code published April 2023) available along with all Corporate policies and strategies via Council website/CeriNet and Staff News update for CeriNet being prepared to inform Staff of changes.
- Mandatory Induction and follow-up training on Code of Conduct and ethics provided to all Members.
- A comprehensive Induction programme for all Councillors undertaken following the Local Elections in 2022.
- Ethics/Fraud training provided in collaboration with Council's insurer at Corporate Managers' quarterly workshop 2021 forming a basis for e-learning module for all Staff (e-learning training content completed, to be created into e-learning training module shortly).
- Internal Audit ('IA') & Governance Services working with Learning & Development have prepared scenarios for training. Training supported by recent review of Council's Strategy on Counter-Fraud, Corruption & Bribery (to include Anti-Money Laundering).
- Day to day advice is provided by the Monitoring Officer ('MO') and Scrutiny Support Officer.
- Disciplinary Policy (Nov 2017) (due for review 24/25).
- Survey of members training and development needs carried out annually.
- Register of Members interests, available from the Council's Democratic Services, reviewed by MO. Register of Members' Interests also published on the Council website.
- All Councillors completed Personal / Confidential Data Agreement.
- Declaration of Interest and Hospitality forms for Officers and Members on CeriNet.
- Monitoring and review by MO of Chief Officers' declarations annually.
- MO advises Chief Officers and Members on need to declare close personal associations with other Officers or Members.
- MO advising of Officers regarding declarations of interest is ongoing. Regular reminders through News Updates on CeriNet system and at Leadership Group.
- NFI match highlights Staff who are directors of companies that have dealings with the Council – any non-declarations investigated by IA and reported to MO.
- Declaration of interest process to be extended to include requirement regarding related parties: that officers and Members declare if they are closely related to other Officers, Members or teachers. Specific declaration/return required stating whether this includes a Chief Officer (and to state relationship).
- Declaration of interest process to be extended to include requirement that Members specify Directorships - company name and number, (un)remunerated, private interest or Council appointment.
MO to remind Members of the need to accurately disclose all Directorships (including dormant companies).
- Declaration of interest process to be extended to include requirement that Members specify role within memberships - observer, member, volunteer, Committee member, Board member or Trustee.
- Officers' declaration of interest to include requirement to declare if they or a close family member, or any person or organisation acting on their behalf, are on the Board, management committee or other controlling group of an organisation with which the Council has significant dealings.
- Training to be provided on the role of Members on External Bodies.
- MO to undertake enquiries with company secretaries as necessary to ascertain basis of Members trustee/Directorship interests within charitable organisations or companies,

and rationale. To seek amendment of Articles of Association or resignation of Council directorships if necessary.

- Members required to update Register of Interests in accordance with the Code of Conduct, and in addition, annually, which is opportunity to reference any close personal associates/roles etc. Additionally, declarations of interest made by members at meetings. This includes lay/independent members.
- Politically Restricted Post Register for Officers maintained and Political Restrictions on Local Government Employees Policy available to employees on CeriNet. Register of Politically Restricted Posts published on Council website.
- Dispensations forms for members updated in 2022.
- MO meets with political group leaders quarterly to consider their new duties to uphold standards of conduct of Members in their group.
- Political group leaders to cooperate with the Ethics and Standards Committee as required in pursuance of their new duties.
- Political group leaders to complete template setting out actions undertaken to evidence compliance with their new duties.
- Local Resolution Procedure for Members: ungrouped/unaffiliated Member receives Council Chair/Vice Chair' advice/support.
- The Ethics and Standards Committee has received training on its new duties (from May 2022) under the Local Government and Elections (Wales) Act 2021 ('2021 Act').
- The Terms of Reference of the Development Management Committee (formerly Development Control Committee) have been revised to clearly state its purpose, role and responsibilities, and how it links to Corporate Priorities.
- The Operational Procedures document for the Development Management Committee has been revised. A 'cooling-off' process has been established in order to review planning applications, which may, if approved, be a significant departure from policy.
- The Scheme of Delegations contains criteria for applications, which must be referred to the Development Management Committee, and those applications that can be delegated to the Corporate Lead Officer.
- A Protocol for Good Practice for Councillors at Development Management Committee has been produced and included in the Constitution.
- A good working relationship exists with all key regulators.
- The Constitution is subject to regular reviews, with ongoing updates as required, including presenting proposed changes to Cross Party Constitution Working Group, to make recommendations on changes to Constitution to Council. MO/Governance Officer report to Council to update delegations and Constitution.
- The Corporate Strategy 2022-2027 includes Corporate Well-being Objectives setting out the Council's priorities and high-level objectives with supporting actions on an annual basis.
- The Well-being and Improvement Objectives build on the priority areas identified in the Corporate Strategy 2022-2027 and are reviewed annually These are developed in consultation with the public and Members.
- Members' standards and conduct matters considered by the Council's Ethics and Standards Committee. Public meetings held regularly, and chaired by an independent person-determine dispensations, and consider strategic/policy issues and receive updates from PSOW Findings & APW cases. Committee and Members are advised by the MO & Standards Officer.
- Annual Ethics & Standards Committee Report reported to Council in October 2022.
- Governance & Audit Committee meets regularly to consider governance and external regulator reports. Chaired by Lay Person, per 2021 Act provisions.

- Governance and Audit Committee carry out a benchmarking exercise annually to provide further assurance on the review of the Annual Governance Statement ('AGS') process. IA review and report on the process annually.
- Effective 'Strategy to Counter Fraud, Corruption and Bribery (to include Anti-Money Laundering)' in place (updated June 2021).
- Internal Audit Annual Report on Counter Fraud presented to Governance and Audit Committee at year-end. 2021/22 report presented 6.6.22 and 2022/23 report presented 21.6.23.
- Ethics Audit undertaken during 2019. Follow up Internal Audit of Council's arrangements regarding ethics also in progress.
- Whistleblowing Policy available to Employees and Contractors (has been reviewed, updated, presented to Overview and Scrutiny Co-ordinating Committee (recommended to approve), approved by Cabinet and published on CeriNet 17.4.2023).
- A mandatory E-learning training module on Whistleblowing must be completed by all Staff.
- Revised Corporate Concerns and Complaints Policy published 1.10.2021.
- All complaints are dealt with in accordance with the corporate procedures which include informal and formal stages and these are communicated to Staff on a regular basis.
- The complaints system is monitored by the Corporate Complaints and Freedom of Information Manager.
- Annual Complaints Report considered by the Governance and Audit Committee and Cabinet prior to approval by Council. Includes Lessons Learned from complaints received.
- Agenda/Minutes for all committees published on the Council's Website, including disclosures of interests.
- Cabinet Decision Notices published on the Council's Website.
- Preparation for publication of delegated decisions register ongoing.
- Register of Contracts published on Council Website.

Demonstrating strong commitment to ethical values

- Ethics and Standards Committee championing ethical compliance to ensure that public have trust and confidence that Members and Officers work to highest ethical and moral standards.
- The Ethics and Standards Committee has been proactive, leading on training sessions and putting procedures in place for dispensation arrangements. The structure has recently been reviewed to improve efficiency and effectiveness.
- Officers such as Internal Auditors, sign an annual Code of Ethics affirmation.
- Follow up Internal Audit of Council's arrangements regarding ethics also in progress.
- Carmarthen County Council undertook an independent audit of ethics within the Council during 2019. Follow up Internal Audit of Council's arrangements regarding ethics in progress.
- Employee Handbook is reviewed annually, is available on CeriNet, sets out the expected Employee behaviour and includes the Code of Conduct for Local Government Employees.
- Training on equality and diversity and recruitment and selection including equal opportunities is provided for all Ceredigion County Council Managers.
- Training on equality and diversity is provided to all Councillors.
- All Staff must complete an e-learning module on Equality & Diversity.

- Standard Terms and Conditions for all Suppliers of Goods and services include conditions relating to Equality and Diversity and are available on the Council's website.
- Procurement Strategy 2018-2022 was approved by Council 19th June 2018. Task and Finish Group established December 2023 to consider Procurement & Commissioning Strategy 2024.
- Procurement training also being rolled out to Staff.
- Council Recruitment Policy and DBS Policy.
- Training Needs Analysis Questionnaire has been circulated by Council newsletter to Staff requesting opinion on ethical culture of Council & training module planned in response to feedback.
- All Group Leaders signed Diversity in Democracy Declaration in September 2021.

