

CEREDIGION COUNTY COUNCIL

Report to: Governance and Audit Committee

Date of meeting: 19 January 2023

Title: Report of the Corporate Lead Officer: Finance and Procurement upon the Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts 2021/22.

Purpose of the report: To consider the Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts for the year ended 31 March 2022.

For: Information

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

1. INTRODUCTION

In accordance with the Public Audit (Wales) Act 2004 the Ceredigion County Council Statement of Accounts must be approved by the Council by 30 January 2023.

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 Ceredigion County Council and Ceredigion Harbour Authority Statements of Accounts for the year ended 31 March 2022 are enclosed for due consideration by the Governance and Audit Committee.

	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):	Governance and Audit Committee is requested to consider the Statements of Accounts and to report to Council on 26 January 2023.	

Reasons for decision: **None required**

Overview and Not Applicable
Scrutiny:
Policy Framework:

Corporate Well-being Not Applicable
Objectives:

Finance and Not Applicable
Procurement
implications:
Legal Implications:

Staffing implications: **Not Applicable**

Property / asset Not Applicable
implications:

Risk(s): **Not Applicable**

Statutory Powers: **Public Audit (Wales) Act 2004**
 Local Government and Housing Act 1989

Background Papers: **Not Applicable**

Appendices: **Statement of Accounts**

Corporate Lead Duncan Hall, Corporate Lead Officer: Finance and
Officer: **Procurement**

Reporting Officer: **Justin Davies, Corporate Manager Core Finance**

Date: **12 January 2023**



Cyngor Sir
CEREDIGION
County Council

STATEMENT OF ACCOUNTS

for the year ending
31st March 2022
Audited

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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 90 to 154) 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	9/Amber	6/Amber
Business Continuity & Civil Contingency	10/Amber	15/Red
Medium Term Financial Plan	15/Red	15/Red
Through Age and Well-being Programme	15/Red	15/Red
Information Management & Cyber Security Resilience	8/Amber	8/Amber
Supporting Local Food Businesses, Maintain Safety	16/Red	16/Red
Brexit Consequences	16/Red	16/Red
Safeguarding	15/Red	15/Red
COVID-19	25/Red	12/Amber
Climate Change & Coastal Erosion / Flooding		25/Red
Ash Dieback		20/Red
Phosphates		20/Red

- **Corporate Improvement and Performance Management Arrangements** – the risk score has decreased to reflect the latest situation regarding the re-instatement of Business Planning and the Performance Board quarterly meetings following a period of suspension during 2020/21 to respond to the COVID-19 pandemic.
- **Business Continuity and Civil Contingency** – the risk score has increased from 10 to 15 to reflect the risk of ransomware attacks on the council network and the impact this would have on the ability to continue council operations and deliver essential services.
- **Information Management** has been expanded to **Information Management and Cyber Security Resilience** to reflect the increasing importance of cyber security with home-based office staff.
- **COVID-19** – the risk score has decreased from 25 to 20 to reflect the latest situation regarding the risks associated with the pandemic following the success of the vaccination programme. The Council continues to engage in response and recovery arrangements with a variety of internal and external groups.
- **Climate Change and Coastal Erosion / Flooding** – This is a new risk combining the previous risks of Carbon Management and Coastal Erosion into an overarching risk on climate change. The new risk includes the wider implications of climate change such as increased instances of flooding, drought and storms. The Council recognises it needs to lead by example and address these risks. Mitigating actions are in place including the development of a Corporate Climate Change Strategy and action plan detailing how the Council will achieve net carbon zero by 2030. Given the potential impacts and likelihood, this risk has been scored as 25 on the register.
- **Ash Dieback** is a new risk reflecting the significant impact that the Ash Dieback Disease could have across Ceredigion and Wales. It is estimated that there are 42,000 mature Ash trees along the county roads alone and a further 10,000 on the Council's Corporate Estate. Ash Dieback is already widespread and visible across the County. Mitigating actions have been put in place including the production of an action plan, a steering group set up along with a survey of high priority areas to identify locations of Ash trees and their condition.
- **Phosphates** – Phosphates is a new risk. Ceredigion County Council are obliged to regard advice from Natural Resources Wales (NRW) who recommend planning restrictions due to high levels of phosphates in the Teifi. This will significantly impact the county by preventing building development across 44.6% of Ceredigion, impacting economic growth
- **Medium Term Financial Plan, Through Age and Wellbeing Programme, Supporting Local Food Businesses, Maintain Safety, Brexit Consequences and Safeguarding** 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 is experiencing unprecedented inflation pressures since the 2022/23 Budget was set. This is already evidencing itself in tender processes (mainly Capital) and in Revenue costs (particularly where services are impacted by fuel and energy prices, where contracts are linked to inflation). Pay awards also remain as yet undetermined for 2022/23, with there now being a much greater risk of pay inflation exceeding the levels currently budgeted.

The Council's medium term financial strategy 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 an overall underspend on £668k. This includes the benefit of a surplus on Council Tax collection and additional WG Revenue Support Grant funding (which came as a result of an amended 2021/22 Local Government Finance Settlement issued in March 2022). The underspend is lower than projected due to transfers to earmarked reserves which will assist in delivering the Council's corporate priorities. The overall surplus will result in General Balances rising to £6.7m, which equates to 4.1% of the 2022/23 Budget (being just above the mid-point of 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 increased at year-end to just under £54m (being 32.5% of the 2022/23 Budget).

Managing the financial dynamics of COVID-19 has continued to be both challenging and resource intensive. The 2021/22 performance continues to demonstrate though, that despite COVID-19, the Council's overall financial position remains positive and resilient and the Council's balance sheet is strong, notwithstanding that greater headwinds now exist.

The analysis of the final controllable revenue outturn position is different to previous year's due to the re-opening of the 2021/22 Local Government Settlement and the additional funding that this brings outside of the normal Controllable Budget. Therefore, the overall final position can be summarised as follows:

	2021/22 Latest Budget £'000	2021/22 Actuals £'000	Under/ (Over) spend £'000
Funding			
Council Tax	(45,078)	(46,629)	1,551
NNDR + RSG	(109,658)	(111,093)	1,435
Total Funding	(154,736)	(157,722)	2,986
Less Transfers to Reserves *	-	2,001	(2,001)
Total Net Funding	(154,736)	(155,721)	985
Controllable Budget	154,736	155,053	(317)
Overall Outturn Position	-	(668)	668

* These Transfers to Reserves relate specifically to setting aside the WG RSG £1.4m plus part of the increase in the PFI reserve. There are other transfers to reserves within the Controllable Budget position.

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

Financial Performance - Capital

	2021/22 £'000	2020/21 £'000
Approved Budget	22,661	19,121
Expendable Budget	22,155	17,737
Actual Expenditure	17,522	13,814
	4,633	3,923

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:

	2021/22 £'000	2020/21 £'000
General Capital Funding	1,992	1,754
Supported Borrowing	673	126
Developing Education in Ceredigion Reserves	0	94
Capital Receipts	299	0
Revenue/Reserve contributions - Including Corporate Capital Reserve	127	3
WG repayable Funding (HILS & H2H loans)	142	185
Grants	14,289	11,652
	17,522	13,814

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 2022 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 2021/22 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

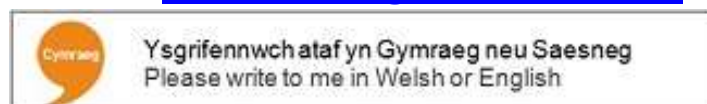
The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows 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

26 January 2023

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 2022.

Corporate Lead Officer: Finance & Procurement

26 January 2023

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 2022 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of Ceredigion County Council as at 31 March 2022 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 2021-22.

BASIS OF OPINION

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

Conclusions relating to going concern

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

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

REPORT ON OTHER REQUIREMENTS**Opinion on other matters**

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; 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:

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

RESPONSIBILITIES

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 8, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management, 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.

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.

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
30 January 2023

24 Cathedral Road
Cardiff
CF11 9LJ

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)		

EXPENDITURE AND FUNDING ANALYSIS 2020/21

2020/2021	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	48,861	(4,962)	43,899	7,697	51,596
Porth Cymorth Cynnar	3,158	(351)	2,807	1,643	4,450
Finance & Procurement	20,858	(1,664)	19,194	(6,787)	12,407
Democratic Services	3,957	0	3,957	477	4,434
People & Organisation	2,007	0	2,007	256	2,263
Porth Cynnal	21,950	1,301	23,251	619	23,870
Porth Gofal	10,236	(1,067)	9,169	1,627	10,796
Policy, Performance & Public Protection	2,178	0	2,178	193	2,371
Highways & Environmental	16,305	(2,663)	13,642	4,671	18,313
Economy & Regeneration	3,276	(400)	2,876	1,687	4,563
Customer Contact	5,445	0	5,445	789	6,234
Legal & Governance	1,476	0	1,476	130	1,606
Leadership Group	6,938	(6,416)	522	89	611
Levies, Council Tax Premium & Reserves	4,475	(186)	4,289	(4,289)	0
NET COST OF SERVICES	151,120	(16,408)	134,712	8,802	143,514
Other Income and Expenditure	(151,609)	0	(151,609)	2,164	(149,445)
(Surplus) or Deficit	(489)	(16,408)	(16,897)	10,966	(5,931)
General Fund Opening Balance	(5,563)	(22,125)	(27,688)		
(Surplus) or Deficit	(489)	(16,408)	(16,897)		
General Fund Closing Balance	(6,052)	(38,533)	(44,585)		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

			2021/22	
		Gross	Gross	
	Note	Exp	Inc	Net Exp
		£'000	£'000	£'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	1.28			(32,256)
Remeasurement of the net defined benefit liability (asset)	1.38			(38,833)
OTHER COMPREHENSIVE INCOME AND EXPENDITURE				(71,089)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				(77,707)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

			2020/21	
		Gross	Gross	
	Note	Exp	Inc	Net Exp
		£'000	£'000	£'000
Schools & Culture		74,084	(22,488)	51,596
Porth Cymorth Cynnar		9,753	(5,303)	4,450
Finance & Procurement		28,781	(16,374)	12,407
Democratic Services		4,482	(48)	4,434
People & Organisation		3,346	(1,083)	2,263
Porth Cynnal		36,508	(12,638)	23,870
Porth Gofal		20,902	(10,106)	10,796
Policy, Performance & Public Protection		4,066	(1,695)	2,371
Highways & Environmental		26,595	(8,282)	18,313
Economy & Regeneration		8,011	(3,448)	4,563
Customer Contact		6,899	(665)	6,234
Legal & Governance		1,675	(69)	1,606
Leadership Group		12,282	(11,671)	611
COST OF SERVICES		237,384	(93,870)	143,514
Other operating expenditure	1.9	13,338	0	13,338
Financing and investment income and expenditure	1.10	10,090	(826)	9,264
Taxation and non-specific grant income	1.11	0	(172,047)	(172,047)
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES		260,812	(266,743)	(5,931)
(Surplus) or deficit on revaluation of Fixed Assets	1.28			1,077
Remeasurement of the net defined benefit liability (asset)	1.38			(6,276)
OTHER COMPREHENSIVE INCOME AND EXPENDITURE				(5,199)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				(11,130)

MOVEMENT IN RESERVES STATEMENT

	Note	General Fund Balance £'000	Earmarked Reserves £'000	TOTAL £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
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		(668)	(15,408)	(16,076)	(233)	(3,486)	(19,795)	(57,912)	(77,707)
Balance at 31/03/22		(6,720)	(53,941)	(60,661)	(6,564)	(5,289)	(72,514)	(158,176)	(230,690)
2020/21									
Balance at 31/03/20		(5,563)	(22,125)	(27,688)	(5,990)	(954)	(34,632)	(107,221)	(141,853)
(Surplus) or deficit on provision of services		(5,931)	0	(5,931)	0	0	(5,931)	0	(5,931)
Other Comprehensive Expenditure & Income		0	0	0	0	0	0	(5,199)	(5,199)
Total Comprehensive Expenditure & Income		(5,931)	0	(5,931)	0	0	(5,931)	(5,199)	(11,130)
Adjustments between accounting basis & funding basis under regulations	1.7	(10,966)	0	(10,966)	(341)	(849)	(12,156)	12,156	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(16,897)	0	(16,897)	(341)	(849)	(18,087)	6,957	(11,130)
Transfers to/from Earmarked Reserves	1.8	16,408	(16,408)	0	0	0	0	0	0
(Increase)/Decrease		(489)	(16,408)	(16,897)	(341)	(849)	(18,087)	6,957	(11,130)
Balance at 31/03/21		(6,052)	(38,533)	(44,585)	(6,331)	(1,803)	(52,719)	(100,264)	(152,983)

BALANCE SHEET

	Note	£'000	31/03/22 £'000	Restated 31/03/21 £'000
<u>ASSETS</u>				
Property, Plant and Equipment	1.13	277,636		245,034
Infrastructure	1.13	135,946		133,860
Investment Property	1.14	17,368		16,912
Heritage Assets	1.15	3,522		3,220
Long Term Debtors	1.17	3,961		3,526
LONG TERM ASSETS			438,433	402,552
Short Term Investments	1.19	18,006		4,003
Assets Held for Sale		720		120
Inventories	1.18	1,245		1,473
Short Term Debtors	1.22	36,660		30,685
Cash and Cash Equivalents	1.23	32,498		22,695
CURRENT ASSETS			89,129	58,976
TOTAL ASSETS			527,562	461,528
<u>LIABILITIES</u>				
Short Term Borrowing	1.25	(7,818)		(1,084)
Short Term Creditors	1.24	(32,115)		(22,667)
Short Term Provisions		(240)		(24)
Donated Inventories Account	1.18	(687)		(1,066)
CURRENT LIABILITIES			(40,860)	(24,841)
Long Term Creditors		(808)		(817)
Long Term Borrowing	1.25	(108,054)		(115,872)
Other Long Term Liabilities	1.26	(145,029)		(166,649)
Capital Grants Receipts in Advance		(2,121)		(366)
LONG TERM LIABILITIES			(256,012)	(283,704)
TOTAL LIABILITIES			(296,872)	(308,545)
NET ASSETS			230,690	152,983
Usable Reserves	1.27	(72,514)		(52,719)
Unusable Reserves	1.28	(158,176)		(100,264)
TOTAL RESERVES			(230,690)	(152,983)

2020/21 has been restated to include Infrastructure assets separately.

CASH FLOW STATEMENT

	Note	2021/22 £'000	2020/21 £'000
OPERATING ACTIVITIES			
Net Surplus/(Deficit) on the Provision of Services		6,618	5,931
Non cash transactions			
Depreciation and Impairment		9,928	12,256
Capital Grants		(17,393)	(10,975)
Pension Fund adjustments		17,587	12,715
		<u>16,740</u>	<u>19,927</u>
Adjustments for items reported separately on Cashflow			
(Gain)/Loss on the disposal of Fixed Assets		44	23
Items on an accrual basis			
(Increase)/decrease in Inventories		(150)	138
(Increase)/decrease in Debtors		(2,828)	(8,864)
Increase/(decrease) in Creditors		8,611	558
Net Cash Inflow/(Outflow) from Operating Activities	1.29	<u>22,417</u>	<u>11,782</u>
INVESTING ACTIVITIES			
Cash Outflows			
Purchase of fixed assets	(12,718)		(9,851)
Purchase of short term investments	(14,000)		0
Other Capital cash payments	(919)		(536)
		<u>(27,637)</u>	<u>(10,387)</u>
Cash Inflows			
Sale of fixed assets	302		254
Capital grants received	14,518		8,583
Proceeds from long term investments	0		9
Proceeds from short term investments	14		1,997
Other Capital Cash Receipts	1,646		1,082
		<u>16,480</u>	<u>11,925</u>
Net Cash Flows from Investing Activities		<u>(11,157)</u>	<u>1,538</u>
FINANCING ACTIVITIES			
Cash Outflows			
Repayment of short term and long term borrowing	(1,083)		(6,162)
Payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(374)		(278)
		<u>(1,457)</u>	<u>(6,440)</u>
Cash Inflows			
New Loans Raised		0	80
Net Cash Flows from Financing Activities		<u>(1,457)</u>	<u>(6,360)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>9,803</u>	<u>6,960</u>
Cash and Cash Equivalents at beginning of the year		22,695	15,735
Cash and Cash Equivalents at end of the year	1.23	32,498	22,695

NOTES TO THE STATEMENT OF ACCOUNTS**1.1 NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS**

	Adjustments for Capital Purposes (Note A) £'000	Net change for Pensions (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

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
2020/21				
Schools & Culture	5,786	2,228	(317)	7,697
Porth Cymorth Cynnar	802	739	102	1,643
Finance & Procurement	143	379	(7,309)	(6,787)
Democratic Services	21	486	(30)	477
People & Organisation	0	250	6	256
Porth Cynnal	4	662	(47)	619
Porth Gofal	355	1,278	(6)	1,627
Policy, Performance & Public Protection	8	412	(227)	193
Highways & Environmental Services	3,482	1,103	86	4,671
Economy & Regeneration	153	648	886	1,687
Customer Contact	137	592	60	789
Legal & Governance	0	116	14	130
Leadership Group	27	203	(141)	89
Levies, Council Tax Premium & Reserves	0	0	(4,289)	(4,289)
NET COST OF SERVICES	10,918	9,096	(11,212)	8,802
Other Income and Expenditure	(10,978)	3,619	9,143	1,784
Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(60)	12,715	(2,069)	10,586

1.2 ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. 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 2021/22*, 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:

- 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 2.8%.
- 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 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 negative balance that arises on the Pensions Reserve thereby measures the beneficial 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 repurchase/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 2022 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.

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 4.20% (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:

2022/23	Miscellaneous Land Assets and Car Parks
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

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 2022 there are no relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have any 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.

Brexit

A UK/EU Trade and Cooperation Agreement was reached on 24 December 2020 which was ratified by the UK Parliament ahead of new arrangements with the EU. Leaving the EU with a deal has reduced the risk and uncertainty to Ceredigion, although the Trade and Cooperation Agreement is still causing some disruption. The Council is monitoring the impact.

COVID-19

The future impact on both service delivery and response activity of the COVID-19 pandemic, as well as the uncertainty of continued financial support from Welsh Government.

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 2022 for which there is a risk of adjustment in following financial years are:

Pensions Liability

Estimation of the net 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 2017/18 to 2020/21 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:

	2021/22	2020/21
	£'000	£'000
Controllable Expenditure		
Employees	107,780	100,418
Premises	9,851	8,912
Transport	10,435	8,772
Supplies and Services	120,245	116,808
Total Expenditure	248,311	234,910
Controllable Income		
Grants	(68,414)	(67,211)
Other Income	(36,461)	(31,370)
Contract Services/Schools	(1,790)	(1,617)
Total Income	(106,665)	(100,198)
Controllable Before Reserves	141,646	134,712
Revenue Expenditure Funded from Capital under Statute	1,082	309
IAS19 <i>Employee Benefits</i> adjustments	17,587	12,715
Accumulated Absences	547	172
Depreciation, amortisation and impairment	9,928	12,256
(Gain)/Loss on disposal of assets	(659)	(414)
Capital Expenditure charged to the General Fund	(127)	(96)
Other capital accounting adjustments	(1,507)	(3,000)
Precepts	9,976	9,462
Taxation and non-specific grant income	(185,091)	(172,047)
(Surplus) or Deficit on Provision of Services	(6,618)	(5,931)

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.

2021/22

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	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)

2020/21**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	11,759	0	0	(11,759)
Revaluation losses/gains on Property, Plant & Equipment	(214)	0	0	214
Movement in the fair value of Investment Properties	710	0	0	(710)
Capital grants and contributions applied	(9,734)	0	0	9,734
Revenue expenditure funded from capital under statute	310	0	0	(310)
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	277	0	0	(277)
<u>Insertion of items not debited or credited on the Comprehensive I&E Statement:</u>				
Statutory provision for the financing of capital investment	(3,016)	0	0	3,016
Capital expenditure charged against the General Fund	(97)	0	0	97
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(1,241)	0	1,241	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(392)	392

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	(339)	339	0	0
Use of Capital Receipts to finance new capital expenditure	0	0	0	0
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals	(2)	2	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	(349)	0	0	349
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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	15	0	0	(15)
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Adjustments involving the Pensions Reserve:

Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	21,216	0	0	(21,216)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,501)	0	0	8,501

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	172	0	0	(172)
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Total Adjustments	10,966	341	849	(12,156)
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1.8 EARMARKED RESERVES AND DELEGATED SCHOOLS BALANCES

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

	31/03/20	Transfer	Transfer	31/03/21	Transfer	Transfer	31/03/22
	Balance	to	from	Balance	to	from	Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Delegated Schools Budget - Primary	1,521	1,514	0	3,035	1,212	(17)	4,230
Delegated Schools Budget - Secondary	640	1,233	0	1,873	540	(12)	2,401
Delegated Schools Budget - All Through	519	922	0	1,441	240	0	1,681
Insurances - Supply Cover	149	148	0	297	13	(125)	185
Schools & Culture Service	407	0	(11)	396	100	0	496
Schools & Culture	3,236	3,817	(11)	7,042	2,105	(154)	8,993
Corporate Capital	2,362	863	0	3,225	2,971	0	6,196
Education Penweddig PFI	1,459	0	(536)	923	1,000	(309)	1,614
Corporate - Joint Arrangements	8	0	0	8	0	0	8
Funding / CTRS Equalisation	700	0	0	700	0	0	700
Corporate Redundancy	1,062	0	0	1,062	0	0	1,062
Insurance	501	387	0	888	216	0	1,104
Cost of Living Scheme (Discretionary)	0	0	0	0	487	0	487
Finance - General	0	250	0	250	0	0	250
Finance & Procurement	6,092	1,500	(536)	7,056	4,674	(309)	11,421
Democratic Services	112	0	0	112	0	0	112
County Council Election reserve	0	200	0	200	0	0	200
Democratic Services	112	200	0	312	0	0	312
People & Organisation	58	0	0	58	0	0	58
Porth Cymorth Cynnar	2	0	0	2	0	0	2
Pyrth Investment	0	0	0	0	250	0	250
Porth Gofal	222	117	0	339	24	0	363
Pyrth Through Age Model	224	117	0	341	274	0	615
Policy, Performance & Public Protection	102	0	0	102	0	0	102
Highways & Environment Services	80	1,213	0	1,293	1,005	0	2,298
Winter Maintenance/Storm Repairs	277	0	0	277	0	0	277
Environmental & Flood Protection	177	0	0	177	0	0	177
Civil Parking Enforcement	93	0	0	93	21	(28)	86
Highways & Environmental Services	627	1,213	0	1,840	1,026	(28)	2,838
Local Development Plan	248	0	0	248	0	0	248
Economy & Regeneration	177	0	0	177	0	0	177
Food Centre Wales (Horeb)	217	0	0	217	0	0	217
Growth Deal	250	0	0	250	0	0	250
Sewage Treatment Works Improvement Programme	543	0	0	543	0	(91)	452
Performance & Economy	1,435	0	0	1,435	0	(91)	1,344
ICT & Digital Investment	0	0	0	0	1,000	0	1,000
Customer Contact	134	0	0	134	75	0	209
Customer Contact	134	0	0	134	1,075	0	1,209
Legal & Governance	125	0	0	125	0	0	125
Contingency (including Covid 19)	1,500	2,873	0	4,373	90	0	4,463
Cost and Inflationary Pressures	0	0	0	0	1,435	0	1,435
Placements Equalisation	0	0	0	0	1,000	0	1,000
Council Tax Premium	462	186	0	648	472	0	1,120
National Eisteddfod 2020	170	0	0	170	0	0	170
Investing in People's Future	4,781	750	(94)	5,437	535	(570)	5,402
Boosting the Economy	67	4,443	0	4,510	2,995	(621)	6,884
Enabling Individual & Family Resilience	0	1,801	(1,301)	500	1,000	0	1,500
Promoting Environmental & Community Resilience	3,000	1,450	0	4,450	500	0	4,950
Leadership Group	9,980	11,503	(1,395)	20,088	8,027	(1,191)	26,924
TOTAL EARMARKED RESERVES	22,125	18,350	(1,942)	38,533	17,181	(1,773)	53,941

The balance on the total Earmarked reserves increased by £15,408k in 2021/22 and £16,408k in 2020/21.

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

	2021/22	2020/21
	£'000	£'000
Community Council Precepts	1,183	1,141
Dyfed Powys Police Precept	8,793	8,321
Levies	4,072	4,289
Loss/(Gain) on the disposal of non-current assets	(659)	(413)
Total	13,389	13,338

1.10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2021/22	2020/21
	£'000	£'000
Interest payable and other charges	5,725	5,749
Pensions interest cost and expected return on pensions assets	3,284	3,602
Interest receivable and similar income	(236)	(62)
(Surplus)/deficit on Trading Operations	128	89
Income and Expenditure in relation to Investment Properties	(847)	(824)
Changes to fair value on Investment Properties	(18)	710
Total	8,036	9,264

1.11 TAXATION AND NON SPECIFIC GRANT INCOME

	2021/22	2020/21
	£'000	£'000
Council tax income	56,605	53,426
Non domestic rates	25,064	23,800
Non-ringfenced government grants (RSG)	86,029	83,846
Capital grants and contributions	17,393	10,975
Total	185,091	172,047

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 – 31,911.26 for 2021/22 (31,936.27 in 2020/21).

Council Tax Base for Ceredigion County Council 2021/22

Tax Base (@ 98.5% collection rate)

<u>Band</u>	<u>Tax Base</u>
A*	1.76
A	1,002.62
B	3,063.29
C	5,674.49
D	6,539.57
E	9,386.17
F	4,641.52
G	1,397.90
H	158.44
I	45.5
Total Tax Base	31,911.26

Analysis of the net proceeds from Council Tax:

	2021/22	2020/21
	£'000	£'000
Council Tax Collected	56,039	53,570
WG Hardship Claim	106	0
WG Hardship Fund Council Tax Collection	0	576
Less:		
(Increase)/Decrease Provision for Non-payment	460	(720)
Net Proceeds from Council Tax	<u>56,605</u>	<u>53,426</u>

The net proceeds can be analysed as follows:

	2021/22	2020/21
Ceredigion County Council	46,629	43,963
Precept for Dyfed Powys Police Authority	8,793	8,322
Precept for Town and Community Councils	1,183	1,141
	<u>56,605</u>	<u>53,426</u>

National Non-Domestic Rates (NNDR)

NNDR is operated on a national basis. The Welsh Government specifies an amount for the rate which was 53.3p in 2021/22 (53.5p in 2020/21), 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 2022 the rateable value was £56,060,088 (£56,199,119 as at 31 March 2021).

1.12 GRANT INCOME

Revenue Grants - Credited to Services:		Restated	
	2021/22	2020/21	
	£'000	£'000	
WG - COVID grants *see page 51 for further details	7,667	15,502	
WG - Post 16 Funding	3,773	3,768	
WG - Regional Consortium Educational Improvement Grant	2,701	2,582	
WG - Pupil Development Grant	1,550	1,287	
WG - Local Authority Education Grant	5,463	908	
WG - Children & Communities Grant	2,210	2,176	
WG - Housing Support Grant	3,847	2,953	
WG - Sustainability Pressures Grant	1,145	1,025	
WG - Social Care Recovery Fund	1,388	0	
WG - LA Social Care Pressures Grant	1,145	0	
WG - Sustainable Waste Management	732	574	
WG - Concessionary Fares Grant	656	625	
WG - Public Bus Services Grant	740	680	
WG - Bus Services Support Grant	763	745	
WG - Child Care	7,282	7,512	
WG - Ramp up Funding	1,703	1,163	
Social Care Wales - Workforce Development Programme	1,004	986	
DWP - Housing Benefit Subsidy & Admin Grants	14,313	15,453	
Other Government Grants and contributions	10,331	9,393	
Total Government Grants in Net Cost of Services	68,413	67,332	

2020/21 restated due to some large grants being identified from several separate areas.

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

		Restated	
	2021/22	2020/21	
	£'000	£'000	
WG - General Capital Grant	5,136	2,853	
WG - Road Improvements	610	785	
WG - Local Transport Network Fund	842	570	
WG - Child Care	1,548	739	
WG - 21st Century Schools	2,145	94	
WG - Schools Additional Capital Works	1,188	1,144	
WG - Education IT Equipment Grant	321	560	
WG - Storm Callum	10	550	
WG - Free School Meals	570	0	
WG - Land & Property Development	1,060	0	
WG - Cardigan Mash Project	540	0	
Other Grants	3,423	4,060	
	17,393	11,355	

2020/21 Restated for corrections to narrative and additional information on grants disclosed in 2021/22

COVID-19 Funding

The value of additional funding streams due to COVID-19 is summarised in the following tables:

Principal by Nature

2021/22	Expenditure £000	Welsh Government	NHS
		Income £000	Income £000
Hardship Claims	5,450	5,450	0
Lost Income	0	1,394	0
Council Tax Grant - Council Tax Income	0	618	0
Admin Fees	26	205	0
Total COVID 19 Government Grants in Net	5,476	7,667	0
Cost of Services			
Test, Trace, Protect - Other Income	2,613	0	1,987
Field Hospitals - Capital Grants & Contributions	129	0	129
Total	8,218	7,667	2,116

2020/21	Expenditure £000	Welsh Government	NHS
		Income £000	Income £000
Hardship Claims	8,168	8,168	0
Lost Income	0	4,782	0
Shielding Parcels	448	448	0
Council Tax Support Increased Cost	354	354	0
Digital Transformation/Savings Strategies/ Admin Fees	15	1,750	0
Total COVID 19 Government Grants in Net	8,985	15,502	0
Cost of Services			
Council Tax Grant - Council Tax Income	0	575	0
Test, Trace, Protect - Other Income	1,017	0	772
Field Hospitals - Capital Grants & Contributions	628	0	628
Total	10,630	16,077	1,400

Agency by Nature

2021/22	Expenditure £000	Welsh Government Income £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
Winter Fuel Support Scheme	576	576
Total	13,740	13,740

2020/21	Expenditure £000	Welsh Government Income £000
Grants to Businesses	49,184	49,184
Retail, Leisure and Hospitality Rates Relief Scheme	9,096	9,096
Social Care Workforce Payment Scheme	872	872
Self Isolation Grant	42	42
Statutory Sick Pay Enhancement Scheme - Social Care	22	22
Flood Compensation Scheme (COVID-19)	9	9
Total	59,225	59,225

1.13 PROPERTY, PLANT AND EQUIPMENT**Movements in 2021/2022:**

	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

Movements in 2020/21:

Restated	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 2020	238,936	23,677	1,380	2,417	516	266,926
Additions	910	2,014	89	1	1,666	4,680
Revaluation increases/(decreases) in the Revaluation Reserve	(715)	0	0	(10)	0	(725)
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(2,859)	0	0	(364)	0	(3,223)
Derecognition-disposals	0	(56)	0	(4)	0	(60)
Assets reclassified (to) /from Held for Sale	0	0	0	973	0	973
Assets reclassified from AUC	857	0	0	0	(857)	0
Other movements	2	(994)	0	993	0	1
At 31 March 2021	237,131	24,641	1,469	4,006	1,325	268,572
Accumulated Depreciation and Impairment						
At 31 March 2020	(4,127)	(12,955)	0	(37)	0	(17,119)
Depreciation charge	(7,222)	(1,724)	0	(50)	0	(8,996)
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,774	0	0	41	0	1,815
Impairment (losses)/reversals in the Revaluation Reserve	(349)	0	0	0	0	(349)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	1,081	(26)	0	0	0	1,055
Derecognition-disposals	0	56	0	0	0	56
Other movements	0	853	0	(853)	0	0
At 31 March 2021	(8,843)	(13,796)	0	(899)	0	(23,538)
Net Book Value						
At 31 March 2021	228,288	10,845	1,469	3,107	1,325	245,034
At 31 March 2020	234,809	10,722	1,380	2,380	516	249,807

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 2021/22 were Social Services Buildings. All the remaining Council Buildings held on a Depreciated Replacement Cost (DRC) basis had their current valuations uprated by an index based on appropriate figures taken from Building Cost Information Service (BCIS) data. Valuations of the Council's Car Parks were similarly uprated, based on the Council's latest estimates of future income. 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:	66	23,695	1,138
Valued at fair value as at:			
31 March 2022	229,288	0	2,225
31 March 2021	14,019	0	0
31 March 2020	15,949	0	0
31 March 2019	2,228	0	0
31 March 2018	205	0	0
TOTAL	261,755	23,695	3,363

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 £135,946k were held as at 31 March 2022 (£133,860k as at 31 March 2021).