Respecting the rule of law

- Council Constitution.
- Terms of reference are included in the Constitution.
- Consideration is being given to the Data Protection Principles, and processing of personal information in the context of Council Committees and all Members.
- Training for all Members on Introduction for Council, including GDPR.
- Statutory powers and legal implications included in every decision-making Cabinet report.
- Legal and Financial advice/implications is provided on all appropriate reports for decision.
- The MO and Legal Services and the IA Service are available to advise as appropriate.
- The MO attends Leadership Group/Cabinet/Council meetings and routinely attends many public meetings, as required, subject to availability. In the absence of the MO, the Deputy MO will attend Cabinet and Council meetings.
- The MO has direct access to the CE and reports to Council generally and as part of statutory duty.
- The MO operates an 'open' door policy for Members wishing to receive 'conduct' and 'governance' advice.
- Job descriptions & person specifications clearly define the roles and responsibilities required of posts.
- Members' Role descriptions set out their respective responsibilities.
- Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, published 13 April 2016). (No further update).
- Compliance with CIPFA's Statement on the Role of the Head of Internal Audit in Public Service Organisations (CIPFA, published 9 April 2019) & contribution published in CIPFA's accompanying Putting Principles into Practice document (2019).
- Financial Regulations and Financial Procedure Rules (Document F Constitution).
- Contract Procedure Rules (Document G in the Council's Constitution).
- Compliance with Specific Codes e.g. Internal Auditors' Public Sector Internal Audit Standards ('PSIAS', March 2017)
- Members of Governance and Audit Committee updated on fraud including IA annual counter fraud report.
- Statutory Officers accountable to the Chief Executive ('CE') and the Council.
- Regular meetings between CE, S.151 Officer & MO.
- Corporate Manager – Internal Audit ('CMIA') has free & unfettered access to Members and Officers at all levels, and right of access as per Council's Constitution and Internal Audit Charter.
- Two Officers in the IA team are accredited Counter Fraud Technicians.
- An Officer in the IA team holds a CIPFA Certificate in Investigative Practices ('CCIP').

- Council complies with Audit Wales's annual National Fraud Initiative requirements, currently co-ordinated by Internal Audit.
- Monitoring and response to fraud alerts (NAFN, wider networks, peers, etc).
- Membership and active participation in professional networks and groups (Tisonline, KHub, etc).
- Nominated Council Officers undertake various fraud training to maintain knowledge and expertise.
- Where appropriate, successful prosecutions publicised on Council website (and in local press).

B. Ensuring openness and comprehensive stakeholder engagement:

Openness

- All Council, Cabinet and Committee meetings open to the public and agendas and papers published on the Council website (with the exception of exempt reports exempt information as defined by the 1972 Local Government Act).
- Council and Cabinet meetings are broadcasted.
- In accordance with the requirements of the LGEW Act 2021, arrangements were made to enable hybrid meetings to be held from May 2022. New equipment has been installed in the Chamber. Council and Cabinet meetings are being broadcasted on the Council's Facebook pages. Members of the public can attend to view meetings remotely or in person.
- All Statutory Annual Reports, Statements of Accounts and Improvement Progress Reports are all published within timescales and are available on the Council's website.
- Freedom of Information Act publication scheme (to be reviewed in 2024).
- A host of service areas are available online including council tax self-service and information.
- The Council's goals and values are set out in the Corporate Strategy 2022-2027.
- Ceredigion County Council Website.
- MO and Ethics & Standards generic email addresses created.
- Regular and timely responses to the press and other enquiries to Management and members as well as comprehensive FOI responses.
- Review of the FOI Publication scheme in progress.
- Freedom of Information Policy (March 2018) (to be updated in 2024)
- Corporate Complaints and Freedom of Information Manager in post.
- Complaints and Freedom of Information Privacy Notice.
- An Overview and Scrutiny Public Engagement Protocol (2018) (Document N Constitution) has been approved by Council and has been used on several occasions. No further update.
- Protocol for speaking at the Development Management Committee in place (Part 4 Document I Constitution).
- Protocol for access by Cabinet Members to Overview and Scrutiny Committee approved by Council (Part 5 Document M2 Constitution).
- Integrated Impact Assessment ('IIA') tool and guidance to inform effective decision making have been developed and are being implemented.
- Council / Cabinet report template updated to include reference to legal implications, staffing implications, property / asset implications and risks and to reflect the new Corporate Strategy 2022 - 2027.

- Standard templates and guidance for reporting to Council, Cabinet and Overview and Scrutiny Committees are used and all include the IIA results.
- A Protocol is in place for working relationships between Members and Officers (e.g. Officer-Member Protocol). (The Constitution Part 5).
- A calendar of dates of meetings including forward work programmes of the Council, Cabinet and Committees are published on the Council's website.
- Organisational Awareness training available as an optional module of the Corporate Manager Programme, which includes information relating to the decision making process, Wellbeing of Future Generations Act, Equalities, Welsh Language and the use of the IIAs.
- The Engagement and Consultation Checklist assists with decision making around whether or not to undertake a consultation regarding a proposed change and guidance on dissemination of consultation results is available to Officers.
- IIA conclusions reported to Council, Cabinet and Overview and Scrutiny. 13 IIAs went to Cabinet during 2022/23.
- The Council, in collaboration with partners, has carried out significant engagement to produce the Public Service Board's ('PSB') Well-being Assessment and Local Well-being Plan.
- Well-being objectives for 2022-23 have been set in order to deliver the Corporate Strategy 2022-2027.
- Corporate Complaints Policy has been reviewed, new Policy presented to Corporate Resources Overview & Scrutiny Committee 7.7.21 and to Council 23.9.2021, and Revised Concerns and Complaints Policy and Procedures 2021, its implementation and publication approved by Council.
- Social Services Complaints Policy and Procedure has been reviewed.
- Consultation Decision making tool (Consultation Tree and flowchart) have been developed and includes the use of feedback.
- Consultations are published on the Corporate section of the Council Website.
- Consultations are promoted through social media
- Guidance has been issued on the Ceredigion Council intranet to all Staff to follow with regards to the dissemination of feedback to decision makers. Recent indications are that significant progress is being made in this area by Officers.

Engaging comprehensively with institutional stakeholders

- Public Services Board Terms of Reference available on the Council Website and PSB Project Groups Terms of Reference available. Scrutiny arrangements for the PSB have been put in place.
- Joint engagement and consultation exercises are held. Collaborative projects are running with institutional stakeholders with clear governance arrangements in place.
- Engagement with Service Users List including stakeholders with whom the authority should engage is in place and Engagement and Participation Policy.
- Collaboration Standards for New Strategic Projects Guidance and Templates are available.

Partnerships Include:

- PSB;
- West Wales Regional Partnership Board;
- Community Safety Partnership;
- Mid and West Wales Safeguarding Board; and
- Growing Mid Wales.

- Partnerships such as Growing Mid Wales have been established with governance arrangements. Growing Mid Wales Joint Overview and Scrutiny Committee has been established.
- Regular reporting of partnership meetings and activity to Leadership Group and Cabinet.
- Partnership metrics are subject to internal review, where appropriate.
- Legal Team is actively involved in drafting and reviewing Terms of Reference for Inter Authority Agreements ('IAAs') and formal committees.
- A suite of documents have been developed that relate to strategic collaboration projects that the Authority is considering entering into. The documents include guidance, standards and numerous templates for varying stages of collaboration projects.

Engaging stakeholders effectively, including individual citizens and service users

- A new Engagement and Participation Policy for Ceredigion County Council, 'Talking, Listening and Working Together,' has been prepared and was agreed through the democratic process in Autumn 2022.
- A Community Engagement, Consultations and Partnerships Page has been created on CeriNet, which includes links to Engagement and Participation Policy, Engagement and Consultation Checklist, Engagement with Service Users and Consultation Decision Making Tool.
- All IAs for Cabinet are assessed by the Equalities and Inclusion Manager, including whether effective engagement, involvement and consultation has taken place and informed strategic decision-making process.
- Public Engagement Tool Kit.
- IIA Tool Kit.
- Summary reports on consultation and engagement activities are reported back to Members and service users.
- We have worked in partnership with Local Authorities and Public Services across Mid and West Wales on the review of our Strategic Equality Plans. A joint question set and engagement and consultation framework was produced and as a result, feedback was obtained from people with protected characteristics.
- Minutes of engagement groups with people with protected characteristics.
- Effective Community involvement carried out with the well-being assessment work.
- Effective Community involvement carried out with service users from different backgrounds to inform the new Strategic Equality Plan.
- Corporate Communications Protocol in place which is periodically reviewed.
- Dissemination of consultation results and reports on completed consultations and engagement exercises are posted on the Council's public consultations webpage in order to provide feedback to the public.
- Processes have been introduced to monitor feedback e.g. any consultation/engagement reports are presented to Scrutiny and Cabinet to inform their decision-making.
- Feedback from engagement and how people's views have been taken into account is recorded in the IAs.
- A Well-being assessment (PSB) has been carried out that will inform the development of the PSB's Local Well-being Plan, which was approved by Council on 20.4.2023 (Ceredigion Local Well-being Plan 2023-2028).
- An annual report on progress made against the Council's Well-being objectives and Corporate priorities in published on the Council Website.
- UNCRC – United Nations Convention on the Rights of the Child have been adopted by the Council.
- Participation Standards have been adopted by Council.