	2021/22	2020/21
	£'000	£'000
Net Book Value at 1 April	133,860	131,248
Additions	4,920	5,576
Derecognition - Disposals	0	(153)
Depreciation Charge	(2,825)	(2,760)
Impairment	(9)	(51)
Net Book Amount at 31 March	135,946	133,860

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:

	2021/22	2020/21
	£'000	£'000
Balance at start of the year	16,912	17,570
Additions:		
Purchases	370	0
Subsequent expenditure	68	52
Disposals	0	0
Net gains/(losses) from fair value investments	18	(710)
Transfers (to)/from Property, Plant and Equipment	0	0
Balance at the end of year	<u>17,368</u>	<u>16,912</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 2020	1,154	1,763	95	65	54	3,131
Additions	7	82	0	0	0	89
Revaluations	0	0	0	0	0	0
31st March 2021	1,161	1,845	95	65	54	3,220
Cost or Valuation						
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

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 31/03/2022
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

Category / Sub Category	Level 1	Level 2	Level 3	Fair Value as at 31/03/2021
Assets Held for Sale	0	120	0	120
Corporate Estate	0	10,787	0	10,787
Empty Property	0	763	0	763
Investment Properties	0	3,550	0	3,550
Leased Property	0	152	0	152
Other Buildings	0	1,660	0	1,660
Surplus	0	3,037	70	3,107
	0	20,069	70	20,139

Transfers between Levels of Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during 2021/22.

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

	2021/22 £'000	2020/21 £'000
Opening Balance	70	924
Transfers out of Level 3	0	(874)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	20
Closing Balance	<u>70</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 31/03/2022 £'000	Valuation technique used to measure fair value
Commercial	70	Valuation based on the market rent passing or terms agreed for the property
	<u>70</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

	2021/22	2020/21
	£'000	£'000
Adult Social Care	494	467
Housing	3,348	2,834
Other	119	225
	<u>3,961</u>	<u>3,526</u>

1.18 INVENTORIES

	2021/22	2020/21
	£'000	£'000
Balance outstanding at start of year	1,473	545
Purchases & Donations	1,968	3,022
Issued	(2,196)	(2,094)
Balance outstanding at year-end	<u>1,245</u>	<u>1,473</u>

Donated Inventories Account

During the year, the Council received a significant amount of Personal Protective Equipment from Welsh Government for use within both in-house as well as commissioned social care services. This represents the principal amount of the Donated Inventories.

	2021/22	2020/21
	£'000	£'000
Balance as at 1st April	1,066	0
Received	883	2,676
Utilised	(1,262)	(1,610)
Balance outstanding at year-end	<u>687</u>	<u>1,066</u>

1.19 FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31/03/22	31/03/21	31/03/22	31/03/21
	£'000	£'000	£'000	£'000
Investments				
Loans and Receivables	0	0	18,006	4,003
Total Investments	0	0	18,006	4,003
	Long Term		Current	
	31/03/22	31/03/21	31/03/22	31/03/21
	£'000	£'000	£'000	£'000
Debtors				
Loans and Receivables	3,961	3,526	0	0
Financial Assets at amortised cost	0	0	33,016	27,308
Total Debtors	3,961	3,526	33,016	27,308
	Long Term		Current	
	31/03/22	31/03/21	31/03/22	31/03/21
	£'000	£'000	£'000	£'000
Borrowings				
Financial Liabilities at amortised cost	108,054	115,872	7,818	1,084
Total Borrowings	108,054	115,872	7,818	1,084
	Long Term			
	31/03/22	31/03/21		
	£'000	£'000		
Other Long Term Liabilities				
PFI and finance lease liabilities	5,450	5,824		
Total Other Long Term Liabilities	5,450	5,824		
	Long Term		Current	
	31/03/22	31/03/21	31/03/22	31/03/21
	£'000	£'000	£'000	£'000
Creditors				
Financial Liabilities at amortised cost	808	817	31,593	22,173
Total Creditors	808	817	31,593	22,173

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:

	2021/2022			2020/2021		
	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	5,270	0	5,270	5,441	0	5,441
Fee expense	14	0	14	14	0	14
Total expense in Surplus/Deficit on the Provision of Services	5,284	0	5,284	5,455	0	5,455
Interest Income	0	(236)	(236)	0	(53)	(53)
Interest income accrued on impaired financial assets	0	0	0	0	(9)	(9)
Total income in Surplus/Deficit on the Provision of Services	0	(236)	(236)	0	(62)	(62)
Net (gain)/loss for the year	5,284	(236)	5,048	5,455	(62)	5,393

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 2022		31 March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities (All - Premature Repayment rates)	115,872	166,919	116,956	183,983
Financial Liabilities (All - New Loans rate)	115,872	145,911	116,956	159,052
Financial Liabilities (PWLB loans only - Premature Repayment rate)	108,993	156,253	110,077	172,083
Financial Liabilities (PWLB loans only - New Loans rate)	108,993	137,346	110,077	149,727

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 PWLB redemption and new PWLB Certainty Rate loan discount rates.

The valuation basis adopted uses **Level 2 Inputs** - i.e. inputs other than quoted prices that are observable for the Financial Liability.

The fair value is higher than the carrying amount because the Council's portfolio includes loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

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:

- Interest is calculated using the most common market convention, ACT/365
- Interest is not paid/received on the start date of an instrument, but is paid/received on the maturity date.
- The discount rates were obtained from the market on 31 March 2022, using bid prices where applicable.

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.

1.20 CAPITAL COMMITMENTS

At 31 March 2022, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £5,612k (£6,650k as at 31 March 2021).

<u>2021/22</u>	£'000
B4333 Lloyds Terrace, Newcastle Emlyn	305
B4570 Teforgan, Llangoedmor - Earthworks	4
County Road Resurfacing Phase 4	846
Aberaeron Comprehensive School - Canolfan y Môr Extension & New Reception Block	1,313
Cardigan Secondary School - Extension & Refurbishment	3,144
Total	<u>5,612</u>
<u>2020/21</u>	£'000
County Road Resurfacing Phase 3	576
Childcare Provision -Ysgol Henry Richard	686
Cardigan Secondary School extension and refurbishment	4,830
Nursery Facility at Llwyn yr Eos CP School	548
Cenarth Community School - Meithrin Extension and Refurbishment	10
Total	<u>6,650</u>

1.21 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 2021/22. 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 Capital Receipts £'000
Through Age & Wellbeing Model Transformation	281	281

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.

1.22 DEBTORS

	31/03/22 £'000	31/03/21 £'000
Central Government Bodies	20,158	16,633
Other Local Authorities	3,714	3,076
NHS Bodies	4,420	3,169
Public corporations and trading funds	0	0
Other entities and individuals	11,814	11,247
Impairment Allowance	(3,446)	(3,440)
Total	<u>36,660</u>	<u>30,685</u>

1.23 CASH AND CASH EQUIVALENTS

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

	31/03/22 £'000	31/03/21 £'000
Cash held by the Council	36	33
Bank current accounts	(5,036)	(2,538)
Short-term deposits with banks/building societies/other financial institutions	37,498	25,200
Total Cash and Cash Equivalents	<u>32,498</u>	<u>22,695</u>

1.24 CREDITORS

	31/03/22	31/03/21
	£'000	£'000
Central Government Bodies	7,369	3,745
Other Local Authorities	2,143	1,636
NHS Bodies	552	672
Other entities and individuals	22,051	16,614
Total	32,115	22,667

1.25 BORROWING

The Council's long term borrowing is mainly from the Public Works Loan Board (PWLB). The loans are analysed by maturity with the interest rates ranging between 1.73% and 9.875%.

An analysis of loans by maturity:

	31/03/22	31/03/22	31/03/22	31/03/21	31/03/21	31/03/21
	PWLB	OTHER	TOTAL	PWLB	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Maturing withing one year	7,818		7,818	1,084	0	1,084
Long Term Borrowing						
Maturing in 1 - 2 years	1,151	0	1,151	7,818	0	7,818
Maturing in 2 - 5 years	8,718	80	8,798	6,589	0	6,589
Maturing in 5 - 10 years	13,352	556	13,908	10,747	636	11,383
Maturing in 10 - 15 years	16,163	250	16,413	16,780	250	17,030
Maturing in 15 - 20 years	17,138	0	17,138	19,522	0	19,522
Maturing in 20 - 25 years	11,586	0	11,586	8,470	0	8,470
Maturing in 25 - 30 years	3,800	0	3,800	9,800	0	9,800
Maturing in 30 - 35 years	13,500	0	13,500	10,500	0	10,500
Maturing in 35 - 40 years	16,000	0	16,000	19,000	0	19,000
Maturing in 40 - 45 years	0	5,760	5,760	0	0	0
45+ years	0	0	0	0	5,760	5,760
Total Long Term Borrowing	101,408	6,646	108,054	109,226	6,646	115,872

Loan Restructuring

No loan restructuring was carried out during 2021/22.

Welsh Government Grants to be repaid in future years

The Council did not receive any further loans from Welsh Government during 2021/22. 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.

1.26 OTHER LONG TERM LIABILITIES

	31/03/22	31/03/21
	£'000	£'000
Ysgol Gyfun Penweddig PFI Liability	3,517	3,959
Pension Liability	139,579	160,825
Finance Lease Liability	468	579
MRP writedown adjustment	1,465	1,286
Total	<u>145,029</u>	<u>166,649</u>

1.27 USABLE RESERVES

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

1.28 UNUSABLE RESERVES

	31/03/22	31/03/21
	£'000	£'000
Revaluation Reserve	131,592	103,149
Capital Adjustment Account	166,159	157,781
Financial Instruments Adjustment Account	625	637
Pensions Reserve	(139,579)	(160,825)
Deferred Capital Receipts Reserve	3,426	3,022
Accumulated Absences Account	(4,047)	(3,500)
Total Unusable Reserves	<u>158,176</u>	<u>100,264</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.

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	103,149	107,952
Upward revaluation of assets	34,296	2,449
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,040)	(3,525)
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	32,256	(1,076)
Difference between fair value depreciation and historical cost depreciation	(3,718)	(3,721)
Accumulated gains on assets sold or scrapped	(95)	(6)
Amount written off to the Capital Adjustment Account	(3,813)	(3,727)
Balance at 31 March	131,592	103,149

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.

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	157,781	153,658
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	(11,954)	(11,759)
Revaluation losses on Property, Plant and Equipment	2,008	214
Revenue expenditure funded from capital under statute	(1,082)	(310)
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	(347)	(277)
	<u>(11,375)</u>	<u>(12,132)</u>
Adjusting amounts written out of the Revaluation Reserve	3,813	3,727
Net written out amount of the cost of non-current Assets consumed in the year	<u>(7,562)</u>	<u>(8,405)</u>
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	369	0
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	12,723	9,734
Application of grants to capital financing from the Capital Grants Unapplied Account	1,185	392
Statutory provision for the financing of capital Investment charged against the General Fund	1,518	3,016
Capital expenditure charged against the General Fund	127	96
	<u>15,922</u>	<u>13,238</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	18	(710)
Balance at 31 March	<u>166,159</u>	<u>157,781</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.

	31/03/22	31/03/21
	£'000	£'000
Balance at 1 April	(160,825)	(154,386)
Reversing out IAS19 items	(26,484)	(21,216)
Remeasurements	38,833	6,276
Pension Costs payable	8,897	8,501
Balance at 31 March	<u>(139,579)</u>	<u>(160,825)</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.

	31/03/22	31/03/21
	£'000	£'000
Low Cost Home Ownership Scheme	362	375
WG Houses into Home loans	341	391
HILS/H2H Capital Loans Deferred	332	417
Planning Permissions Commuted	2,049	1,487
Emergency Repair loans	276	287
Other Deferred Capital Receipts	66	65
Balance at 31 March	<u>3,426</u>	<u>3,022</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.

	2021/22	2020/21
	£'000	£'000
Balance at 1 April	(3,500)	(3,328)
Settlement or cancellation of accrual made at the end of the preceding year	3,500	3,328
Amounts accrued at the end of the current year	<u>(4,047)</u>	<u>(3,500)</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	<u>(547)</u>	<u>(172)</u>
Balance at 31 March	<u>(4,047)</u>	<u>(3,500)</u>

1.29 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2021/22	2020/21
	£'000	£'000
Interest Paid	(5,095)	(5,735)
Interest Received	213	58

1.30 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.

	2021/22	2020/21
	£'000	£'000
Salaries	826	818
Expenses	<u>0</u>	<u>0</u>
Total	<u>826</u>	<u>818</u>

1.31 OFFICERS' REMUNERATION

- The multiple between the median full time equivalent earnings and the Chief Executives' maximum salary is 1:6.1 (2020/21: 1:5.5)
- The average full time equivalent earnings of the Chief Executive is £132,060 (2020/21: £117,866)
- The median full time equivalent earnings of all the Council's employees is £21,695 (2020/21: £21,322)

The remuneration paid to the Council's senior employees (excluding any election fees paid) is as follows:

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

Post Holder Information (Post Title)	Salary (inc. Fees & Allowances) £	Pension Contributions Employers £	Total Remuneration Including Pension Contributions £
Chief Executive	132,060	20,865	152,925
Corporate Director	105,647	16,692	122,339
Corporate Lead Officer: Finance & Procurement (S151)	85,190	13,460	98,650
Corporate Lead Officer: Schools	85,190	13,460	98,650
Corporate Lead Officer: Porth Cynnal (1)	82,489	13,033	95,522
Corporate Lead Officer: Customer Contact	78,350	12,379	90,729
Corporate Lead Officer: Democratic Services	78,350	12,379	90,729
Corporate Lead Officer: Economy & Regeneration	78,350	12,379	90,729
Corporate Lead Officer: Highways & Environmental Services	78,350	12,379	90,729
Corporate Lead Officer: Legal & Governance Services	78,350	12,379	90,729
Corporate Lead Officer: Policy & Performance	78,350	12,379	90,729
Corporate Lead Officer: Porth Cymorth Cynnar	78,350	12,379	90,729
Corporate Lead Officer: Porth Gofal (1)	77,383	12,226	89,609
Corporate Lead Officer: People & Organisation (2)	74,519	11,774	86,293
Interim Corporate Director (3)	70,532	11,128	81,660
Corporate Director - Jan '22 onwards (4)	22,299	3,523	25,822

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 relates to 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) This position was held on an interim basis until 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.

Senior Officers Emoluments - Salary between £60,000 and £150,000 2020/21

Post Holder Information (Post Title)	Salary (inc. Fees & Allowances) £	Pension Contributions Employers £	Total Remuneration Including Pension Contributions £
Chief Executive	117,866	18,623	136,489
Corporate Director	104,086	16,446	120,532
Corporate Lead Officer: Finance & Procurement (S151)	82,223	12,991	95,214
Corporate Lead Officer: Schools	82,223	12,991	95,214
Corporate Lead Officer: Policy & Performance (1)	77,641	12,267	89,908
Corporate Lead Officer: Customer Contact	77,192	12,196	89,388
Corporate Lead Officer: Economy & Regeneration	77,192	12,196	89,388
Corporate Lead Officer: Porth Cynnal (2)	77,191	12,196	89,387
Corporate Lead Officer: Democratic Services	75,515	11,931	87,446
Corporate Lead Officer: Highways & Environmental Services	75,515	11,931	87,446
Corporate Lead Officer: Legal & Governance Services	75,515	11,931	87,446
Corporate Lead Officer: Porth Cymorth Cynnar	75,515	11,931	87,446
Corporate Lead Officer: Porth Gofal (3) (4)	75,095	11,865	86,960
Corporate Lead Officer: People & Organisation - Apr 20 to Dec 20 (5)	52,982	8,371	61,353
Corporate Director - Apr 20 to May 20 (5)	17,927	2,741	20,668
Interim Corporate Director - Dec 20 onwards (5)	29,031	4,587	33,618
Interim Corporate Lead Officer: People & Organisation - Jan 21 onwards (6)	18,040	2,850	20,890

No benefits in kind or compensation for loss of employment were paid to senior officers. Any mileage expenses paid were paid at HMRC rate.

- 1) Remuneration includes £449 honorarium for additional duties due to the departure of the Statutory Director of Social Services and Corporate Lead Officer: Porth Cynnal on 31st March 2020.
- 2) Remuneration is that of the acting Corporate Lead Officer: Porth Cynnal to 30th June 2020 due to the departure of the Statutory Director of Social Services and Corporate Lead Officer: Porth Cynnal on 31st March 2020. The post of Corporate Lead Officer: Porth Cynnal was filled on 1st July 2020 by the acting Corporate Lead Officer: Porth Cynnal.

- 3) Remuneration includes £1,258 honorarium for additional duties due to the departure of the Statutory Director of Social Services and Corporate Lead Officer: Porth Cynnal on 31st March 2020.
- 4) As part of the ongoing restructure of the social care service, the post of Corporate Lead Officer: Porth Ceredigion was renamed to Corporate Lead Officer: Porth Gofal on 26th November 2020.
- 5) The Corporate Director retired on 31st May 2020. The post of Interim Corporate Director was subsequently created and filled on 14th December 2020 by the Corporate Lead Officer: People & Organisation.
- 6) Following the appointment of the Corporate Lead Officer: People & Organisation to Interim Corporate Director on 14th December 2020, the post of Interim Corporate Lead Officer: People & Organisation was created and filled on 1st January 2021.

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 (3 employees in 2021/22 and 1 employee in 2020/21).

Remuneration Band	2021/22 No. of Employees	2021/22 No. which Include Termination Payments	2020/21 No. of Employees	2020/21 No. which Include Termination Payments
£60,000 - £64,999	20	0	7	0
£65,000 - £69,999	9	1	6	0
£70,000 - £74,999	4	1	4	0
£75,000 - £79,999	2	1	0	0
£80,000 - £84,999	1	0	2	0
£85,000 - £89,999	3	0	2	1
£90,000 - £94,999	1	0	1	0
£95,000 - £99,999	0	0	1	0
£100,000 - £104,999	1	0	0	0
TOTAL	41	3	23	1

The Council terminated the contracts of a number of employees in 2021/22, incurring liabilities of £250k (£181k in 2020/21). 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	
	2021/22 no.	2020/21 no.	2021/22 no.	2020/21 no.	2021/22 no.	2020/21 no.	2021/22 £'000	2020/21 £'000
£0 - £20,000	0	30	7	9	7	39	44	64
£20,001 - £40,000	0	0	2	2	2	2	66	75
£40,001 - £60,000	0	0	1	1	1	1	41	50
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	98	0
£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	30	11	12	11	42	249	189
Add: Amounts provided for in Comprehensive Income & Expenditure Statement not included in bandings							1	(8)

Total cost included in the Comprehensive Income & Expenditure Statement	250	181
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1.32 EXTERNAL AUDIT COSTS

The following fees relating to external audit and inspection for the 2021/22 financial year are payable by the Council:

	Proposed Fee	Actual Fee
	2021/22	2020/21
	£'000	£'000
Financial Audit Work	159	154
Performance Audit Work	104	100
Grant Certification Work	24	24
Other Financial Audit Work:		
Ceredigion Harbour Authority	2	2
	289	280

1.33 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 grants received from government departments included within gross income in the Surplus or Deficit on the Provision of Services amount to £68,413k for 2021/22.

Members and Officers

The Council has arrangements in place requesting officers and members to identify and disclose related party transactions. There were no 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 2021/22 is shown in Note 1.30. 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 2021/22:

Related party	Relationship and transaction details	Amount £'000
Strata Florida Trust	One member is a director. Funding provided for the Small Steps project	13
Ceredigion Citizens Advice Bureau	One member is a director. Payments made as part of Warm Homes Fund project	40
Family Centre Tregaron	One member is a trustee. Grant funding and payments for family activities	13
Small World Theatre Ltd.	One member is a director. Payments for provision of performances and children's activities, funding for Youth Mental Health and Wellbeing	20
Total		86

Other Public Bodies

During the year, other transactions with related parties arose as follows:

	Receipts £'000	Payments £'000
Central Government		
Share of NNDR from National Pool	25,064	0
Revenue Support Grant	86,029	0
Capital Grants		
Welsh Government	14,240	0
Mid and West Wales Fire Authority	0	4,061
Dyfed Powys Police	0	8,793
Town/Community Councils within Ceredigion Area	0	1,183

1.34 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.

	2021/22 £m	2020/21 £m
Opening Capital Financing Requirement	138.4	141.0
Capital Investment:		
Property, Plant and Equipment	13.6	10.1
Investment Properties	0.4	0.1
Other	0.0	0.1
Revenue Expenditure Funded from Capital under Statute	1.1	0.3
Sources of Finance:		
Capital Receipts	(0.4)	0.0
Government grants and other contributions	(13.9)	(10.1)
Sums set aside from Revenue:		
Direct Revenue Contributions - General Fund	(0.1)	(0.1)
Minimum Revenue Provision	(1.5)	(3.0)
Closing Capital Financing Requirement	137.6	138.4
Explanation of Movements in year		
Increase in underlying need to borrow (supported)	(0.3)	(2.3)
Increase in underlying need to borrow (unsupported)	(0.3)	0.0
Assets acquired under PFI	(0.1)	(0.2)
Assets acquired under finance leases	(0.1)	(0.1)
Increase/(decrease) in Capital Financing Requirement	(0.8)	(2.6)

1.35 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 2022 £'000	31 March 2021 £'000
Vehicles, plant, furniture and equipment	108	233
Infrastructure	968	995

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

	31 March 2022 £'000	31 March 2021 £'000
Finance Lease Liabilities (NPV on minimum payments):		
- Current	110	126
- Non-current	468	579
Finance costs payable in future years	(77)	(64)
Minimum lease payments	501	641

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Not later than one year	100	131	110	126
Later than one year and not later than five years	77	178	96	194
Later than five years	324	332	372	385
Minimum lease payments	501	641	578	705

Operating Leases

The Council has acquired 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 2022 £'000	31 March 2021 £'000
Not later than one year	141	120
Later than one year and not later than five years	67	92
Later than five years	0	0
Minimum lease payments	208	212

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 2022 £'000	Restated 31 March 2021 £'000
Not later than one year	629	725
Later than one year and not later than five years	2,179	2,280
Later than five years	25,845	25,852
Minimum lease payments	28,653	28,857

2020/21 restated due to errors identified in 2022.

1.36 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Ysgol Gyfun Penweddig PFI Scheme

2021/22 was the twenty second 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 £21,298k.

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 2022 (excluding any estimation of inflation and availability/performance deductions) are as follows:

<u>Payments due to be made:</u>	Payment for Services £'000	Reimbursement of Capital Exp £'000	Interest £'000	Total £'000
within 1 year	731	442	371	1,544
within 2 to 5 years	2,965	2,022	1,017	6,004
within 6 to 10 years	2,782	1,495	271	4,548
	<u>6,478</u>	<u>3,959</u>	<u>1,659</u>	<u>12,096</u>

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

	2021/22 £'000	2020/21 £'000
Balance at 1 April	4,263	4,568
Repayment of Principal	<u>(304)</u>	<u>(305)</u>
Balance at 31 March	<u>3,959</u>	<u>4,263</u>
Long term	3,517	3,959

1.37 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 2021/22 the Council paid £6.1m (£5.7m in 2020/21) to the Department for Education and Skills in respect of teachers' pension costs, which represents 23.68% of teachers' pensionable pay for 2021/22 (23.68% of teachers' pensionable pay for 2020/21). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2021/22, £398,069 (£202,382 in 2020/21) 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 £383,139 in 2021/22 (£380,094 in 2020/21) directly to teachers who have retired prematurely since 1 April 1996. The capitalised value of the above payments is £7.17m and £6.90m respectively.

1.38 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 2022/23 are £8,777k and this is based on contribution rates set per the 2019 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

	2021/22 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
- current service cost	23,103	17,516
- past service cost	0	82
- (gain)/loss from settlements/curtailments	97	16
Financing and Investment Income and Expenditure:		
- net interest cost	3,284	3,602
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	26,484	21,216
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)	(23,896)	(91,229)
- Actuarial gains and losses arising on changes in demographic assumptions	(4,982)	0
- Actuarial gains and losses arising on changes in financial assumptions	(11,629)	95,823
- Experience (gain)/loss	1,674	(10,870)
	(38,833)	(6,276)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(12,349)	14,940
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	(26,484)	(21,216)
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers' contributions payable to scheme	8,897	8,501

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:

	2021/22 £'000	2020/21 £'000
Present value of the defined benefit obligation	646,303	635,391
Fair value of plan assets	(506,724)	(474,566)
Net liability arising from defined benefit obligation	139,579	160,825

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

	All Benefits		Unfunded Benefits	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	474,566	376,366	0	0
Interest income	9,950	9,011	0	0
Remeasurement gain/(loss):				
- The return on plan assets, excluding the amount included in the net interest expense	23,896	91,229	0	0
Contributions from employer	8,897	8,501	360	384
Contributions from employees into the scheme	3,379	3,210	0	0
Benefits paid	(13,751)	(13,548)	(360)	(384)
Other	(213)	(203)	0	0
Closing fair value of scheme assets	506,724	474,566	0	0

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

	All Liabilities		Unfunded Liabilities	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Opening balance at 1 April	635,391	530,752	5,142	5,017
Current service cost	22,890	17,313	0	0
Interest cost	13,234	12,613	104	117
Contributions from scheme participants	3,379	3,210	0	0
Remeasurement (gains) and losses:				
- Experience (gains)/losses	1,674	(10,870)	14	(118)
- Actuarial (gains)/losses arising from changes in financial assumptions	(11,629)	95,823	(55)	510
- Actuarial (gains)/losses arising from changes in demographic assumptions	(4,982)	0	(36)	0
Past service cost	0	82	0	0
Losses/(gains) on curtailment	97	16	0	0
Benefits paid	(13,751)	(13,548)	(360)	(384)
Closing balance at 31 March	646,303	635,391	4,809	5,142

Local Government Pension Scheme assets comprised:

	Quoted (Y/N)	Fair value of scheme assets	
		2021/22 £'000	2020/21 £'000
Equities:			
UK	Y	94,859	101,035
Global	Y	157,591	123,387
US	Y	33,140	51,443
Canada	Y	2,230	2,088
Japan	Y	19,458	15,993
Pacific	N	811	4,888
Emerging Markets	N	39,930	40,528
European ex UK	Y	18,191	12,196
Sub-total equities		366,210	351,558
Bonds:			
UK Government Indexed	Y	6,739	12,339
Other Class 1	Y	40,234	42,711
Sub-total bonds		46,973	55,050
Property:			
Property Funds	N	66,229	52,440
Sub-total property		66,229	52,440
Alternatives			
Class 1	Y	18,698	9,966
Sub-total alternatives		18,698	9,966
Cash			
Cash accounts	Y	8,614	5,552
Sub-total cash		8,614	5,552
Total assets		506,724	474,566
Split of assets between investment categories			
		2021/22	2020/21
Equities		72.27%	74.08%
Bonds		9.27%	11.60%
Property		13.07%	11.05%
Alternatives		3.69%	2.10%
Cash		1.70%	1.17%

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 2019. The significant assumptions used by the actuary have been:

	31 March 22	31 March 21
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	3.30%	2.70%
- Rate of increase in salaries	4.80%	4.20%
- Rate of increase in pensions in payment/deferment	3.40%	2.80%
- Discount rate	2.80%	2.10%
Post retirement mortality assumptions (normal health):		
- Non-retired members	S3PA CMI_2021_[1.75%] (100% males, 91% females)	S3PA CMI_2018_[1.75%] (100% males, 91% females)
- Retired members	S3PA CMI_2021_[1.75%] (94% males, 92% females)	S3PA CMI_2018_[1.75%] (94% males, 92% females)
Life expectancy of a male (female):		
- future pensioner aged 65 in 20 years' time	24.4 (27.1) years	24.7 (27.2) years
- current pensioner aged 65	23 (24.9) years	23.1 (25) 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 2022

Disclosure item	Central	Sensitivity 1 + 0.1% p.a. discount rate	Sensitivity 2 + 0.1% p.a. inflation	Sensitivity 3 + 0.1% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	646,303	634,878	657,933	647,575	665,427
Assets	(506,724)	(506,724)	(506,724)	(506,724)	(506,724)
Deficit/(Surplus)	139,579	128,154	151,209	140,851	158,703
Projected Service Cost for next year	21,721	21,165	22,301	21,721	22,409
Projected Net Interest Cost for next year	3,785	3,589	4,116	3,826	4,326
Sensitivity 5 +/- 0.1% change in Investment returns					
	+1%	-1%			
	£'000	£'000			
Liabilities	646,303	646,303			
Assets	(511,784)	(501,664)			
Deficit/(Surplus)	134,519	144,639			
Projected Service Cost for next year	21,721	21,721			
Projected Net Interest Cost for next year	3,644	3,927			

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.

1.39 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.

The COVID-19 pandemic presents additional uncertainty in relation to the financial risks described, particularly credit risk. However, the Council's Treasury Management Strategy minimises the effect of these risks as described in this note.

Treasury Management is carried out by a central Treasury team supported by an external advisor – Link Asset Services. 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 2022 are detailed below:

Financial Asset Category	Criteria	Maximum Individual Investment held as at 31/03/22	Total Investments held as at 31/03/22
Deposits with UK Government Debt Management Office	Not credit rated	£4.0m	£33.0m
Deposits with Banks / Building Societies	Minimum rating: Long Term A- Short Term F1	£8.5m	£22.5m

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 and uncollectability over the last twelve financial years, adjusted to reflect current market conditions.

	<u>Amount at 31/03/22</u>	<u>Historical experience of default</u>	<u>Historical experience adjusted for market conditions as at 31/03/22</u>	<u>Estimated Maximum exposure to default and un- collectability</u>	<u>Estimated maximum exposure at 31/03/22</u>
	<u>£'000</u>	<u>%</u>	<u>%</u>	<u>£'000</u>	<u>£'000</u>
	<u>A</u>	<u>B</u>	<u>C</u>	<u>A x C</u>	
Deposits with Banks and financial institutions	55,485	1.5%	1.5%	832	832

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.

Although the full economic impact of the COVID-19 is yet to play out, the financial services sector is facing 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 31st March 2022 is:

	£'000
Less than one year	7,818
Between 1 and 2 years	1,151
Between 2 and 5 years	8,798
Between 5 and 10 years	13,908
10 years and above	84,197
	<u>115,872</u>

All trade and other payables are due to be paid in less than one year. Bonds held as Long Term Creditors are not included in the maturity analysis table above.

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 Council has a limited number of strategies for managing interest rate risk given the current low interest rate environment. The main strategy 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 2021/22 the Council's investment portfolio (excluding accrued interest) began the year at £29.2m and ended the year at £55.52m. The debt portfolio (excluding accrued interest) began the year at £116.7m and ended the year at £115.6m.

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 31/03/2022, 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	134
Total impact on Income and Expenditure Account	134
 Fair Value Impact	 £'000
Decrease in fair value of fixed rate borrowings	18,156

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 2021/22 have been very low due to historically low interest rates (2021/22: £60k 2020/21: £46k).

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.

1.40 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 £174,014 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.

1.41 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 £105,647 for 2021/22 (£44,049 for 2020/21).

1.42 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. No expenditure was incurred, or income received by the MWCJC in 2021/22.

1.43 POST BALANCE SHEET EVENTS AND AUTHORISATION OF ACCOUNTS FOR ISSUE

There are no post balance sheet events for 2021/22.

The Statement of Accounts is authorised for issue by the Corporate Lead Officer: Finance & Procurement on 26 January 2023.

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 2017-2022 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;
2. Investing in People's Future;
3. Enabling Individual and Family Resilience; and
4. Promoting Environmental and Community Resilience

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 also largely in force and the Council continues to take necessary preparations to ensure compliance of these sections of the Act and compliance with the sections of the Act that are not yet in force.

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 was initially approved by Council on 29 June 2017 and an updated version was approved by Council on 19 March 2020.

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 2022/23 Code has been reviewed further to take account of ongoing changes to governance due to the coronavirus pandemic.

In addition, following a review by Audit Wales of the Council's Planning Service undertaken during the period April to July 2021 (Report issued October 2021), the Council continues to take steps to address the recommendations issued in the Report, which are referenced in the Corporate Governance Achievements for 2021-22 below.