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

Defining outcomes

- The Council's Corporate Well-being Objectives are included in the Council's Corporate Strategy 2022-2027 and are reviewed each year and reported in the Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report published on the Ceredigion County Council website.
- The purpose and the vision of the Council have been determined by Council and is contained in the Corporate Strategy 2022-2027. This strategy illustrates how the authority will support and promote the well-being of the citizens of Ceredigion.
- All Planning arrangements reflect the Golden Thread and make the links to Corporate plans including;
 - Business Plans;
 - Strategic Plan;
 - Corporate Performance Management Reporting; and
 - Well-being and Improvement Objectives.
- Performance information is outlined in the Council's Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report .
- Business Plans are prepared on an annual basis and are monitored quarterly by a Performance Board, which includes Cabinet members and the Chairs and Vice Chairs of the Overview and Scrutiny Committees and Chair of the Governance and Audit Committee.
- Budget setting subject to detailed scrutiny by the five Overview and Scrutiny Committees.
- The Medium-Term Financial Plan is in place.
- Quarterly performance arrangements provide a challenge protocol to ensure outcomes are delivered.
- Business planning process includes resource allocation.
- Corporate performance management arrangements include quarterly assessment of risks to the achievement of outcomes or service delivery.
- Includes risk logs for;
 - Business Plans (Level 1); and
 - Service Plans (Level 2).
- Local performance measures are included in Business and service delivery plans.
- Capital Plans include;
 - Rights of Way;
 - Highways;
 - Annual Budget Plan; and
 - Transformation.
- The Risk Management Policy and Strategy and the Risk Management Framework was approved by Cabinet on 24 September 2019.
- Risk Management training to be rolled out to Members and Senior Managers.
- Risk management e-learning package has been developed for all other Staff and training took place in 2019, with workshop with insurers arranged for senior Managers.
- Publication of service performance, including costs and value for money data is routinely considered within service reports.

Sustainable economic, social and environmental benefits

- The appointed Auditor considers the Council's arrangements to secure economy, efficiency and effectiveness. In his letter he has stated that the Council has complied with its responsibilities to the use of its resources.

- The most recent Audit of the Council's Improvement Plan (2020-2021) was issued in November 2020. The report concluded positively that the Council discharged its duties and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.
- A capital appraisal form is completed for new capital projects, which covers the requirement for the project, and is used to assess value for money and the revenue implications of major projects.
- Capital Investment Strategy is contained within the Medium Term Financial Strategy.
- The Authority has undertaken the following steps towards the implementation of the Well-being of Future Generations (Wales) Act 2015:
 - Prepared well-being objectives and statement;
 - Embedded the Well-being Goals and Sustainable; development principal into the business planning process
 - Developed a new IIA tool and guidance;
 - Established a Well-being of Future Generations Act group and action plan;
 - The Constitution is continually monitored and reviewed;
 - PSB assessment of Local Well-being published in March 2017;
 - Scrutiny arrangements agreed for PSB;
 - Cabinet Reports, to include the Social/economic/ environmental impact assessment;
 - A mandatory e-learning module on the Act has been developed and promoted to all Council Staff;
 - an Equality, community and Welsh language Impact Assessment must be undertaken on all school restructuring proposals as required under the Welsh Government School Organisation Code; and
- Members have contributed to The Future Generations Officer Scrutiny Framework in relation to the WFGA.
- Wales procurement policy statement is aligned to the Council's Procurement Strategy 2018-2022.
- The Council wide WFGA Group Action Plan.
- Strategic Equality Plan 2020-2024.
- Welsh Language Standards in place and are monitored by the Welsh Language Policy Officer.
- Annual Welsh Language Standards monitoring report presented to Cabinet and published on the Council website.
- A mandatory E-learning training module on Welsh Language Awareness must be completed by all Staff.
- Members provided with Welsh Language Awareness and Equalities Training as part of their Induction Programme.

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

Determining interventions

- The IIA tool and guidance is available and training has been rolled out for Officers and Members.
- Corporate project management group has been established to formalise project development and management.
- Standard reporting templates are used in decision making process.
- Organisational Awareness training available as an optional module of the Corporate Manager Programme, which includes information relating to the decision-making

process, Wellbeing of Future Generations, Equalities, Welsh Language and the use of the IIAs, Head of Democratic Services and MO (CLO-Legal & Governance) advise as necessary.

- Risk Management Policy, Strategy and Framework with training programme for Members, Senior Management and Managers, published on CeriNet and available to all Members of Staff. Documents amended to reflect additional risks and background information to make informed decisions. Corporate Risk Register reported regularly to Governance and Audit Committee.
- Medium Term Financial Strategy has been regularly updated.
- Consultation decision tree tool includes a guidance section on dissemination of consultation results.
- Finance challenge regarding savings on Council Website.

Planning interventions

- Corporate Performance Management arrangements include quarterly:
 - Weekly leadership Group meetings;
 - Quarterly reporting of progress against level 1 Business Plans;
 - Quarterly Performance Board meetings; and
 - Quarterly Executive Panel Meetings.
- A calendar is used to report deadlines and Board/Executive Panel dates are published with reports.
- All major collaboration projects have established governance and management arrangements including risk management.
- All projects considered by Corporate Project Management Panel, which is also attended by IA and is an effective forum for advice/challenge and highlighting risks as Service areas develop projects, including collaboration projects.
- The Corporate Project Management Panel helps ensure projects give early consideration to: the Well Being and Future Generations Act; to other guidance; to finance, procurement, governance and legal arrangements; to HR implications; Health & Safety; and Audit. Improve project arrangements prior to reporting to the Development Group and other authorisation processes. This also helps identify capital requirements for inclusion in future capital programmes.
- Ensuring Staff with project management skills are available.
- Account will be taken of legislative changes e.g. work is ongoing in relation to implementing legislative changes such as LGEW 2021 Act changes and considering/monitoring risks facing each partner when working collaboratively, including shared risks. Meetings are being held and preparation being carried out, for example, regarding the 2021 Act's requirement for Corporate Joint Committees, including potential and shared risks (a CJC group has been established, with the first meeting held on 19th April 2021, to consider the requirement to establish the Mid Wales CJC in accordance with the 2021 Act).
- Appropriate Joint Scrutiny arrangements are in place in relation to the Growing Mid Wales Board. Similarly, the Mid Wales Corporate Joint Committee will have Sub appropriate arrangements in place (Joint Scrutiny, Standards and Governance and Audit Committee)- arrangements in compliance with legislation and its Standing Orders.
- Local performance indicators have been established and approved for each service element and included in the service plan and are reported upon regularly.
- The Business Planning process for 2022-23 is being implemented with Level 1 Business Plans shared with the Performance and Research Team.
- Performance measures have been identified within each Level 1 Business Plan that have in turn translate into the reporting Dashboard for each service. These measures have

been closely scrutinised and have received final sign-off from senior leadership. Services report against these measures as part of the performance management process for the year.

- Business Plans include budget and finance information and form part of the quarterly Corporate Performance Management arrangements.
- Budget Framework in place.
- Service Accountancy – Budget monitoring takes place.
- Financial Regulations and Financial Procedure Rules (Document F Constitution) along with Budgetary Control Guidance are all up to date. Chief Officer Assurance Statements. The internal controls in place are subject to regular review by Internal Audit, in accordance with the annual risk-based audit plan.
- Changes through the corporate savings plan have been through a robust governance process to ensure that all savings all link to the desired outcome.
- Community Benefits is embedded in our Processes and Policies and has been regularly applied, monitored and reported upon. Well-being of Future Generations (Wales) Act is integrated into our processes.

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

Developing the entity's capacity

- Corporate and line management induction is now in place. Corporate induction and Corporate Manager Development plans were introduced in April 2018 and revised in October 2022. Corporate induction sessions are part of these requirements, all new Staff must attend an induction session. Senior Managers present within these face-to-face or virtual sessions.
- CeriNet (the HR intranet and resource to Staff and management) is continually reviewed and improved for effectiveness.
- Learning & Development is now managed via the Ceri system offering opportunities to all Staff.
- Ongoing annual Personal Performance scheme – Performance Reviews link to Corporate and strategic objectives.
- The Corporate Performance Management arrangements provide the forum for performance management's needs and thereafter preparing action plans for delivery of corporate improvements in performance review of Staff. These have been further strengthened with the introduction of annual appraisals for all Staff via the Ceri HR system.
- A comprehensive induction programme is provided for all Members following the Local Elections in 2022. Ongoing training is arranged for specific issues e.g. Treasury management.
- Members attend various events, seminars and conferences (see above).
- Survey of members training and development needs carried out annually.
- Utilisation of research and benchmarking exercises.
- The Ceri HR payroll system has ensured that meaningful data on Staff is now available to Managers on a monthly basis in order to monitor costs turnover and absence.
- Effective operation of partnerships which deliver agreed outcomes.
- Effective Partnerships have been developed in a number of areas and services including:
 - School Improvement;
 - Health & Social care; and
 - Waste.
- Additional partnerships are included in the strategic Collaboration Projects List.

- Strategic workforce planning is undertaken utilising the Strategic workforce planning tool kit and is completed by all service areas. The Workforce Plan 2023-2028 is currently being developed and will be published once approved by Cabinet in Autumn 2023. Once in place, annual updates on progress of the workforce plan are reported to scrutiny.

Developing the capability of the entity's leadership and other individuals

- The Leadership and Senior Officer structure has defined these roles, including how they integrate with each other.
- Joint meeting of senior Managers ensures that roles, responsibilities and accountabilities are clear.
- Job descriptions clearly define the roles and responsibilities required of posts.
- The Constitution sets out the roles and responsibilities of Members (Part 3.4 Table 4) and senior Officers (part 2 Article 2)
- The Strategic Planning Toolkit includes an element of succession planning and talent management.
- Learning and Development opportunities are offered to those within a Leadership role or who are aspiring leaders.
- A Scheme of Delegation (The Constitution Part 3.5) exists and clearly sets out responsibilities for Members and Officers.
- Protocols are in place for working relationships between Members and Officers (e.g. Officer-Member Protocol).
- Codes of Conduct for Officers and Members are in place.
- Member Officer working groups in place and working effectively.
- Contract Procedure Rules ('CPR') (Part 4 Document G Constitution) and Financial Regulations and accompanying financial procedures (Part 4 Document F Constitution) are reviewed on a regular basis e.g. CPR updated March 2019.
- The Council's Constitution sets out the functions and responsibilities of the Leader and Chief Executive.
- The Corporate structure of the Council has been established to ensure that the Statutory Officers are able to perform their roles effectively.
- The CE is responsible for reviewing this structure, as necessary.
- Democratic Services Committee agreed the revised set of Member Role Descriptions, designed to be used alongside Welsh member Development (Competency) Framework, of Welsh Local Government Association ('WLGA') Framework.
- Member Role Descriptions and Person Specifications presented to Council.
- Comprehensive Induction Programme for all Members undertaken following the Local Elections 2022.
- Access to courses/information briefings on new legislation.
- Provision of opportunities for ongoing skills and refresher training for Officers.
- Members Workshops arranged, as necessary.
- Personal reviews for Officers.
- Survey of members training and development needs carried out annually.
- Development/training done as part of person specifications for key finance and legal posts (mandatory qualification, job requirements).
- Induction and Corporate Manager Development plans are in place.
- E-learning packages are regularly being developed and rolled out for mandatory and non-mandatory training for staff and Members.
- Performance Reviews are undertaken by all Staff as part of the Ceri system Performance Management module.

- The Corporate Performance Management arrangements provide the forum for performance management's needs and thereafter preparing action plans for delivery of corporate improvements in performance review of Staff.
- Induction programme is provided for new Members and new comprehensive induction programme has been provided post-election (from May 2022) with additional e-learning modules available. Ongoing training is arranged for specific issues. Members attend various events, seminars and conferences (see above).
- Scrutiny self-assessment undertaken annually.
- Succession planning is undertaken through discussions and actions within service areas and with partners this cannot always be evidenced. This will be further developed through the strategic workforce planning toolkit.
- Ceredigion Manager Programme offers personal development including governance arrangements and organisational knowledge.
- Members are encouraged and supported to complete Annual Reports, which are published on the Council's website.
- Chair of the Democratic Services Committee attends the National Network, facilitated by the WLGA.
- Chair of Governance and Audit Committee attends All Wales Governance and Audit Committee Chair's Networking Meetings to develop and compare role within Local Authorities.
- Staff development plans linked to appraisals have been strengthened with the introduction of the Performance Management module in Ceri.
- Implementing appropriate Human Resource policies and ensuring that they are working effectively.
- Smoke-Free Workplace Policy.
- Alcohol and Drug Misuse Policy.
- The Council has introduced a range of resources and options to enhance the health and well-being of Staff.
- Health and Well-being Strategy 2021-2026 has been introduced to support the improvement in the workforce health and well-being.
- The Council has appointed an Employee Health & Wellbeing Officer to coordinate and promote health and wellbeing within the workforce.
- A Care First employee assistance package has been introduced that offers:
 - Counselling service; and
 - Advice on financial, legal, consumer, eldercare, childcare and employment issues.
- Other support available for Staff includes:
 - Cognitive Behaviour Therapy Interactive health and wellbeing programme;
 - Eyecare scheme;
 - Childcare voucher scheme;
 - Iechyd Da; and
 - Mindfulness training for Staff and Managers.
- Counselling service is also available to Members.

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

Managing risk

- The Corporate Risk Management Framework and the Risk Management Policy and Strategy were approved by Cabinet on the 24th of September 2019 and continue to be updated.

- The Corporate Risk Register is considered at all Leadership Group, Corporate Lead Officers, Corporate Performance Management meetings and by the Governance and Audit Committee as a standing item. The Committee refers matters to Scrutiny Committees, where appropriate. This provides ongoing information and assurance that risks continue to be managed.
- All Risks are allocated to a Corporate Lead Officer (Risk Owner).
- Specific Project Risk Monitoring is undertaken.
- Risk Management is integral to operational business planning Policy and Strategy setting.
- Project and transformation Risks are all logged.
- All Plans included Risk logs including:
 - The Medium term Financial Plan;
 - Business Plans (level 1); and
 - Service Plans (level 2).
- Corporate Risk Management arrangements are audited regularly.
- The management of risks is included in individual Services service/establishment audit programmes.
- 'Risks' form the basis of Internal Audit's audit programmes of work, as required by the Pentana audit management software system. Cabinet report template expanded to include risks and implications arising.

Managing performance

- Corporate performance management is linked to the Well-being and Improvement Objectives, Corporate Strategy 2022-2027 and the PSB's plans. The Council also has many local indicators which helps it determine whether it has achieved the priorities in its Corporate Strategy 2022-2027.
- Council approved the Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report 2021-22.
- Benchmarking information carried out as part of service re-modelling.
- External & internal assessments by:
 - Audit Wales;
 - Estyn;
 - Care Inspectorate Wales ('CSIW'); Investigatory Powers' Commissioner's Office ('IPCO'); and
 - Information Commissioner's Office ('ICO').
- Self-Assessment (Governance and Audit Committee) - self-assessment exercise discussed at 28.11.22 workshop and will be carried out in 2023.
- Individual Services carry out self-assessment through a performance matrix.
- IA undertake an annual self-assessment and have a 5-yearly independent external assessment / peer review as required by the PSIAS. EQA completed May 2022, report & resulting action plan presented to Governance & Audit Committee 27.9.22 along with the CMIA's Internal Audit Self-Assessment. The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of non-conformance.
- Cost performance (using inputs and outputs).
- A Corporate Performance Management Panel meets quarterly. All Corporate Lead Officers report to this Panel and the Dates for reporting are published in the report. The Chairs and Vice Chairs of the Overview and Scrutiny Committees attend with the principle that they can identify areas that require inclusion on their respective Forward Work Programmes.

- Chief Officers provide support and advice to Members and advice provided by Chief Finance Officer and MO.
- Scrutiny arrangements are in place which provide opportunities to challenge decision making and review the provision of services. The scrutiny function's aim is to provide added value to the continuous improvement agenda in their role as "critical friend". In addition, Overview and Scrutiny Committees also provide opportunities to undertake pre-decision and policy development work, which is a function of scrutiny, which has developed over recent years. The Council's aim is to scrutinise, where possible, before decisions are made.
- Overview and Scrutiny Committees can instigate Task and Finish Groups to investigate and research a matter further prior to reporting back to the relevant Committee.
- Training for Members on the role of Scrutiny and Scrutiny Chair and Vice Chair training provided.
- The Council's Overview and Scrutiny Co-ordinating Committee is responsible for taking an overview of the overall effectiveness of the PSB.
- Work undertaken with the Future Generations Office to develop a Scrutiny Framework in relation to the WFGA.
- A Corporate Performance Management Board meets each quarter, with Chairs of the Overview and Scrutiny Committees invited to attend.
- Reporting dates are set at beginning of each year.
- Transformation and Risks are all referred to joint Local Government meetings and Panels.
- Financial monitoring is regularly undertaken throughout the Council under a devolved accountancy arrangement and formal reporting is made to Cabinet. Monitoring is also incorporated into the quarterly performance management reports.
- Accounting practices - Codes of Practice are complied with. Prudential Indicators are prepared and reported to Council and monitored throughout the year. Regular budget monitoring takes place throughout the year. IA also reviews controls over income collection and monitoring.
- Business/Service plans are monitored to ensure delivery outcomes are achieved.

Robust internal control

- Risk Management Policy and Strategy and the Risk Management Framework were approved by Cabinet on 24 September 2019.
- Updates in relation to Business Continuity and Civil Contingencies arrangements submitted on a regular basis in line with the Corporate Risk Register, Risk CORP04.
- Business Continuity and Civil Contingencies Group meet quarterly.
- Regular meetings of the Emergency and Business Continuity Management Group take place to review Corporate and Service Area Emergency and Business Continuity Arrangements and Plans as well as recommendations arising from past incidents and exercises to evidence risk, identify emerging trends, and document any lessons learnt for follow up.
- The annual Internal Audit Plan is risk-assessed and takes account of Council aims and objectives, and corporate policies and procedures; to include a review of the Risk Management corporate arrangements, and testing the mitigating controls in place for a sample of risks noted in the Corporate Risk Register
- Internal Audit Strategy & Annual Plan 2022-2023 approved by Governance and Audit Committee 10 March 2022 & continues to take account of additional risks presented by the pandemic. The IA Plan for 2023-24 was presented to and approved by GAC on the 9 March 2023.