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 2022 and up to the date of approval of the Statement of Accounts.

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: 26 January 2023

Date: 26 January 2023

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 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, and included the following Members: the Chair and Vice Chair of the Governance and Audit Committee, and the Chair of Overview and Scrutiny Co-ordinating Committee. In addition, the Monitoring Officer, Corporate Manager - Internal Audit, Audit Manager, 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. Following the Workshop, the attendees had a further opportunity to consider the Council's Governance Framework Document and the Corporate Lead Officer Policy, Performance and Public Protection, Corporate Lead Officer Economy & Regeneration, Corporate Manager – Core Finance, Corporate Lead Officer Customer Contact and Governance and Audit Committee Lay Member had an opportunity to consider the Governance Framework Document.

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 is due to be presented to the Governance and Audit Committee in January 2022.

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 2021/22 Framework was completed in May 2022 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 June 2022.

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 2021-22

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 2021-22.

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

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

and in the Constitution. Also, Members Code of Conduct Flowchart (updated in 2016).

- Code of Conduct for Officers* (currently in the process of being substantially reviewed) available along with all Corporate policies and strategies via Council website/CeriNet.
- Induction and follow-up training on Code of Conduct and ethics provided to all Members.
- Ethics Audit undertaken during 2019. Follow up Internal Audit of Council's arrangements regarding Ethics also in progress (currently in review).
- Ethics/Fraud training provided in collaboration with Council's insurer at Corporate Managers' quarterly workshop 28.5.2021. Slides from presentation are forming a basis for e-learning module for all Staff and Internal Audit ('IA') & Governance Services working with Learning & Development to prepare 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.
- Committee and Members advised by MO and proactive regular advice and reminders sent to Members and Officers as required. Legal and Financial advice/implications is provided on all appropriate reports for decision, Chief Officers provide support and advice to Members and reporting requires financial and legal advice/implications to be included in reports/decisions which are published as appropriate. Items reported to Members for decisions through Cabinet, Council and Committees are subject to legal and financial advice which will be referenced within each report. Also, MO operates an 'open' door policy for Members wishing to receive 'conduct' and 'governance' advice.
- Personal Development Review.
- Individual sign off with regard to compliance.
- Register of Members' interests, available from the Council's Democratic Services, reviewed by MO and published on Council website.
- Declaration of Interest and Hospitality forms for Officers and Members on CeriNet.
- MO circulates reminder re interest/hospitality declarations to Staff quarterly.
- Declarations of interest by Members and Officers at meetings and Minutes for all committees contain Declarations of Interest-Officers and Members.

- Regular reminders through News Updates on CeriNet system, monitoring and review of MO of Chief Officers' declarations annually and advising Chief Officers on need to declare close personal associations with other Officers or Members, including advising Chief Officers at Leadership Group. Chief Officers informed through CeriNet system news update of MO email re declaring interests and Hospitality and reminder to Chief Officers sent.
 - Chief Officers' annual Declarations of Interest and continuing obligations to declare interests. Ongoing review on Chief Officers' business declarations.
 - Update advice on Council Employees' Declarations of Interest and Hospitality published on 16 December 2021 and 20 July 2021 on CeriNet, also re COVID-19 Restrictions Business Fund NDR Grants for businesses (News update published 8.1.2021) and links to the relevant forms and Code of Conduct for Local Government Employees, along with a reminder that any queries or requests for advice should be made to the MO.
 - Declarations of interest by Members and Officers at meetings, an opportunity to make reference to any close personal contacts/roles etc. MO to advise Officers further on the need to declare interests in organisations which actually, or may conflict with Council interests including:
 - Contractors;
 - School Governors;
 - Clerk to Town and Community councils;
 - Members of Town and Community councils; and
 - School Governors.
 - MO to advise Officers further on the need to declare:
 - Directorships; and
 - Other employment
- Including whether conflicting with the Council's interests or not.
- 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. This now includes lay/independent members of the Ethics & Standards Committee and Governance & Audit Committee. Register of Interests booklet published for each Member on Council Website.

- 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.
- Review is currently being undertaken of the external bodies that have appointed Members, including added value, and also updating of the Constitution.
- Update Dispensations forms for Members completed (2020).
- Professional Qualified Officers and Teachers have to meet their professional body/organisation requirements.
- Members complete a HR training module.
- Training on standards of behaviour is provided to Managers for Staff.
- Employee Handbook is in the process of being reviewed, is available on CeriNet, sets out the expected Employee behaviour and includes the Code of Conduct for Local Government Employees.
- MO circulates to political group leaders updates/decisions from the Adjudication Panel for Wales, whose role is to determine alleged breaches by elected and co-opted members against their authority's statutory code of conduct.
- The main duties of the Ethics & Standards Committee are to improve standards of Member conduct and operation of the Code of Conduct for Members. The Ethics and Standards Committee will have new duties (from May 2022) under the Local Government and Elections (Wales) Act 2021 ('2021 Act'), to include:
 - Monitoring compliance by leaders of political groups on the Council with their duties under S.52A(1) Local Government Act 2000;
 - Advising, training or arranging to train leaders of political groups on the Council about matters relating to their duties under S.52A (1) Local Government Act 2000.
 - The duty to monitor compliance of political group leaders is in relation to standards of conduct, and ensure that this is visible, and consistently demonstrated and evidenced to protect the Council's reputation.
- 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.

- 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 Public Service Ombudsman for Wales Casebook & APW cases.
- Annual Ethics & Standards Committee Report reported to Council in October 2021.
- 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 (currently in review).
- A good working relationship exists with the Welsh Government as a key regulator. Regular dialogue is maintained with representatives from Audit Wales.
- This vision for the Council has been reviewed and endorsed by Cabinet, and the vision sets out a number of long term Strategic Objectives.
- Corporate Strategy (2017-2022) contains the priorities of the Council.
- The Well-being and Improvement Objectives build on the priority areas identified in the Corporate Strategy 2017-2022 and are reviewed annually. These are developed in consultation with the public and Members. Council considered the draft Well-being and Improvement Objectives Annual Report 2020-21 and approved the Well-being Objectives for 2022-23 on 21.10.21, which are published on the Council's website.
- Regular dialogue with Public Services Ombudsman for Wales, and other regulators including Estyn, CIW, ICO and IPCO.
- Council Constitution, which is subject to regular reviews, with ongoing updates as required, including presenting proposed changes to Politically Balanced Cross Party Constitution Working Group, to make recommendations on changes to Constitution to Council. Further revision in 2021 is ongoing, as the Constitution is a live document, to reflect legislative changes and according to need. Council approved amendments on 18.3.21 and 23.9.21. Constitution Cross Party Working Group meets regularly to consider proposals for Constitution updates. Meetings held 15.2.21, 19.4.21, 30.6.21, 10.8.21 and 8.11.21. MO/Governance Officer report to Council to update delegations and Constitution.
- The Council has established a Task and Finish Group (T&F group) to develop actions that will improve the Planning Service including decision making.

- The Terms of Reference of the Development Control Committee (to be renamed 'Development Management Committee') have been revised to clearly state its purpose, role and responsibilities, and how it links to Corporate Priorities.
- An Operational Procedures document for the Development Control Committee/Development Management Committee has been revised. The Operational Procedures define applications that are strategically important and 'major' planning applications.
- The Operational Procedures document addresses the arrangements in respect of local ward members addressing the Committee.
- A Protocol for Good Practice for Councillors at Development Control Committee/Development Management Committee has been produced and included in the Constitution.
- Development Control Committee/Development Management Committee Scheme of Delegations has been revised to allow it to better focus on more strategically important and major applications.
- The Scheme of Delegations contains criteria for applications, which must be referred to the Development Control Committee/Development Management Committee, and those applications that can be delegated to the Corporate Lead Officer.
- A 'cooling-off' group has been established within the Development Control Committee/Development Management Committee Operational Procedures in order to review planning applications, which may, if approved, be a significant departure from policy.
- Decisions made contrary to officer advice and that do not fulfil the criteria of the checklist being developed for the Development Control Committee/Development Management Committee will be annually reviewed as part of the AMR process and reported to the internal audit procedures.
- Consideration is being given to the Data Protection Principles and processing of personal information in the context of Council Committees and all Members.
- Training has been scheduled for all Members (Introduction for Council, including GDPR) following the May 2022 Elections.
- A mandatory E-learning training module, introduced in September 2017, on the Well-Being of Future Generations Act 2015 ('WFGA') must be completed by all Staff (between September 2017 and November 2021 completed by 2,834 employees, of which 343 through Welsh and 2,491 through English). Between April and November 2021, 242 total employees completed the module, 40 through Welsh, 202 through

English (figures include leavers. Reminders issued to Staff who not yet completed module and Leadership Groups receive periodic reports.

- Standards Conference 2018 jointly hosted by Powys & Ceredigion County Council (held on 14 September 2018). A similar conference was to be hosted by North Wales Councils in 2021-postponed due to COVID-19.
- Governance and Audit Committee carry out a benchmarking exercise annually to provide further assurance on the review of the AGS process.
- IA review and report on the process annually. Governance & Audit Committee meets regularly to consider governance and external regulator reports. Chaired by non-executive member.
- Governance and Audit Committee Annual Report reported to Council on 23.9.2021 and approved.
- COVID-19 Governance Structure introduced by the Council, to include temporary delegated powers for the Council's Chief Executive and Leadership Group through use of Urgent Decisions for decisions relating to the Council's COVID-19 response), in accordance with Council's Constitution. The Urgent Decision of the Leader was reviewed regularly, and expired on 31.8.2021.
- Gold Command continues under operational procedures pursuant to Civil Contingencies Act 2004
- Gold Command Record of Decisions published on the Council's website).

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).

- Roadmap produced, which outlines the services the Council does and does not provide, and what the Council's plans are, which is reviewed regularly, for Ceredigion giving overview of services provided in light of COVID-19 Pandemic, current guidance and number of cases in Ceredigion.
- Effective 'Strategy to Counter Fraud, Corruption and Bribery (to include Anti-Money Laundering)' updated and approved by Council 17.6.21(minutes confirmed 23.9.21).
- Internal Audit Annual Report on Counter Fraud presented to Governance and Audit Committee at year-end.
- Members of Governance and Audit Committee updated on fraud including Internal Audit annual counter fraud report presented to Governance and Audit Committee at year-end.

- Politically Restricted Post Register for Officers maintained and Political Restrictions on Local Government Employees Policy available to employees on CeriNet.
- Whistleblowing Policy available to Employees and Contractors (updated 2018) on CeriNet and is updated as necessary.
- MO is the Corporate Lead Officer ('CLO'), and advises Whistle-blowers, as appropriate.
- A mandatory E-learning training module on Whistleblowing must be completed by all Staff. MO keeps a register of referrals and reports 6-monthly to the Overview and Scrutiny Co-ordinating Committee. Regarding the take up of the Mandatory e-learning Whistleblowing module, between April and November 2021, 237 Staff completed the Module, 42 through Welsh and 195 through English (*these figures include leavers).
- 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. 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.
- Improvements are implemented as a result of complaints /recommendations received.
- Council Complaints and Freedom of Information Privacy Notice.
- Annual Complaints Report, including Lessons Learned from complaints, considered by the Governance and Audit Committee and Cabinet prior to approval by Council, presented to Council and noted.
- Minutes for all committees published on the Council's Website. All Committee agendas/minutes contain disclosures of interests.
- Cabinet Decision Notices published on the Council's Website.
- Statutory powers and legal implications included in every decision making Cabinet report.
- Preparation for publication of delegated decisions register ongoing. Gold Command Decision Log (a decision register) published regularly, presented to Gold Command (and approved) and thereafter to Overview and Scrutiny Co-ordinating Committee (20.1.2021, 16.6.21 and 1.12.2021) and published on Council's Website. Regarding other

delegated decisions, Development Control Committee delegated decisions published for each Development Control Committee.

- Register of Contracts published on Council Website.
- The Council is making preparations to comply with the 2021 Act regarding Governance and Audit Committee (Report on changes presented to Governance and Audit Committee 24.2.2021 and 3.6.2021 (to include requirement of Mid Wales Corporate Joint Committee to have Governance and Audit Sub-Committee)), with changes regarding recruitment approved by Council 18.3.2021, as follows:
 - a) the change of name of the Audit Committee to the Governance and Audit Committee, and additional performance and complaints-handling functions effective from 1 April 2021;
 - b) commencement of the recruitment process for independent lay members to the Governance and Audit Committee;
 - c) the proposals for the Shortlisting Selection Panel; and
 - d) the Role Description and Person Specification.
- Necessary changes to Constitution regarding Governance and Audit Committee per 2021 Act approved by Council 23.9.21. Changes made during 2021-2022 include preparations for:
 - terms of reference/remit/composition changes;
 - change of name to 'Governance and Audit Committee';
 - Membership to be 2/3 Councillors and 1/3 Lay Persons (as defined in Act) – recruitment completed, save for Council approval of successful candidates.
 - Committee duty to appoint own Chair and Deputy Chair;
 - Chair must be lay person.
 - Deputy Chair must not be member of Local Authority Executive; and
 - in absence of Chair & Deputy only non-executive Members can chair.
- Report on the size of the Governance and Audit Committee presented to Democratic Services Committee 21.5.2021, which agreed to recommend to Council that the Committee should comprise 6 County Council Members and 3 lay members (9 total). Report on size of Committee presented to Council 17.6.2021 and Council agreed same member composition from 5.5.2022.
- Officers such as Internal Auditors, sign an annual Code of Ethics affirmation.
- Internal Audit Charter approved by Governance & Audit Committee 19 January 2022.
- 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.

- Training on equality and diversity and recruitment and selection including equal opportunities is mandatory for all Ceredigion County Council Managers.
- Procurement Strategy 2018-2022 approved by Council 19th June 2018 and procurement training also being rolled out to Staff.
- Council Recruitment Policy and DBS Policy.
- 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.
- In-House software used to retrospectively check for suspected duplicate payments.
- The Council has developed a Modern Slavery Policy (sent to contractors of the Council), Anti-Slavery Annual Statement 2019-2020 and Code of Practice Ethical Employment in Supply Chains.
- MO and Legal Services are available to advise as appropriate, including in advance and at meetings and the Internal Audit Service is available to advise as appropriate.
- 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 2021 Act shall have an effect on corporate bodies, including the Council, and preparations for compliance are ongoing, including through the Cross-Party Constitution Working Group (Members of each political group in attendance), reports to the Governance and Audit Committee and Council, with a Council Action plan having been prepared and updated regularly, and meetings with relevant Officers and CLOs held, as appropriate.
- Job descriptions & person specifications clearly define the roles and responsibilities required of posts and 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).
- 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)).

- Terms of reference are included in the Constitution and Governance and Audit Committee Terms of Reference updated according to 2021 Act.
- Reporting to Governance and Audit Committee.
- 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)
- Statutory Officers accountable to the Chief Executive ('CE') and the Council.
- Regular meetings between CE, S.151 Officer & MO, who has direct access to the CE and reports to Council generally and as part of statutory duty. The MO & S.151 Officer are key members of Leadership Group.
- 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.
- Effective External Audit, Internal investigations.
- Disciplinary Policy (Nov 2017).
- An Officer in the IA team is an accredited Counter Fraud Technician and Officer(s) of the IA team hold 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).
- 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).
- COVID-19 grant payments audited prior to payment (as easier to stop a payment than recover it).

- Key financial control audits added to audit plan, to check controls, governance & risks whilst staff working from home.
- 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.

B. Ensuring openness and comprehensive stakeholder engagement:

- All statutory Annual reports are available on the Council's Website.
- Freedom of Information Act publication scheme, Freedom of Information Policy (March 2018) and Complaints and Freedom of Information Privacy Notice. 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.
- Corporate Complaints and Freedom of Information Manager in post.
- 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 2017-2022. The Well-being and Improvement Objectives are included in the Council's Corporate Strategy 2017-2022 and are reviewed each year. Council considered the draft Well-being and Improvement Objectives Annual Report 2020-21 and approved the Well-being Objectives for 2022-23 on 21.10.21, which are published on the Council's website.
- Council and Cabinet meetings are broadcasted. 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).
- MO and Ethics & Standards generic email addresses created.
- Environmental Information Regulations Policy (March 2018).
- An Overview and Scrutiny Public Engagement Protocol (2018) (Document N Constitution) has been approved by Council and has been used on several occasions. Also, Public Engagement Tool Kit and Engagement with Service Users List.
- Protocol for speaking at the Development Control Committee (Part 4 Document I Constitution).
- In accordance with the requirements of the LGEW Act 2021, arrangements are being made to enable hybrid meetings to be held from May 2022. New equipment is currently being installed in the

Chamber (completion mid-April 2022). The system will allow meetings to be recorded and made available online.