- IA's annual audit plan can address any necessary re-prioritisation of work, allowing IA to be reactive to any changes in risk within the Council.
- Regular Quarterly Internal Audit Progress Reports to Governance and Audit Committee for monitoring (e.g. Internal Audit Progress Report for period 1 July 2022 to 30 September 2022 presented to Governance & Audit Committee on 17 January 2023, period 1 October – 31 December presented to GAC 9 March 2023 and period 1 January – 31 March presented to GAC 21 June 2023).
- Internal audit reports issued to Managers highlight the risks of not implementing any IA recommended actions. Fundamental & significant recommended actions are followed up as part of IA's Management Action Programme and reported to Governance and Audit Committee on a 6-monthly basis. If CMIA considers that any fundamental risks have not been addressed by a Manager this is reported to Governance and Audit Committee who has the discretion of requesting that Manager to attend & explain reasoning for non-compliance.
- Summary of work and audit opinion on assurance provided annually in Internal Audit Annual Report at year-end. IA Annual Report for 2021/22 approved by Governance & Audit Committee 6 June 2022. IA Annual report for 2022/23 approved by GAC 21 June 2023.
- Follow-up IA reviews to monitor implementation of required actions as part of the Management Actions Programme.
- Internal controls, risk & governance processes are monitored according to the Internal Audit Charter (last version approved by Governance & Audit Committee 17/1/23) & the Annual Internal Audit Strategy and Plan.
- The appointed Auditor considers the Council's arrangements to secure economy, efficiency and effectiveness in his letter he has stated that the Council has complied with its responsibilities to the use of its resources.
- Risk evaluation always appears on agendas.
- Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption ('CIPFA', 2014) (no further update).
- Internal Auditors have procedures in place if fraud discovered.
- Two Officers in the IA team are accredited Counter Fraud Technicians.
- An officer in the IA team holds a CIPFA Certificate in Investigative Practices ('CCIP').
- 'Strategy to Counter Fraud, Corruption and Bribery (to include Anti-Money Laundering)' updated and approved by Council 17 June 2021 (minutes confirmed 23 September 2021) has been written with regard to the Code of Practice & updated to ensure all requirements are included.
- IA undertakes counter fraud work where required (as well as dealing with the discovery of fraud as considered earlier).
- Council complies with Audit Wales's annual National Fraud Initiative requirements, currently co-ordinated by IA.
- IA presents Counter-Fraud Report to Governance and Audit Committee annually (2021/22 Counter-Fraud Report presented to Governance & Audit Committee on 6 June 2022). 2022/23 Counter-Fraud Report presented to GAC on 21 June 2023.
- Monitoring and response to fraud alerts (NAFN, wider networks, peers, etc);
- Membership and active participation in professional networks and groups (Tisonline, KHub, etc);
- IA offer advice to services on implementation of new systems and processes to ensure effective internal controls maintained;
- Nominated Council Officers undertake various fraud training to maintain knowledge and expertise;

- Where appropriate, successful prosecutions publicised on Council website (and in local press)
- IA's annual audit plan can address any necessary re-prioritisation of work, allowing IA to be reactive to any changes in risk within the Council.
- The AGS contains the CMIA's annual opinion on assurance.
- The IA function is headed by a CMIA who is currently studying to gain an IIA qualification, they have considerable audit & local government experience, and are supported by a team with appropriate knowledge and skills. Regular reporting to Governance and Audit Committee on the activity of IA is undertaken. Robust risk-based forward work programme and business planning is in place.
- IA evaluates and improves the effectiveness of risk management, control & governance processes in accordance with PSIAS, which is self-assessed and reported to Governance and Audit Committee annually along with any improvements required. A peer review is undertaken every 5 years the most recent having been completed in May 2022. The report and resulting action plan were presented to Governance & Audit Committee on 27 September 2022.
- IA provides an individual assurance to Managers after each audit review – these are then used to provide an overall corporate level of assurance annually, which feeds in to the AGS.
- A re-structure of IA was implemented in May 2019, and another in November 2020. The service has been fully resourced since 1 June 2022.
- Three members of the team are currently pursuing the Institute of Internal Auditors' professional training qualification.
- Governance and Audit Committee self-assessment - self-assessment exercise underway
- Regular meetings between CMIA and Chair of Governance and Audit Committee.
- Meetings as necessary between MO & Chair of Governance and Audit Committee.
- Regular meetings between MO & CMIA.
- Regular meetings between MO, CMIA & Audit Wales when necessary.
- Regular Meetings between Governance and Audit Committee Members and external regulator Audit Wales (with and without Officers).

Managing data

- ICT and Digital Strategy for 2018-2022 has been approved
- All policies are up to date including; (all approved in February 2019).
 - Data Protection & GDPR Policy (updated in 2023);
 - Information Security Policy; (to be updated 2024) and
 - Records Management Policy (to be updated 2024).
- A mandatory E-learning training module on Information Security must be completed by all Staff.
- A mandatory E-learning training module on Data Protection must be completed by all Staff.
- Designated Data Protection Officer.
- Corporate Lead Officer Customer Contact, ICT & Digital is the Senior Information Risk Owner ('SIRO') and has attended appropriate training for that role.
- The following responsible Officers are identified:
 - IT Security Officer ('ITSO'); and
 - Information and Records Management Officer ('IRMO')
- In addition the following groups/committees consider Information security:
 - Cyber Resilience and Information governance Group; and
 - Emergency & Business Continuity Group.

- External assessments to include compliance with Code of Conduct.
- Supporting the roll out and adoption the Cyber Assessment Framework across all LA's and the Fire and Rescue service.
- Regular Internal Audit of data protection Registration requirements.
- Procedures following Audit Wales audit have been implemented.
- Officers are considering the introduction of privacy notices in relation to applications to all Members, including the Development Management Committee.
- Training provided to Members on their obligations under the GDPR as part of the new Member training and a section on said legislation is now included in the protocol for Members in planning.
- Ceredigion County Council signed Wales Accord on the Sharing of Personal Information ('WASPI') and therefore uses WASPI framework for Information Sharing Agreements.
***The Accord is a common set of principles and standards under which partner organisations will share personal information. Organisations who adopt the Accord will show their commitment in meeting the agreed conditions, obligations and requirements within the framework.
- In most cases agreements are forwarded to the Data Protection Officer.
- There is also a public register on [WASPI Website](#).
- Regular external Assessments e.g. Compliance with Code of Conduct.
- Internal performance monitoring and evidence.
- Developing a Master Data Management team to manage data for Analysis and reuse across services.
- Cross matching data happens across the different services.
- Performance Indicator values are validated with evidence.
- Retention Schedule –now [published](#) on intranet.
- All Councillors signed Personal / Confidential Data Agreement.

Strong public financial management

- The latest version of the [Medium Term Financial Strategy](#) ('MTFS') was approved by Full Council on 21/09/23. This reflects the 2023/24 WG Final Settlement and the 2024/25 WG indicative All Wales Settlement and covers the period 2023/24 to 2026/27. This was also considered by Corporate Resources Overview & Scrutiny Committee on 19/07/23 and Cabinet on 05/09/23.
- This now includes a policy framework for setting the budgets annually as well as a three-year plan. The MTFS features as a corporate risk that is updated at least three times a year. The annual budget setting also included a risk assessment. The Council is responding to the proposal in the 2016 Wales Audit Office (now Audit Wales) Annual Improvement Report, and considering the report in light of the MTFS through ensuring that the Council's financial management arrangements are sufficiently robust to meet the significant challenges ahead.
- A Strategic Plan has been developed and has improved the programme of work necessary to consider service priorities whilst addressing financial constraints.
- An annual budget project plan/timetable is established to ensure that a balanced budget is approved within the statutory period in accordance with the Councils budget framework.
- Regular budget reports are taken to Cabinet and Leadership Group throughout the year and operational budgets are monitored on a monthly basis.
- Budget monitoring is regular throughout the year, within services, to Cabinet and to Member Officer working groups e.g. Development Group and CMG.

- Quarterly Executive Panel meetings take place if required with Corporate Lead Officers together with the Leader of the Council, the CE, Corporate Lead Officer for Finance and Cabinet Member with Finance responsibility.
- Detailed scrutiny of the budgets prior to final decision by Council.
- Overview and Scrutiny Committees have the ability to scrutinise budgets at any time during the year.

G. Implementing Good Practices in transparency, reporting and audit to deliver effective accountability:

Implementing good practice in transparency

- Council's Website.
- Council and Cabinet meetings are broadcasted.
- Standard templates for Cabinet, Scrutiny and Council.
- Compliance to the Welsh language Standards and publication of the annual monitoring report.
- Use of Modern.Gov for publishing agendas and Councillor Information.
- Councillors' contact details, attendance records, Committee membership and Declarations of Interests available on the Council's Website.
- Councillors' annual reports available on the Council's Website.
- Overview and Scrutiny Annual Report available on the Council's Website.
- Democratic Services Annual Report available on the Council's Website.
- Equipment has been installed in the Council Chamber to enable hybrid meetings to be held, as per the Local Government and Elections Act 2021. Members of the public and press can attend in person or remotely where the meeting is not broadcast on the Council's Facebook page. The Council provides alternative ways for citizens to access information if they don't have access to digital services.

Implementing good practices in reporting

- The County Council's Self-assessment and Annual Review of Performance and Well-being Objectives Annual Report is published on the Ceredigion County website to inform Ceredigion citizens what activities and actions the Council undertakes in support of its Well-being and Improvement Objectives. This also forms part of the Council's self-assessment. A summary plan is also available in public offices for our citizens.
- Annual financial statements are published on the Council's Website.
- Council's AGS evidences how it complies with the seven core Governance Framework Principles and sub-principles contained in the Framework and in the Local Code of Corporate Governance, including how it puts in place proper arrangements for the governance of its affairs, facilitates the effective exercise of its functions, and makes arrangements for risk management (the Governance Framework was developed in 2010 and has been revised in accordance with the CIFA/SOLACE Delivering Good Governance in Local Government Framework 2016). In compliance also with Local Government (Wales) Measure 2009 and The Well-being of Future Generations (Wales) Act 2015.
- Assessment of the framework for corporate governance carried out to ensure compliance. Decision by Council whether AGS approved alongside Statement of Accounts.
- AGS shared with accounts, reviewed and updated with Members and Officers providing a wider engagement process.
- Council's Local Code of Corporate Governance demonstrates how it has the necessary corporate governance arrangements in place to perform effectively. The Local Code of

Governance is a public statement that sets out the way the Council will meet that commitment. 2023-24 Local Code of Corporate Governance approved by Council 20.4.2023 and published on Council website.

- Financial implications are a requirement for inclusion in all Cabinet Meeting reports. Financial Regulations and Financial Procedure Rules (Document F Constitution), Contract Procedure Rules (Document G Constitution) are all up to date.
- Accounting practices - Codes of Practice are complied with Prudential Indicators are prepared and reported to Council and monitored throughout the year. Regular budget monitoring takes place throughout the year. IA also reviews controls over income collection and monitoring.

Assurance and effective accountability

- A good working relationship exists with Welsh Government and external regulators, including Audit Wales, Estyn, CIW, Financial Services Authority ('FSA') and Food Standards Agency as key regulators.
- Audit Wales Protocol documented and procedures in place to ensure all 'Management Response Forms' from each Audit Wales report addressed and that Service responses are presented to Leadership Group, Governance and Audit Committee and Audit Wales.
- Regarding monitoring of progress of actions/recommendations, Governance Officer is Audit Wales point of contact for ongoing governance related MRFs/governance matters. Corporate Performance and Improvement Officer is point of contact for performance related MRFs/performance matters. This system is set out in a Protocol, approved by Leadership Group and presented to Governance and Audit Committee, with updated version (to reflect that the Corporate Performance and Improvement Officer is in post) presented to Governance and Audit Committee 9.9.2021 Meeting.
- Monthly meetings are also being held between Performance Officers & Audit Wales and can be arranged with other officers as necessary. Regular dialogue is maintained with representatives from Audit Wales.
- Recommendations from Audit Wales are taken forward in the Corporate Performance Management arrangements.
- All Audit Wales reports presented to Leadership group and Governance and Audit Committee, which monitors implementation of corrective actions required.
- Monitoring of progress of Actions process has been developed.
- Chief Internal Auditor (CMIA) is currently studying to gain an IIA qualification, and has considerable local government experience, and is supported by a team with appropriate knowledge and skills.
- The Audit Manager & Senior Auditor are undergoing an IIA qualification.
- and two auditors are developing ICT auditing skills.
- IA Officers are undergoing audit qualifications to enhance knowledge, skills and competency.
- A re-structure of IA was implemented in May 2019, and another in November 2020 and April 2022. The service has been fully resourced since 1 June 2022.
- A new CMIA has been in place from 1 January 2022, and has considerable experience in IA, and is supported by a knowledgeable & skilled Audit Manager.
- The role of CMIA has free and unfettered access to the Chair of the Governance & Audit Committee and both meet regularly during the year.
- Robust risk-based forward work programme and business planning is in place.
- Regular reporting to Governance & Audit Committee on the activity of IA is undertaken, i.e. quarterly Internal Audit Progress Reports to Governance & Audit Committee for monitoring progress performance and improvement and summary of work and audit

opinion on assurance provided annually in Internal Audit Annual Report at year end. Follow-up reviews undertaken to monitor corrective actions are implemented.

- Internal Audit Charter regularly reviewed and approved by Governance & Audit Committee (last version approved by Audit Committee 17/1/23).
- CMIA provides annual objective opinion on assurance placed on Council's risk management, control and governance processes, based on the individual assurances given to Managers after each audit review, & feeds into the AGS.
- Compliance with PSIAS reported annually to Governance & Audit Committee with resultant improvement plan. Peer review of assessment every five years (latest review completed May 2022 by Anglesey County Council, report and resulting improvement plan were presented to Governance & Audit Committee on the 27 September 2022). The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of non-conformance.
- IA's mission is to enhance & protect organisational value by providing risk-based & objective assurance, advice & insight. This is detailed in the internal Audit Charter, which also states IA's right of access (as per the Council's Financial Regulations/Constitution).
- Partnership and Accountability agreements are established in collaborative projects.

4 Opinion on the level of assurance that the governance arrangements can provide

The Corporate Manager - Internal Audit (CMIA) prepares an Annual Internal Audit Report at year-end, which is usually presented to the Governance and Audit Committee at its June meeting. The report sets out the individual and collective outcomes of the audit reviews undertaken during the year, and provides the overall audit opinion of assurance based on this audit work. The assurance provided also takes into account progress in implementing improvements, consideration of the risk register and assurances provided in reports issued by external regulators. The scope of audit work and how the need to constantly reprioritise to ensure sufficient work is undertaken for the assurance is detailed in the report.

The Annual Report at year-end contains the results of the internal audit annual self-assessment of the service, based on CIPFA's LG Application Note's template. This was subject to an external peer review in May 2022, and an external assessment is planned to be repeated every five years, as required by the Public Sector Internal Audit Standards (PSIAS). The resultant improvement plans from these assessments are included in the quarterly Progress Reports presented to the Governance and Audit Committee and reviewed annually in the Annual Internal Audit Report.

The Improvement Plans identify improvements made and planned against the recommendations arising from the assessments, along with the results of the service's Quality Assurance Improvement Programme as required by the PSIAS to ensure the Governance and Audit Committee is able to monitor the service's progress. The external assessor concluded that Ceredigion County Council's Internal Audit function generally conforms with the PSIAS. With the function currently conforming to 50 of the best practice areas, partial conformance in six areas and no areas of non-conformance.

A Report on the Annual Governance Statement 2022-2023 Progress and Current Year Action Plan was provided to the Governance and Audit Committee on 27 September 2023.

The Quarter 1 Internal Audit Progress Report 1/4/2022-30/6/2022 (presented to the Governance and Audit Committee on 27 September 2022 and subsequent periods expected on 17 January 2023, 9 March 2023 and 21 June 2023) include the actions taken to date to achieve the identified proposed improvements.

The Internal Audit staffing structure has been at full complement during the year 2022-2023.

On 10 March 2022, the CMIA also presented to the Governance and Audit Committee the Internal Audit Strategy and Plan for 2022/23. This is designed to ensure a sufficient area of coverage is undertaken to support the annual opinion on the effectiveness of the systems of governance, risk management and internal control across the Council. The Internal Audit Strategy and Plan for 2022/23 summarised the work areas the Internal Audit Section aimed to concentrate their time on during the year, taking account of the situation due to the pandemic.

The service is provided on a reactive basis, this addresses various risks introduced from changes in the Council's working practices, such as the interim hybrid working strategy etc. Internal audit work has been assessed on an on-going basis with regular consideration given to the Council's changing risks, needs and priorities. In addition to this reactive work, assurance for 2022/23 is placed on planned reviews either carried forward or undertaken during the year to assess the annual level of assurance for the Council. In addition, more resources have been dedicated to developing the assurance mapping system to provide additional support to the assurance provided at year-end.

The CMIA concluded in her 2022/23 Annual Report presented to the Governance and Audit Committee on 21/06/2023 that the Council has a satisfactory framework of governance, risk management and internal controls in place to manage the achievement of the organisation's objectives during the year, based on:

- the number, scope and assurances from internal and external sources during the year to 31 March 2022, and
- the acceptance of actions by management (where available).

The Annual Governance Statement will be the subject of review by Audit Wales to ensure that it is consistent with their knowledge and with legislation. In addition, the Internal Audit section undertakes an annual independent review of the Annual Governance Framework and the method of scoring and evidence, as noted in Point 2 above.