- A Protocol is in place for working relationships between Members and Officers e.g. Officer-Member Protocol) (Part 5 Constitution) and Protocol for access by Cabinet Members to Overview and Scrutiny Committee approved by Council (Part 5 Document M2 Constitution).
- The Protocol of Good Practice has been created in order to support Members of the Development Control Committee (to be renamed Development Management Committee) in ensuring that determination of applications will be based on sound material planning considerations, and not applicants' personal circumstances.
- Integrated Impact Assessment ('IIA') tool and guidance has been approved for implementation.
- IIA tool and guidance to inform effective decision making have been developed and are being implemented with IIA conclusions reported to Council, Cabinet and Overview and Scrutiny. 10 IIAs went to Cabinet over 2021-22 up to 1.12.2021. Committees, which includes consultation.
- Standard templates and guidance for reporting to Council, Cabinet and Overview and Scrutiny Committees are used and all include the IIA results.
- All IIAs for Cabinet are assessed by the Engagement and Equality Officer, including whether effective engagement, involvement and consultation has taken place and informed strategic 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 Act, Equalities, Welsh Language and the use of the IIAs.
- 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 IIAs.
- Council/Cabinet report template updated to include reference to legal implications, staffing implications, property/asset implications and risks.
- Where appropriate, items reported for decisions through Cabinet, Council and Committees are subject to legal and financial advice which will be referenced within each report.

- A calendar of dates of meetings including forward work programmes of the Council, Cabinet and Committees are published on the Council's website.
- Annual reports, Statements of accounts, Improvement progress reports are all published within timescales and are available on the Council's website.
- 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.
- A Community Engagement, Consultations and Partnerships Page has been created on CeriNet, which includes links to Community Engagement Policy (11 January 2013), Engagement and Consultation Checklist, Engagement with Service Users and Consultation Decision Making Tool.
- Work is underway to prepare a Community Engagement Policy that will meet the requirements of the 2021 Act, which will also include how the Council will encourage participation in decision-making, although final guidance is awaited from Welsh Government regarding this part of the legislation.
- Participation Standards have been adopted by Council.
- Engagement with Service Users List including stakeholders with whom the authority should engage is in place.
- Summary reports on consultation and engagement activities are reported back to Members and service users.
- Minutes of structured engagement meetings, events and engagement groups with people with protected characteristics.
- A new Draft Engagement Policy has been prepared to take into account the latest engagement methodology, including digital engagement. This will be consulted upon and agreed following the Local Government Elections in 2022.
- A draft new Engagement Strategy for Ceredigion County Council, 'Talking, Listening and Working Together,' has been prepared. This will be consulted upon and agreed following the Local Government Elections in 2022.
- 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.

- Work has commenced on preparing the next assessment of Local Well-Being that will be published in March 2022.
- Consultations 2020-21.
- Consultations are promoted through Social Media.
- 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.
- PSB Terms of Reference available on the Council Website, PSB Project Groups Terms of Reference available and Scrutiny arrangements for the PSB have been put in place.
- A Well-being assessment (PSB) has been carried out that has informed the development of the PSB's Local Well-being Plan, which was published in March 2018.
- 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) for Staff and Members have been developed and includes the use of feedback.
- Further consultation includes:
 - A new Engagement and Equalities post has been created through the restructure of the Policy and Performance service; and
 - All current consultations are available on the Council website.
- Social Media Policy (revised Aug 2018).
- Social media is being used to seek the public's views on matters being considered by Overview and Scrutiny Committees.
- Due to COVID-19, Council has consulted remotely via video conferences and electronic surveys.
- 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.
- Joint engagement and consultation exercises are held.

- Collaborative projects are running with institutional stakeholders with clear governance arrangements in place.
- Collaboration Standards for New Strategic Projects Guidance and Templates are available.
- Partnerships Include:
 - PSB;
 - West Wales Regional Partnership Board;
 - Community Safety Partnership (reviewed 2019 and subject to Scrutiny);
 - Mid and West Wales Safeguarding Board; and
 - Growing Mid Wales.
- The formal review of partnerships that sit under the PSB has been completed. The new partnership structure has been operational since June 2018 and the partnerships will be reviewed on a periodic basis.
- Regular reporting of partnership meetings and activity to Leadership Group and Cabinet.
- Partnerships such as Growing Mid Wales have been established with governance arrangements. Growing Mid Wales Joint Overview and Scrutiny Committee has been established
- Partnership metrics are subject to internal review, where appropriate.
- A monitoring partnership framework that reports on all key decisions made by existing partnerships is reported to Leadership Group.
- Advice provided to Members and Officers serving on outside bodies.
- 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.
- Executive Group Self-assessment carried out.
- All school reorganisation proposals are required to have formally consulted with stakeholders through adhering to the Welsh Government's School Organisation Code.
- Guidelines on Corporate Branding (May 2019).
- Corporate Communications Strategy (2019-2022).

- Effective Community involvement carried out with the well-being assessment work and service users from different backgrounds to inform the new Strategic Equality Plan.
- 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.
- An annual report on progress made against the Council's Well-being objectives and Corporate priorities is published on the Council Website.
- UNCRC – United Nations Convention on the Rights of the Child have been adopted by the Council.

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

- Corporate Strategy 2017-2022
- The Council's Well-being and Improvement Objectives are included in the Council's Corporate Strategy 2017-2022 and are reviewed each year and reported in the Well-being and Improvement objectives annual report published on the Ceredigion County Council website. Council considered the draft Well-being and Improvement Objectives Annual Report 2020-21 and approved the Well-being Objectives for 2022-23 on 21.10.21, which are published on the Council's website.
- Performance information is outlined in the Council's Well-being and Improvement Objectives Annual report.
- The purpose and the vision of the Council have been determined by Council and is contained in the Corporate Strategy 2017-22. This strategy illustrates how the authority will support and promote the well-being of the citizens of Ceredigion.
- PSB Local Well-being Plan was published in May 2018.
- The Authority has undertaken the following steps towards the implementation of the Well-being of Future Generations (Wales) Act 2015:
 - o Prepared well-being objectives and statement;
 - o Embedded the Well-being Goals and Sustainable; development principal into the business planning process
 - o Developed a new IIA tool and guidance (training has been rolled out for Officers and Members);
 - o Established a Well-being of Future Generations Act group and action plan;

- o The Constitution is continually monitored and reviewed;
 - o PSB assessment of Local Well-being published in March 2017;
 - o Scrutiny arrangements agreed for PSB;
 - o Cabinet Reports, to include the Social/economic/ environmental impact assessment;
 - o A mandatory e-learning module on the Act has been developed and promoted to all Council Staff;
 - o 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
 - o Members have contributed to The Future Generations Officer Scrutiny Framework in relation to the WFGA
- All Planning arrangements reflect the Golden Thread and make the links to Corporate plans including;
 - o Strategic Plan;
 - o Corporate Performance Management Reporting; and
 - o Well-being Improvement Objectives
- Community and Engagement Policy (11 Jan 2013) is available.
- A Public Engagement Toolkit 2014 has been developed in order to provide a user-friendly resource for Officers when developing and undertaking effective public engagement with their communities, in accordance with the National Principles of Public Engagement.
- Updates on the budget savings and the work of the Development Group are reported to the Cross Party Transformation and Efficiency Consultative Group.
- Budget setting subject to detailed scrutiny by the five Overview and Scrutiny Committees.
- Business planning process includes resource allocation and 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.
- Quarterly performance arrangements provide a challenge protocol to ensure outcomes are delivered.
- Corporate performance management arrangements include quarterly assessment of risks to the achievement of outcomes or service delivery.
- Risk management includes risk logs for;
 - o Business Plans (Level 1); and
 - o Service Plans (Level 2).
- Local performance measures are included in Business and service delivery plans.

- Capital Plans include;
 - o Rights of Way;
 - o Highways;
 - o Annual Budget Plan; and
 - o 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.
- 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.
- Medium Term Financial Strategy, which also contains Capital Investment Strategy.
- Wales procurement policy statement is aligned to the Council's Procurement Strategy 2018-2022.
- IIA tool and guidance is available and used to support decision-making.
- All reports and minutes are published in a timely manner and are open for inspection. All meetings are held in public, subject to the consideration of exempt information as defined by the 1972 Local Government Act.
- Pre-decision Scrutiny encouraged where possible.
- The Transformation Programme.
- Engagement and Consultation Checklists are available on CeriNet.
- The Council wide WFGA Group Action Plan.

- Strategic Equality Plan 2020-2024, and Annual Strategic Equality Plan monitoring report 2020-2021 being submitted for approval, and once approved will be published on Council website.
- Welsh Language Standards and Annual Welsh Language Standards monitoring report.
- A mandatory E-learning training module on Welsh Language Awareness must be completed by all Staff.
- Annual Complaints and Compliments Report 2020/21 presented to Corporate Resources Scrutiny Committee 27.10.21 and approved by Council 9/12/21.

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

- The IIA tool and guidance is available and training has been rolled out for Officers and Members.
- 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 (approved by Cabinet 24.9.10) 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 (9.9.2021, 3.6.2021).
- Medium Term Financial Strategy has been regularly updated the current version dated 2021/22 Onwards approved by Council 5.3.2021.
- Consultation decision tree tool includes a guidance section on dissemination of consultation results.
- Finance challenge regarding savings on Council Website.
- Corporate Performance Management arrangements include quarterly:
 - o Corporate Lead Officer Service Report;
 - o Performance Board; and
 - o Executive Panel meetings.

- The Business Planning process for 2021-22 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.
- A calendar is used to report deadlines and Board/Executive Panel dates are published with reports.
- Corporate Communications Strategy 2019-2022
- The Ceredigion PSB has a Local Well-being Plan that has been developed and delivered jointly with external stakeholders and partners.
- An Assessment of Local Well-being has been undertaken by the PSB that has fed the Local Well-being Plan and the Council Well-being Objectives for future years.
- 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.
- 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).

- Corporate Project Management Group has been established to formalise project development and management.
- Ensuring Staff with project management skills are available.
- This 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.
- Helps identify capital requirements for inclusion in future capital programmes.
- Local performance indicators have been established and approved for each service element and included in the service plan and are reported upon regularly.
- Budget Framework.
- Service Accountancy – Budget monitoring.
- 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.
- Corporate Strategy 2017-2022.
- Internal Audit Strategy & Plan 2021/2022 approved by Governance & Audit Committee 24 February 2021.
- The corporate savings plan has been through a robust governance process to ensure that all savings link to the desired service outcomes.
- 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:

- Corporate and line management induction is now in place. Corporate induction and Corporate Manager Development plans were introduced in April 2018. Corporate induction sessions are part of these requirements, all

new Staff must attend an induction session. Senior Managers present within these face-to-face sessions.

- Induction programme is provided for new Members. Ongoing training is provided for Members and arranged for specific issues e.g. Treasury management, also ongoing review of opportunities for skills and refresher training, including Personal Development Review Scheme (information to be used to develop a Members' Training Plan) and new comprehensive induction programme shall be provided post-election (from May 2022) with additional e-learning modules.
- Member development scheme.
- Preparations are being undertaken for (as part of induction programme for Members (from May 2022)) Cabinet Member training, Ethics and Standards Committee (role) training, Political Group Leader Duties training and Governance and Audit Committee (role) training.
- Development/training done as part of person specifications for key finance and legal posts (mandatory qualification, job requirements).
- Personal reviews for Officers and provision of opportunities for ongoing skills and refresher training for Officers.
- CeriNet (the HR intranet and resource to Staff and management) is continually reviewed and improved for effectiveness. Its introduction has improved effectiveness. Induction information is available along with the Staff handbook and Managers Toolkit.
- Learning & Development is now managed via the Ceri system offering opportunities to all Staff, with opportunities also offered to those within a Leadership Role or who are aspiring leaders. E-learning modules are being introduced to ensure training and development is cost effective wherever possible.
- E-learning packages are regularly being developed and rolled out for mandatory and non-mandatory training.
- Strategic Workforce planning toolkit includes the identification of training and learning needs for all service areas.
- Performance Appraisals record training and development needs via the Ceri system.
- Ongoing annual Personal Performance and Development scheme – Performance Reviews link to Corporate and strategic objectives.
- Personal Development Review process in place for Members.
- The Council aims to achieve the standard level for the Wales Charter for Member Support and Development.

- 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.
- All Staff can access learning and development events via Ceri self-service. Managers can also book Staff onto relevant events via Managers Self-service.
- Staff development plans linked to appraisals have been strengthened with the introduction of the Performance Management module in Ceri.
- Ceredigion Manager Programme offers personal development including governance arrangements and organisational knowledge.
- Workforce Plan 2017-2022 includes actions for Staff development in key themes.
- Members attend various events, seminars and conferences (see above).
- 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.
- A Human Resources Strategy is available on the Intranet.
- Strategic workforce planning is undertaken utilising the Strategic workforce planning tool kit and is completed by all service areas. The outcomes of this tool kit informed the workforce plan for 2017-2022. The Workforce Plan 2017-2022 focuses on 4 key themes:
 1. Engagement & Opportunity;
 2. Flexible & Agile Workforce;
 3. Promote a bilingual workforce; and
 4. Leadership & Management Development.
- Updates on progress of the workforce plan are reported to scrutiny.

- The Leadership and Senior Officer structure has defined these roles, including how they integrate with each other.
- 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.
- 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) and a Scheme of Delegation (The Constitution Part 3.5) exists and clearly sets out responsibilities for Members and Officers.
- The Strategic Planning Toolkit includes an element of succession planning and talent management.
- 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 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 resolved on 15.10.21 to agree 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, which includes role description of the Leader (Report for information also been prepared for presenting to Governance and Audit Committee 19.1.21).
- Access to courses/information briefings on new legislation.
- Members Workshops arranged, as necessary.
- Engagement with Service Users list and Service User focus groups.
- Community Engagement Policy.

- Scrutiny Public Engagement Protocol (2016) (Document N Constitution)
Council continually consults and engages with local residents, customers and other stakeholders within the county to understand their opinions and views when developing new plans and/or strategies. Feedback is always given due consideration before final versions are agreed.
- Scrutiny self-assessment undertaken annually including survey.
- Attendance records published annually.
- Members are encouraged and supported to complete Annual Reports, which are published on the Council's website.
- 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.
- Implementing appropriate Human Resource policies and ensuring that they are working effectively.
- Smoke-Free Workplace Policy and Alcohol and Drug Misuse Policy.
- The Council has introduced a range of resources and options to enhance the health and well-being of Staff e.g. 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.

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

- Risk Management Policy and Strategy and the Risk Management Framework were approved by Cabinet on 24 September 2019 and Framework continues to be updated. The Council continues to form strategies and plans taking into account the risks caused by the COVID-19 pandemic
- 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 to the Governance and Audit Committee. Updates are reported at each Governance and Audit Committee Meeting to provide ongoing information and assurance that risks continue to be managed. The Committee refers matters to Scrutiny Committees, where appropriate.
- Risk Management is integral to operational business planning Policy and Strategy setting.
- Project and transformation Risks are all logged. The Cross party Transformation and Efficiency Group regularly monitors Transformation Risks and Transformation and Risks are all referred to joint Local Government meetings and Panels.
- All Plans included Risk logs including:
 - The Medium term Financial Plan;
 - Business Plans (level 1); and
 - Service Plans (level 2).
- Business/Service plans are monitored to ensure delivery outcomes are achieved.
- Corporate Risk Management arrangements are audited regularly and 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 MKI/Pentana audit management software system. Council / Cabinet report template updated to include reference to legal implications, staffing implications, property/asset implications and risks.
- Corporate Performance requires regular updates for Risk.
- The Council revised its Corporate Performance Management arrangements in 2017 to improve monitoring of its business plans and performance indicators, including National Strategic Indicators ('NSI'), PAM and Local Indicators. These are also linked to the Well-being and Improvement Objectives and the Corporate Strategy 2017-2022.

- 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.
- Specific Project Risk Monitoring is undertaken and all Risks are allocated to a Corporate Lead Officer (Risk Owner).
- Council considered the draft Well-being and Improvement Objective Annual Report 2020-21 and approved the Well-being Objectives for 2022-23 on 21.10.21 in October 2020 (The Well-Being & Improvement Objectives Annual Report 2020-2021 was also approved by the Council's Overview and Scrutiny Co-ordinating Committee on the 15.9.21, and Cabinet 5.10.21).
- 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').
- External assessments, to include Code of Conduct.
- Self-assessment (Governance and Audit Committee) - self-assessment exercise underway for presenting at 10.3.2022 Governance and Audit Committee Meeting.
- 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.
- Cost performance (using inputs and outputs).
- Chief Officers provide support and advice to Members. Advice also provided by Chief Financial Officer.
- Reporting requires financial and legal advice/implications to be included in reports/decisions, which are published as appropriate.
- All reports and minutes are published in a timely manner and are open for inspection including.
- Options for recommendations.

- Scrutiny Committees may request reports at any time and Scrutiny Chairs are invited to take issues back to Cabinet
- Governance and Audit Committee refer matters to Scrutiny and receive reports back.
- All meetings are held in public, subject to the consideration of exempt information as defined by the 1972 Local Government Act.
- Agreement on the information that will be needed and timescales
- Scrutiny arrangements are in place that is supported and which provide opportunities to challenge decision making and review the provision of services. The scrutiny function 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.
- An Overview and Scrutiny Public Engagement Protocol (2016) (Document N Constitution) has been approved by Council and has been used on several occasions.
- Arrangements in place to seek the views of the public which is gathered via social media and shared with Overview and Scrutiny Committees for consideration.
- The Council’s Overview and Scrutiny Co-ordinating Committee will be 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.
- Reports and also all agendas, minutes, Forward Work programme and Terms of Reference are published on the Council’s website.
- A Corporate Performance Management Board meets each quarter, with Chairs of Scrutiny Committees invited to attend.
- Reporting dates are set at beginning of each year.
- Budget monitoring is regular throughout the year, within services, to Cabinet and to Member Officer working groups e.g. Development Group and CMG and transformation programme savings to the Cross Party Transformation and Efficiency Consultative Group, which Chairs of Overview and Scrutiny Committees are invited to observe alongside Performance Board meetings.
- Financial monitoring is regularly undertaken throughout the Council under a devolved accountancy arrangement and formal reporting is made to

Cabinet. Monitoring is also incorporated in to the quarterly performance management reports.

- Financial implications are a requirement for inclusion in all Cabinet Meeting reports.
- Financial Regulations and Financial Procedure Rules (Document F Constitution) and the Contract Procedure Rules (Document G Constitution) are all up to date. The current Procurement Strategy 2018-2022 was approved in 2018.
- 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.
- Updates in relation to Business Continuity and Civil Contingencies arrangements submitted on a regular basis in line with the Corporate Risk Register, Risk CORP04 and Business Continuity and Civil Contingencies Group meet monthly.
- 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 2021-2022 approved by Governance and Audit Committee 24 February 2021, & continues to take account of additional risks presented by the pandemic.
- 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.
- Internal audit reports issued to Managers highlight the risks of not implementing any IA recommended actions. A follow-up audit is conducted of action plans issued. 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.
- 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 Council Objectives are aligned to Strategies.
- 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.

- Risk evaluation always appears on agendas.
- Regular Quarterly Internal Audit Progress Reports to Governance and Audit Committee for monitoring (e.g. Internal Audit Progress Report for period 1 April 2021 to 30 June 2021 presented to Governance & Audit Committee on 9 September 2021, subsequent periods were reported on 19 January 2022, 10 March 2022 and 6 June 2022).
- Summary of work and audit opinion on assurance provided annually in Internal Audit Annual Report at year-end. IA Annual Report for 2020/21 approved by Governance & Audit Committee 3 June 2021 and the IA Annual Report for 2021/22 approved by Governance & Audit Committee 6 June 2022.
- Follow-up IA reviews to monitor implementation of required actions.
- Internal controls, risk & governance processes are monitored according to the Internal Audit Charter (last version approved by Governance & Audit Committee 19/01/2022) & the Annual Internal Audit Strategy and Plan.
- Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption ('CIPFA', 2014).
- Internal Auditors have procedures in place if fraud discovered.
- An Officer in the IA team is an accredited Counter Fraud Technician.
- Officer(s) of the IA team hold 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) and presents Counter-Fraud Report to Governance and Audit Committee annually (2021/22 Counter-Fraud Report presented to Governance & Audit Committee on 6 June 2022).
- Council complies with Audit Wales's annual National Fraud Initiative requirements, currently co-ordinated by IA.
- 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).
- COVID-19 grant payments audited prior to payment (as easier to stop a payment than recover it);
- Key financial control audits added to audit plan, to check controls, governance & risks whilst staff working from home
- AGS 2020/21 approved by Council on 25 November 2021 with the Statement of Accounts. The AGS contains the CMIA's annual opinion on assurance.
- Up to 31/12/21 the IA function is headed by a CIPFA qualified CMIA, and the CMIA from 1/1/22 onwards is studying to gain an IIA qualification, Both CMIA's have considerable 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 (latest review completed May 2022 by Anglesey County Council).
- 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 resources since 1 December 2020.
- A new CMIA will be in place from 1 January 2022, who has considerable experience in IA, has a 6-week window to 'shadow' the existing CMIA, and is supported by a knowledgeable & skilled Audit Manager (see point G3.2 below).
- Two members of the team are currently pursuing the Institute of Internal Auditors' professional training qualification.

- Governance and Audit Committee established that sets its own work plan. Committee is chaired by a Member of the opposition group (until May 2022 when Lay Person shall be Chair, per 2021 Act provisions).
- Ongoing preparation and implementation of changes affecting the Governance and Audit Committee in light of the 2021 Act. The Governance and Audit Committee was informed, in a report on 24.2.2021 Meeting, of the changes to their role regarding self-assessment reports of the Council, and regarding panel performance assessments, as well as the change of name, and changes to the Chair/Vice Chair and composition.
- The Governance and Audit Committee's Terms of Reference were updated on 6 December 2018.
- Update report on 2021 Act presented to Governance and Audit Committee 3.6.2021, to include updating Governance and Audit Committee regarding changes to Constitution affecting Committee including:
 - Recruitment of lay members and the Mid Wales CJC Governance and Audit Sub-Committee; and
 - Regarding the Committee's functions relating to:
 - reviewing and assessing the performance assessment of the Council;
 - considering the Council's draft annual Self-Assessment report;
 - considering any report from the Auditor General and Council's draft response;
 - review of the Council's complaints handling function; and
 - role regarding Panel Performance Assessments (from May 2022).
- Changes made during 2021-2022 include preparations for:
 - terms of reference/remit/composition changes (including recommendations to Council from Cross-Party Constitution Working Group and changes to Constitution approved by Council at its 23.9.2021 Meeting);
 - change of name to 'Governance and Audit Committee';
 - Membership to be 2/3 Councillors and 1/3 Lay Persons (as defined in Act) – recruitment completed (Council approved appointments 9.12.21);
 - Committee duty to appoint own Chair and Deputy Chair;
 - Chair must be lay person –recruitment completed (Council approved appointments 9.12.21) and Chair/Deputy Chair shall be appointed from Lay Members;
 - Deputy Chair must not be member of Local Authority Executive; and

- In absence of Chair & Deputy only non-executive Members can chair.
- Size of Governance and Audit Committee review completed and change of size from May 2022 approved (9).
- The Governance and Audit Committee has an effective Lay Member and Membership of Governance and Audit Committee considered in line with 2021 Act: Lay member recruitment completed, taking into account 2021 Act requirements and termination of term of office of current lay member. Job Direction, Personal specification, and criteria approved by Council 10/12/20.
- Membership details for Governance and Audit Committee and all Scrutiny Committees is available on the Council's website.
- Regular meetings between CMIA and Chair of Governance and Audit Committee, advice given by MO and also regular meetings, as necessary between MO and Chair, and MO, CMIA & Audit Wales.
- Regular Meetings between Governance and Audit Committee Members and external regulator Audit Wales (with and without Officers)
- Training for Members and regular training/updates provided to Governance and Audit Committee.
- Chair of Governance and Audit Committee attends Welsh Governance and Audit Committee Chair network group to develop and compare role within Local Authorities.
- A New ICT and Digital Strategy for 2018-2022 has been approved and all policies are up to date including (all approved in February 2019):
 - Data Protection & GDPR Policy;
 - Information Security Policy; and
 - Records Management Policy.
- Officers are considering the introduction of privacy notices in relation to applications to the Development Control Committee/Development Management Committee.
- Training has been scheduled for 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.
- Mandatory E-learning training modules on Data Protection and Information Security must be completed by all Staff.
- Designated Data Protection Officer.
- Corporate Lead Officer Customer Contact 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, Corporate Data Protection Group and Emergency & Business Continuity Meeting consider Information security.
- Regular Internal Audit of data protection Registration requirements and procedures following Audit Wales audit have been implemented.
- 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.
 - Cross matching data happens across the different services.
 - Performance Indicator values are validated with evidence.
 - Retention Schedule –now published on intranet.
 - The current Medium Term Financial Strategy ('MTFS') was established during the 2013-14 year and fundamentally updated and approved by Council on the 24th February 2016. The Current MTFS is that of 2018/2019 Onwards, but has now been amended to reflect the 2021/2022 provisional revenue settlement and updated to:
 - Reflect the impact of COVID-19
 - Reflect 'Boosting Ceredigion's Economy – A Strategy for Action 2020-35'
 - Amend the transformation savings plan
 - Project forward cost pressures
 - Reflect data changes, regulations, plans, policies and strategies
- and is being presented to Cabinet for approval 23.2.2021 for approval to then be presented to Council on 5.2.2021.
- 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.
- 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.

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

- Council's Website.
- Council and Cabinet meetings are broadcasted.
- Standard templates for Cabinet, Scrutiny and Council.
- Compliance to the Welsh language Standards.
- Use of Modern.Gov for publishing agendas and Councillor Information.
- Council preparing for implementation of changes to be introduced by 2021 Act, which include for Council to consult and publish a public participation strategy with the aim of increasing public participation in local democracy, and improving transparency.
- Council compliance with The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020, which allow for remote access for meetings and public access/publishing of documents requirements.
- Work is underway to prepare a Community Engagement Policy that will meet the requirements of the 2021 Act, which will also include how we will encourage participation in decision-making, although final guidance is awaited from Welsh Government regarding this part of the legislation.

- Council Roadmap provides up-to-date information for citizens on services being provided due to COVID-19 pandemic, in order to provide clarity for County residents.
- The Council has been out to tender and awarded the contract for installing equipment in the Council Chamber that will enable hybrid meetings to take place as well as being able to broadcast those meetings. The equipment will be installed over the winter.
- The Council provides alternative ways for citizens to access information if they don't have access to digital services. The Citizen can telephone the Council's Contact Centre or visit its Libraries where public access to computers are available or free 4G Wi-Fi to allow anyone to use their own device.
- 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.
- The County Council's Well-being and Improvement 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.
- Appropriate approvals.
- Corporate Performance Management arrangements.
- Ownership of planning and transformation.
- AGS.
- 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 e.g. updated to reflect changes necessary because of COVID-19 pandemic. Decision by Council whether AGS approved e.g. updated and approved by Council 25 November 2021 (with accounts).
- Council's Local Code of Corporate Governance demonstrates how it has the necessary corporate governance arrangements in place to perform effectively, and is a public statement that sets out the way the Council will meet that commitment.
- AGS shared with accounts, reviewed and updated with Members and Officers providing a wider engagement process. Members and Officers carry out a review of the AGS annually.
- 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. The current Procurement Strategy 2018-2022 was approved in 2018.
- 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.
- A good working relationship exists with Welsh Government as key regulator and external regulators, including Audit Wales, Estyn, CIW, Financial Services Authority ('FSA') and Food Standards Agency as key regulators. Regular dialogue is maintained with representatives from Audit Wales.
- 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 outstanding Management Response Forms ('MRFs') for 2019/20 & 2020/21, and 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 with Audit Wales to discuss ongoing work and matters to be presented to the Governance and Audit Committee and 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 being developed.
- Up to 31/12/21 the IA function is headed by a CIPFA qualified CMIA, and the CMIA from 1/1/22 onwards is studying to gain an IIA qualification, Both CMIA's have considerable local government experience, and are supported by a team with appropriate knowledge and skills. Two members of Staff currently studying for the Chartered Institute of Internal Auditors qualification, and two are developing ICT auditing skills.
- IA Officers undergoing audit qualifications to enhance knowledge, skills and competency.
- A re-structure of IA was implemented in May 2019, and another in November 2020. The service has been fully resources since 1 December 2020.
- A new CMIA will be in place from 1 January 2022, who has considerable experience in IA, has a 6-week window to 'shadow' the existing CMIA, 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 (and these meetings continue remotely during the COVID-19 pandemic).
- 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 19/01/2022).
- 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).

- 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).
- Recommendations from Audit Wales are taken forward in the Corporate Performance Management arrangements.
- The Council is learning and continually works towards improvement.
- Five-yearly external assessment of IA is undertaken as required by PSIAS.
- The last Internal Audit External Assessment was undertaken in May 2022 by Anglesey County Council and was reported to Audit Committee on the 27 September 2022, along with the resultant improvement Plan.
- IA progress, performance & improvement is reported to Audit Committee quarterly.
- PSB's terms of reference and Well-being Plan, and annual report from PSB.
- The Ceredigion County Council Overview and Scrutiny Co-ordinating Committee is responsible for taking an overview of the overall effectiveness of the Board.
- 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 (presented on 6 June 2022). 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.

A Report on the Annual Governance Statement 2021-2022 Progress and Current Year Action Plan was provided to the Governance and Audit Committee on 3 June 2021.

The Quarter 1 Internal Audit Progress Report 1/4/2021-30/6/2021 (presented to the Governance and Audit Committee on 9 September 2021 and subsequent periods, reported on 19 January 2022, 10 March 2022 and 6 June 2022) 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 2021-2022.

On 24 February 2021, the CMIA also presented to the Governance and Audit Committee the Internal Audit Strategy and Plan for 2021/22. 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 2021/22 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 has been provided on a more reactive basis this year, as with the previous year, due to the various risks introduced from necessary changes in the Council's working practices, such as the issuing of one-off grants, set-up of groups to target specific areas of change, more staff working from home, etc. Internal audit work has been assessed on an on-going basis with regular consideration given to the Council's changing needs and priorities. In addition to this reactive work, assurance for 2021/22 is placed on planned reviews either carried forward or undertaken during the year to assess the annual level of assurance for the Council. All actions taken have been consistent with the guidance note issued by the Internal Audit Standards Advisory Board. 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 Council has, for example, had an urgent obligation to award various grants to eligible businesses in the County, and due to potential fraudulent claims,

Internal Audit has continued to review a sample of applications prior to payment (easier to stop payments than recover after), adding value to the Council's operations due to changing circumstances, as supported by Internal Audit Standards Advisory Board guidance notes.

The CMIA concluded in her 2021/22 Annual Report presented to the Governance and Audit Committee on 06/06/2022 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),

Due to the on-going effect of the pandemic, it should be noted that, as with the previous year, no schools were reviewed during the year. However, certain checks have been undertaken whilst auditing the EIG and PDG grants.

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.

Coronavirus Pandemic

Due to the coronavirus pandemic crisis, all Council offices were closed to the public with effect from 23 March 2020.

In light of the national emergency and urgent situation arising as a result of the pandemic, and in order to protect the Council and the public's interests, in circumstances where the decision is deemed urgent such that any delay would seriously prejudice the Council's or the public's interests, the Council Leader granted temporary delegated powers to the Council's Chief Executive and Leadership Group to make decisions relating to the Council's COVID-19 response.

The decision was made in accordance with part 4 of the Council's Constitution.

The Record of Urgent Decision Notice is available on the Council's website on the Council's page for Governance Structure for decision making during COVID-19 (<https://www.ceredigion.gov.uk/resident/coronavirus-covid-19/governance/>). The decision was reviewed and in October 2020, February 2021, March 2021 and May 2021 the Leader approved revised decisions (also available on the Council's website).