The Council's Corporate Lead Officer - Customer Contact acts as the Authority's Senior Information Risk Owner and also has responsibility for Data Protection and ICT Security.

The SIRO Forum traditionally included subject matter experts: E.g. Facilities, Data Protection, IT Security, Head of IT, Legal, HR and some departmental representation. This meets every quarter to discuss information risk and information management issues.

The current key roles and scrutiny of Information Assets are as follows:

- An IT Security Officer ('ITSO') who advises on data security and external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements;

- An Information and Records Management Officer ('IRMO') advises on legal compliance and ensures that policies and procedures are in place and are being adhered to;
- Corporate Data Protection (known internally as Corporate Data Protection / FOI / EIR Group Meeting) meets quarterly and is chaired by the Head of Service Policy (Deputy HOS ICT&CS); and
- Annual Reports as required to the Council's Governance and Audit Committee.

Additionally:

- ITSO is the Vice-chair of Wales National Public Sector Security Forum (CymruWARP) which meets quarterly.
- IRMO Chairs the Information and Records Management Society Wales/Cymru and arranges events across Wales.
- IRMO is part of the WASPI - Mid and West Wales Quality Assurance Panel.

Following the Governance Framework review, overall governance arrangements are considered to be good on the basis that the majority of scores applied were 9/10.

The introduction of the Local Code for Corporate Governance outlining how the Council is committed to the core principles of the CIPFA/SOLACE delivering Good Governance in Local Government Framework provides guidance to all Members and Officers on the governance agenda.

Regular review of the Local Code of Governance will provide a high level of assurance that the governance arrangements are fit for purpose.

5 Issues identified for last year (2022-2023)

The following table records the actions that have been taken during 2022-23 to resolve the issues identified in the Annual Governance Statement for 2021-2022:

Note: Any actions not fully completed by the completion date will be carried forward into the 2023-2024 Action Plan

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
A1.1 Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and	MO to continue to advise Members further on the need to declare hospitality/gifts. MO to continue to advise Chief Officers further on the need to declare:	MO advising Members on need to declare hospitality/gifts is ongoing. MO advises members on need to declare close personal associations with other Officers or Members and will continue to do so.	EP/LE	March 2023 complete

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
<p>consistently demonstrated thereby protecting the reputation of the organisation</p>	<ul style="list-style-type: none"> close personal associations with other Officers or Members, <p>Ongoing review on Chief Officers business declarations</p> <p>MO and CLO Democratic Services to continue to review Members holding directorships, trusteeships, or memberships when appointed onto outside bodies, and committees, MO to consider member feedback and added value and continue to update Code of Conduct for Officers and Members</p> <p>Update Dispensations forms for Members</p> <p>Appraisals were halted due to Covid-19 Pandemic but have now recommenced (undertaken in May 2021 and continue to be held virtually.)</p> <p>Reviewed Code of Conduct for Officers to be issued once updated & approved.</p> <p>Officers to complete a Mandatory Ethics/Fraud e-training module once completed & approved.</p> <p>Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.</p>	<p>Ongoing review on Chief Officers business declarations is still in progress.</p> <p>Review of Members holding directorships, trusteeships, or memberships is ongoing.</p> <p>Work regarding member feedback and added value outstanding. Code of Conduct for Officers has been updated.</p> <p>Dispensations form for members has been updated.</p> <p>Appraisals recommenced.</p> <p>Review of Code of Conduct for Officers completed and published April 2023, <u>and Staff News update for CeriNet published to inform Staff of changes.</u></p> <p>Ethics/Fraud E-learning training content completed,- e-learning training module launched November 2023</p> <p>Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Audit Wales Planning Service Follow-Up Review (received 18.7.2023). Members Task & Finish group appointed by Council 26/10/23</p>		
<p>A1.2 Ensuring Members take the lead in establishing specific standard operating</p>	<p>Planning/Development Management Committee governance actions/documents established, training to be</p>	<p>Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Planning Service Follow-Up Review (received 18.7.2023).</p>	<p>EP/LE/RHP</p>	<p>March 2023 ongoing</p>

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
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)	provided and progress to be reviewed during 2022-2023.	Members Task & Finish group appointed by Council 26/10/23		
A1.3 Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Leadership Group to be updated on e-learning with HR reporting to Leadership Group.	Complete Code of Conduct Training provided to all Members following the Local Elections 2022 as part of a comprehensive induction programme for all Members. Refresher training provided on 18.5.2023.	LE	March 2023 – Complete
A1.4 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	Delegated Decisions Register to be published. Continued monitoring of the Mandatory e-learning take up of Whistleblowing module. Currently lower than required. Whistleblowing Policy to be reviewed.	Work on publishing Delegated Decisions Register is still in progress. Continued monitoring of completion of mandatory Whistleblowing e-learning module. Whistleblowing policy has been reviewed, updated, presented to Overview and Scrutiny Co-ordinating Committee (recommended to approve) and Cabinet (approved). Updated Policy published on CeriNet 17.4.2023.	EP/HR	March 2023 complete
A3.1 Ensuring members and Staff demonstrate a strong commitment to the rule of the law as well as adhering to	Further training to be provided to all Members regarding their responsibilities in relation to Data Protection Principles and privacy notices. Privacy notices for Councillors being	Training has been provided to all Members regarding their responsibilities in relation to Data Protection Principles. Privacy notices for Councillors being developed and to be	EP/LE/AM	March 2023

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
relevant laws and regulations	developed and to be provided as templates.	provided by Data Protection Officer.		
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Completion of review of the FOI Publication Scheme, which is in progress.	<p>FOI Policy and EIR Policy both to be further updated under current business plan. Review of the FOI Publication Scheme to be undertaken.</p> <p>Hybrid system in place for Members and the public and press to attend public meetings.</p> <p>Council and Cabinet meetings broadcast live on the Council's Facebook pages.</p>	LE/AW/MNH	March 2023
B3.1 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	<p>Due to the Covid-19 pandemic, decisions have needed to be made by Gold Command for emergency reasons (under the temporary executive function transfer of power in place until 31.8.2021 and for operational procedures under the Civil Contingencies Act 2004 following that date), therefore it has been impossible to consult physically in the community at present for many services, and consequently the scoring has been amended to reflect this.</p> <p>To continue to progress the review of the Community Engagement Policy that will include provisions for how stakeholders are engaged in future.</p>	<p>Gold Command is no longer meeting.</p> <p>A new Engagement and Participation Policy, 'Talking, Listening and Working Together' has been published. Implementation of this policy to be reviewed before action complete.</p>	AW	March 2023
D2.3 Considering and monitoring risks facing each partner when working collaboratively including shared risks	<p>To continue to take into account legislative changes e.g. Local Government and Elections (Wales) Act 2021.</p> <p>To implement legislative changes, such as regarding the Local Government and Elections (Wales) Act 2021 and consider/monitor risks facing each partner when</p>	<p>Work is ongoing to account for legislative changes.</p> <p>Risks facing each partner when working collaboratively will continue to be considered/monitored.</p>	AW/EP	March 2023

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	working collaboratively, including shared risks.			
G3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	Monitor progress of actions/recommendations.	Monitoring progress of actions/recommendations is ongoing.	EP/AW	March 2023

6 Agreed action plan for matters to be considered during 2023-2024

Following the implementation and review of the CIPFA/SOLACE Delivering good governance in Local Government Framework (2016) the following issues have been identified for resolution during 2023-2024:

Issue	Action	Outcome	Lead Officer	Completion Date
A1.1 Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<p>MO to continue to advise Members further on the Code of Conduct.</p> <p>MO to continue to advise Chief Officers further on the need to declare:</p> <ul style="list-style-type: none"> close personal associations with other Officers or Members, <p>Ongoing review on Chief Officers business declarations</p> <p>Review Members holding directorships, trusteeships, or memberships. Work regarding member feedback and added value outstanding. Code of Conduct for Officers has been updated.</p> <p>Officers to complete a Mandatory Ethics/Fraud e-training module once completed & approved (e-learning training content completed, to be created into e-</p>	<p>Further embedding of behaviour with integrity.</p> <p>e-module completed November 2023</p>	EP/LE	March 2024

Issue	Action	Outcome	Lead Officer	Completion Date
	<p>learning training module shortly).</p> <p>Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.</p> <p>Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Audit Wales Planning Service Follow-Up Review (received 18.7.2023).</p>	<p>Task & Finish Group established October 2023</p>		
<p>A1.2 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>Planning/Development Management Committee governance actions/documents established, training to be provided and progress to be reviewed during 2022-2023.</p> <p>Governance arrangements shall continue to be reviewed in relation to the Planning Service, including as part of the response to the recommendations from the Audit Wales Planning Service Follow-Up Review (received 18.7.2023).</p> <p>Audit Wales – setting of well-being objectives examination received June 2023. The recommendations will be responded to.</p>	<p>Further embedment of Standard Operation Principles and values, including their communication.</p> <p>Task & Finish Group established October 2023</p>	EP/LE	March 2024
<p>A1.4 Demonstrating, communicating and embedding the standard operating principles or values</p>	<p>Delegated decision Register to be published – in progress.</p>	<p>Further embedment of Standard Operating principles and communication through publication of documents.</p>	EP/ HR	March 2024

Issue	Action	Outcome	Lead Officer	Completion Date
through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Report on generic whistleblowing activity to be presented to Overview and Scrutiny Co-ordinating Committee.	Delegated decision Decisions Register to be published – in progress. TPO Register prepared and to be published January 2024 Chief Officer Register of Personal Business Interests to be updated & published.		
A3.1 Ensuring members and Staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Privacy notices for Councillors being developed and to be provided by Data Protection Officer.	Demonstrating strong commitment to rule of law and adherence to relevant laws and regulations	EP/LE/AM	March 2024
A3.2 Creating the conditions to ensure that the statutory Officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	CMIA has completed and attained the Institute of Internal Auditors' Certified Internal Auditor qualification. The CMIA to complete the IIA's CMIIA qualification.	Ensuring key post holders are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. CIA qualification completed - 2023	EP/AJ	March 2024- complete CMIIA March 2026
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	FOI Policy and EIR Policy both to be further updated under current business plan. Review of the FOI Publication Scheme to be undertaken.	Demonstrating commitment to openness.	LE/AW/ MNH	March 2024
B3.1 Establishing a clear policy on the type of issues that the organisation will meaningfully consult	A new Engagement and Participation Policy, 'Talking, Listening and Working Together' has been published. Implementation of this policy to	Improving Community Engagement.	AW	March 2024

Issue	Action	Outcome	Lead Officer	Completion Date
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	be considered before action complete.			
D2.3 Considering and monitoring risks facing each partner when working collaboratively including shared risks	<p>To continue to take into account legislative changes e.g. Local Government and Elections (Wales) Act 2021.</p> <p>To implement legislative changes, such as regarding the Local Government and Elections (Wales) Act 2021 and consider/monitor risks facing each partner when working collaboratively, including shared risks.</p>	<p>Risk management and compliance with legislation to demonstrate commitment to rule of law.</p> <p>Implementation of legislative changes - complete</p>	AW/EP	March 2024
E2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Delegated Decision Register to be published.	<p>Further clarity on which decisions are delegated through communication by way of publication.</p> <p>TPO Register prepared and to be published January 2024.</p> <p>Chief Officer Register of Personal Business Interests to be updated & published.</p>	EP	March 2024
G3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	Monitor progress of actions/recommendations – ongoing action.	<p>Assurances and managing risk</p> <p>Organisation Response Forms are completed for all External Audit reports and are presented to GAC as a standing item on the agenda.</p>	EP/AW	March 2024

7 Conclusion

The annual governance framework review measured progress against the new CIPFA/SOLACE Delivering Good Governance Framework (2016) and overall governance arrangements were found to be acceptable or good. The review confirmed that the Council's governance arrangements are effective and fit for purpose.

The Council has made good progress during the year with recorded achievements against each of the seven core principles.

The development of a Local Code of Corporate Governance bringing together all the local codes and documents together in one document provides assurance that there are clear governance arrangements in place.

The Council has identified a number of minor issues for resolution during 2023/24 and has set these out in an action plan for completion (as above). The actions taken as a direct result of the pandemic will be recorded, as appropriate.

8 Certification of Annual Governance Statement

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness throughout the 2023/24 year and will monitor their implementation and operation as part of our next annual review. It is acknowledged that the pandemic may hinder some of these steps, which will be addressed and reported accordingly to Council in the 2023/24 AGS.

Minor Joint Committees in Wales

Annual Return for the Year Ended 31 March 2023

Accounting statements 2022-23 for:

Name of body: Ceredigion Harbour Authority (CHA)

	Year ending		Notes and guidance for compilers
	31 March 2022 (£)	31 March 2023 (£)	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.
Statement of income and expenditure/receipts and payments			
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.
2. (+) Income from local taxation/levy	58,593	50,708	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	213,345	195,070	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.
4. (-) Staff costs	0	0	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).
6. (-) Total other payments	271,938	245,778	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	0	0	Total balances and reserves at the end of the year. Must equal $(1+2+3) - (4+5+6)$.
Statement of balances			
8. (+) Debtors	30,706	12,821	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	-22,359	2,139	All accounts: The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.
10. (-) Creditors	8,347	14,960	Income and expenditure accounts only: Enter the value of monies owed by the body (except borrowing) at the year-end.
11. (=) Balances carried forward	0	0	Total balances should equal line 7 above: Enter the total of $(8+9-10)$.
12. Total fixed assets and long-term assets	1,206,637	1,282,840	The asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

Annual Governance Statement

We acknowledge as the members of the Body, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2023, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
<p>1. We have put in place arrangements for:</p> <ul style="list-style-type: none"> effective financial management during the year; and the preparation and approval of the accounting statements. 	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7
<p>3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Body to conduct its business or on its finances.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6
<p>4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect the body's accounts as set out in the notice of audit.	6, 23
<p>5. We have carried out an assessment of the risks facing the Body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the body and has dealt with them properly.	6, 9
<p>6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the body.	6, 8
<p>7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Body and, where appropriate, have included them on the accounting statements.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23

* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

Additional disclosure notes*

The following information is provided to assist the reader to understand the accounting statements and/or the Annual Governance Statement

1.


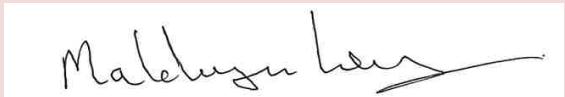
2.

3.

* Include here any additional disclosures the Council considers necessary to aid the reader's understanding of the accounting statements and/or the annual governance statement.

Body approval and certification

The Body is responsible for the preparation of the accounting statements and the annual governance statement in accordance with the requirements of the Public Audit (Wales) Act 2004 (the Act) and the Accounts and Audit (Wales) Regulations 2014.

<p>Certification by the RFO</p> <p>I certify that the accounting statements contained in this Annual Return present fairly the financial position of the Body, and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2023.</p>	<p>Approval by the Council/Board/Committee</p> <p>I confirm that these accounting statements and Annual Governance Statement were approved by the Body under minute reference:</p>
<p>RFO signature:</p> 	<p>Minute ref:</p> <p>Chair of meeting signature:</p> 
<p>Name: DUNCAN HALL</p>	<p>Name: COUNCILLOR MALDWYN LEWIS</p>
<p>Date: 19/08/23</p>	<p>Date: 21/08/23</p>

Auditor General for Wales' Audit Certificate and report

I report in respect of my audit of the accounts under section 13 of the Act, whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met. My audit has been conducted in accordance with, guidance issued by the Auditor General for Wales.

I certify that I have completed the audit of the Annual Return for the year ended 31 March 2023 of:

Ceredigion Harbour Authority

Auditor General's report

Audit opinion - Unqualified

On the basis of my review, in my opinion no matters have come to my attention giving cause for concern that in any material respect, the information reported in this Annual Return:

- has not been prepared in accordance with proper practices;
- that relevant legislation and regulatory requirements have not been met; and
- is not consistent with the Harbour's governance arrangements.

Other matters arising and recommendations

There are no further matters or recommendations that I wish to draw to the Harbour's attention.

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

Annual internal audit report to:

Name of body: Ceredigion Harbour Authority (CHA)

The Body's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2023.

The internal audit has been carried out in accordance with the Body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the Body.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The account is managed via Cyngor Sir Ceredigion's (CSC) computerised financial ledger, and supported by detailed working papers (spreadsheets).
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Payments are administered in accordance with CSC's Financial Regulations and procurement guidelines.
3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The body is subject to the Council's corporate risk management arrangements.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	The budget is set and monitored in accordance with CSC's annual budgetary procedures
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Fees collected as quoted in CSC fees & charges/agreements and administered in accordance with CSC income procedures.
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	No petty cash imprest accounts issued to Harbourmasters.
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Salaries are administered and paid in accordance with CSC's HR arrangements and Financial Regulations.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
8. Asset and investment registers were complete, accurate, and properly maintained.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Both registers maintained in keeping with CSC guidelines

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	As per point 4 - budget is set and monitored in accordance with CSC's annual budgetary procedures.
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	As per point 4 – budget is set and monitored in accordance with CSC's annual budgetary procedures.

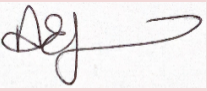
For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:					
	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
11. Harbours pontoons included in CSC's property insurance schedule	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insurance documents – Policy Schedule, Property Module and Property Module Notice to Policyholders
12. Corporate Risk Register – R019: Climate Change and Coastal Erosion/Flooding	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Risk included to monitor work undertaken to mitigate risk identified. Risk Register standard item on Governance and Audit Committee agenda.
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

Internal audit confirmation

I/we confirm that as the Body's internal auditor, I/we have not been involved in a management or administrative role within the body (including preparation of the accounts) or as a member of the body during the financial years 2021-22 and 2022-23. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit: Alex Jenkins, Corporate Manager – Internal Audit
Signature of person who carried out the internal audit: 
Date: 10th August 2023

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