During the period Gold Command Meetings have been held in order to discuss the COVID-19 pandemic and how to effectively deal with the situation. Gold Command continues to meet regularly.

The Gold Command forum was set-up immediately to facilitate operations and provide a robust decision-making process from the outset, holding daily virtual meetings.

The Temporary Executive function transfer of powers expired on 31st August 2021. From 1st September 2021 to date, Gold Command has been making operational decisions under the Civil Contingencies Act 2004.

Audit Wales's COVID-19 Recovery Interim Assurance letter of 19 October 2020 to the Council summarised its interim conclusions based on the ongoing monitoring of the adjustment process regarding the ongoing impact of the pandemic. In the Appendix, Audit Wales refers to, as part of the Council's adapting decision-making arrangements, the Decision Log as being planned for publication on the Council's website and for reporting to the next meeting of the Overview and Scrutiny – Co-ordinating Committee. The Governance and Audit Committee noted the contents of this letter at its meeting on 12 November 2020 and a Report by the Corporate Lead officer – Legal and Governance/Monitoring Officer was presented to the Overview and Scrutiny Co-ordinating Committee on 20 January 2021, which noted the contents of the Report and the contents of the Gold Command COVID-19 Leadership Group Meetings per the Decision Log.

The Decision Log was first published on the Council website on 5 November 2020 (for decisions made up to 30 September 2020). Decisions from 1 October 2020 to 30 November 2021 have also now been published and decisions up to the end of December 2021 are in preparation for publishing.

The Council had a clear vision that every single person, business and service could understand and agree upon in order to ensure Ceredigion succeeded in not only reducing predicted deaths through the first peak but more importantly for any future predicted peaks. This has been actioned in three phases to date:

- Phase 1: Preparedness – Closing down of all non-essential services
- Phase 2: Implementation – Delivering services under lockdown conditions
- Phase 3: Adjustment and long term resilience

Phase 3 provides an adjustment phase from the first two phases to a fourth, recovery phase. To enable this to happen, the adjustment phase must consider three main components that will be critical to dealing with COVID-19 whilst at the same time releasing elements of the lockdown safely and in a controlled and structured manner. The three elements are:

Containment + Isolation + Eradication

As lockdown restrictions are gradually eased and the Welsh Government amends its guidance, the Council is looking at how and when it can

recommence its services or how they will be delivered differently. This is documented in a 'Roadmap' on the Council's website.

It is hoped that the business sectors and community groups will also contribute to this roadmap so that there is clarity for all residents of Ceredigion.

Following an initial immediate suspension of public meetings, Council meetings have been reintroduced via a virtual platform.

Members of the public are able to attend the remote meetings by e-mailing the Democratic Services for registration details. A full list of remote meetings are available on the Council website. These meetings are also available on the Council's Facebook page to view.

5 Issues identified for last year (2021-2022)

The following table records the actions that have been taken during 2021-22 to resolve the issues identified in the Annual Governance Statement for 2020-2021:

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 consistently demonstrated thereby protecting the reputation of the organisation	<p>Monitoring Officer to advise Officers further on the need to declare interests in organisations which actually, or may conflict with Council interests including:</p> <ul style="list-style-type: none"> • Contractors; • School Governors; • Clerk to Town and Community councils; • Members of Town and Community councils; and • School Governors. <p>MO and CLO Democratic Services to continue to undertake review of Members holding directorships, trusteeships, or memberships when appointed onto outside bodies, and committees, Monitoring Officer to consider member feedback and added value and continue to update Code of Conduct for Officers and Members.</p> <p>Monitoring Officer to advise Officers further on the need to declare</p> <ul style="list-style-type: none"> • Directorships; and • Other employment <p>Including Whether conflicting with the Council's interests or not. Monitoring Officer to continue to advise Members further on the need to declare hospitality/gifts.</p> <p>Monitoring Officer to advise Chief Officers</p>	<p>This is an ongoing duty.</p> <p>The Ethics and Standards Committee will have new duties (from May 2022) under the Local Government and Elections (Wales) Act 2021, to include:</p> <ul style="list-style-type: none"> • Monitoring compliance by leaders of political groups on the Council with their duties under S.52A(1) Local Government Act 2000; • Advising, training or arranging to train leaders of political groups on the Council about matters relating to their duties under S.52A (1) Local Government Act 2000. • At the end of each financial year, make an annual report to the Council in respect of that year per 56B Chapter 1 Part 3 Local Government Act 2000. <p>The duty to monitor compliance of political group leaders is in relation to standards of conduct, and one way that the Council will ensure Members behave with integrity and lead a culture where acting in the public interest is visible, and consistently demonstrated to protect the Council's reputation.</p> <p>The Monitoring Officer's advising of Officers relating to declarations of interests is an ongoing action, which is undertaken regularly through News Updates via the Cerinet system.</p> <p>Most recently, an Update on Council Employees' Declarations of Interest and Hospitality was published on 20 July 2021 on the Council's CeriNet Site, including links to the relevant forms and Code of Conduct for Local Government Employees, along with a reminder that any queries or requests for advice</p>	EP/LE	March 2022

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	<p>further on the need to declare:</p> <ul style="list-style-type: none"> • close personal associations with other Officers or Members, 	<p>should be made to the Monitoring Officer.</p> <p>An update on Employees' Declaration and Registration of Interests, including regarding COVID-19 Restrictions Business Fund NDR Grants for businesses was published on 8 January 2021 on the Council's CeriNet Site.</p> <p>A review is currently being undertaken of the external bodies that have appointed Members, including added value, and also updating of the Constitution.</p> <p>The Code of Conduct for Local Government Employees, and also the Declarations of Interest and Hospitality for Staff are in the process of being substantially reviewed. Regular meetings have been held and input from the Monitoring Officer, Governance Officer, Corporate Lead Officer – People & Organisation and Data Protection Information & Records Management Officer.</p> <p>A draft Data Protection Impact Assessment has also been sent to the Data Protection Officer for consideration in respect of changes proposed to the Code of Conduct and Declarations, with progress updates provided to the Governance and Audit Committee at its 25.11.2021 Meeting (a further progress update to be provided at its 19.1.2022 Meeting).</p> <p>Following completion of the DPIA process, the draft documents shall be sent to and considered by Leadership Group, Trade Unions and Council.</p> <p>Consideration is also being given as to whether Chief Officer Business Interests should be published on the Council's websites, with Meetings held between the MO. Governance</p>		

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		Officer, Data Protection Officer and CLO – People and Organisation.		
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 (A mandatory E-learning training module on the Well-Being of Future Generations Act 2015 ('WFGA') must be completed by all Staff).	The mandatory e-learning module was introduced in September 2017 and up to November 2021 it has been completed by 2,834 employees. Of these 343 completed the Welsh medium module and 2,491 the English medium module. Between April and November 2021, a total of 242 employees completed the e-learning module, 40 through the medium of Welsh and 202 through the medium of English (figures include leavers). Reminders are issued to staff who have not yet undertaken the module and Leadership Group will receive periodic reports on the completion of mandatory e-learning modules.	GE	March 2022
	Continue to review Constitution to reflect legislative changes and according to need.	<p>Reviewing the Constitution to reflect legislative changes and according to need is an ongoing task, as the Constitution is a live document. Proposed amendments to the Constitution were last presented to Council at the 23rd September 2021 Meeting, and prior to this at its 18th March 2021 Meeting. The Council's Cross Party Constitution Working Group are meeting on a regular basis, with meetings held on 15th February 2021, 19th April 2021, 30th June 2021, 10th August 2021 and 8th November 2021, with the next Meeting scheduled for 11th February 2022.</p> <p>Significant amendments to the Constitution have included amendments to comply with the Local Government and Elections (Wales) Act 2021 and work is currently being undertaken to implement changes as recommended by Audit Wales in its 2020-21 Review of Ceredigion County Council's Planning Service (Report issued October 2021).</p> <p>A comparison exercise will be undertaken of the Current</p>	EP/HR	March 2022

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		Constitution against the Model Constitution issued by WLGA.		
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	Council making preparations to comply with Local Government and Elections (Wales) Act 2021 regarding Audit Committee (terms of reference, remit and composition to be reviewed): Changes include: - change of name to 'Governance and Audit Committee; - Membership to be 2/3 Councillors and 1/3 Lay Persons (as defined in Act); - Committee duty to appoint own Chair and Deputy Chair; -Chair must be lay person; -Deputy Chair must not be member of Local Authority Executive; and - in absence of Chair & Deputy only non-executive Members can chair.	Proposed changes to the Constitution to comply with the Local Government and Elections (Wales) Act 2021 requirements were put to the Council's Cross-Party Constitution Working Group on 19 th April 2021, 30 th June 2021 and 10 th August 2021, which made appropriate recommendations to Council. A Report regarding these proposed changes was presented to Council at its 23 rd September 2021 Meeting. Council resolved to agree to the proposed changes. A further Report on changes relating to the Governance and Audit Committee arising from the Local Government and Elections (Wales) Act 2021 was presented to the Council's Governance and Audit Committee at its 3 rd June 2021 Meeting, including updates to the Constitution, and to inform on the requirements for the Mid Wales CJC to have a Governance and Audit Sub-Committee. A report on changes under the Local Government and Elections (Wales) Act 2021 affecting the Committee was also presented to the Committee in the 24 th February 2021 Committee meeting, including the recruitment of lay members to the Committee. These changes and proposals regarding recruitment were then presented to, and approved by, Council on 18 th March 2021. Council noted the contents of the Report, and relevant implementation dates, and approved: a) the change of name of the Audit Committee to the Governance and Audit Committee, and additional performance and complaints-handling functions effective from 1 April 2021; b) commencement of the recruitment process for independent lay members to the Audit Committee; c) the proposals for the Shortlisting Selection Panel; and	EP/AW/HR	March 2022 Changes re Governance and Audit Committee and 2021 Act Complete

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	<ul style="list-style-type: none"> Delegated Decisions Register to be published. Continued monitoring of the Mandatory e-learning take up of Whistleblowing module. Currently lower than required. 	<p>d) the Role Description and Person Specification.</p> <p>A Report on the size of the Governance and Audit Committee was presented to the Democratic Services Committee on 21st May 2021, which agreed to recommend to Council that the Committee should comprise 6 County Council Members and 3 lay members (9 total). A Report on the size of the Committee was then presented to Council on 17th June 2021 and Council agreed that same member composition from 5th May 2022. The recruitment process has now been completed and Council resolved on 9th December 2021 to appoint the three candidates recommended by the Shortlisting Selection Panel.</p> <p>The publication of the delegated decisions register is ongoing. The Gold Command Decision Log, a decision register, has been published and updated quarterly, presented to Gold Command (and approved), and thereafter to the Overview and Scrutiny Co-ordinating Committee (most recently on 1st December 2021 and, prior to this, on 16th June 2021) and published on the Council's website.</p> <p>It was proposed at this Meeting to publish the Decision Log more regularly and the MO/Governance Officer are arranging for its publication more regularly (decisions up to 30th November 2021 published and decisions up to 31 December 2021 to be published shortly (December 2021).</p> <p>The Decision Log for decisions between 1 December 2021 and 31 December 2021 shall then be presented to the Overview and Scrutiny Co-ordinating Committee at its 10th February 2022 Meeting.</p> <p>In relation to other delegated decisions, Development Control Committee delegated decisions are published for each Development Control Committee. Any other</p>		

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	<ul style="list-style-type: none"> The Complaints / Compliments policy is to be reviewed during 2020- 2021. <p>Ethics / Fraud training to be provided.</p>	<p>decisions work is in progress, however in particular work is currently being undertaken to prepare a Tree Preservation Order (TPO) Register.</p> <p>Regarding the take up of the Mandatory e-learning Whistleblowing module, between April and November 2021, 237 Staff completed the Module, 42 through Welsh and 195 through English (*these figures include leavers)</p> <p>The Corporate Complaints Policy review is complete. The new policy was presented to the Corporate Resources Overview and Scrutiny Committee on the 7th of July and was presented to Council on the 23rd of September. Council resolved to approve the revised Concerns and Complaints Policy and Procedures 2021.</p> <p>The Ethics / Fraud training module is now complete, which was prepared in collaboration with Zurich (Council's insurer). The training was presented by Anthony Connolly from Zurich on 28th May 2021 at the Corporate Managers' quarterly workshop. The slides from the presentation are to be used as a basis for an e-learning module for all staff. The Internal Audit & Governance Services have prepared draft questions and answers for the e-learning module and have provided these to Learning & Development, who shall use them as a basis for the module.</p> <p>This is also supported by the recent review of the Council's Strategy on Counter-Fraud, Corruption and Bribery (to include Anti-Money Laundering).</p> <p>A follow-up internal audit of the Council's arrangements regarding</p>		<p>Complaints / Compliments Policy review complete</p>

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		Ethics is also in progress (currently in review).		
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	<ul style="list-style-type: none"> The Local Government and Elections (Wales) Act 2021 shall have an effect on corporate bodies, including the Council, and preparations for compliance are underway. 	As above, compliance with the Local Government and Elections (Wales) Act 2021 requirements is ongoing, including through the Cross-Party Constitution Working Group (Members of each political group in attendance), reports to the Governance and Audit Committee and Council, with a Council Action plan having been prepared and updated regularly, and meetings with relevant Officers and CLOs held, as appropriate.	EP	March 2022
B1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	FOI policy and EIR policy both updated. Review of the FOI Publication Scheme is in progress.	A review of the FOI Publication Scheme is scheduled for the coming year.	LE/AW/MNH	March 2022
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	Due to the COVID-19 pandemic, decisions currently need to be made by Gold Command for emergency reasons, therefore it is impossible to consult physically in the community at present for many services, and consequently the scoring has been amended to reflect this.	<p>A Community Engagement, Consultations and Partnerships Page has been created on the new Ceri Net site. https://cerinet.ceredigion.gov.uk/our-council/community-engagement-consultation-and-partnerships/#</p> <p>This includes links to our current Community Engagement Policy, Engagement and Consultation Checklist, Engagement with Service Users and a Consultation Decision Making Tool.</p> <p>All Integrated Impact Assessments (IIAs) for Cabinet are now assessed by the Engagement and Equality Officer. This includes whether effective engagement, involvement and consultation has taken place and informed our strategic decision making process.</p> <p>A draft new Engagement Strategy for Ceredigion County Council, 'Talking, Listening and Working Together,' has been prepared. This</p>	AW/LE/MS	March 2022

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
	Community Engagement Policy is under review and will include provisions for how stakeholders are engaged in future.	will be consulted upon and agreed following the Local Government Elections in 2022. Work is underway to prepare a Community Engagement Policy that will meet the requirements of the Local Government and Elections (Wales) Act 2021, which will also include how we will encourage participation in decision-making, although guidance is awaited from Welsh Government regarding this part of the legislation.		
B3.4 Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	Further work on monitoring feedback is required and the new Equalities and Engagement post will address this.	Feedback from engagement and how people's views have been taken into account is recorded in the IIAs. Reports on completed consultations and engagement exercises are posted on our public consultations webpage in order to provide feedback to the public. http://www.ceredigion.gov.uk/your-council/consultations/ Any consultation / engagement reports are presented to Scrutiny and Cabinet to inform their decision making.	AW/MS	March 2022
C1.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	Publicise service performance including costs and value for money data.	Relevant costs and value for money data is routinely considered within service reports. Costs and value for money data in context of managing service users expectations, is not available to or held by the Performance Service.	AW	March 2022 - Complete
D2.3 Considering and monitoring risks facing each partner when working collaboratively including shared risks	Account will be taken of legislative changes e.g. Local Government and Elections (Wales) Act 2021.	As above, work is ongoing in relation to implementing legislative changes, such as Local Government and Elections (Wales) Act 2021 changes and considering/monitoring risks facing each partner when working collaboratively, including shared risks.	AW/EP	March 2022

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		<p>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).</p> <p>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.</p>		
D2.5 Establishing appropriate local performance indicators (as well as relevant statutory or other national performance indicators) as part of the planning process in order to identify how the performance of services and projects is to be measured	Further work is progressing to link Local Performance measures to all level 1 Business plan Objectives.	<p>The Business Planning process for 2021-22 is being implemented with Level 1 Business Plans shared with the Performance and Research Team.</p> <p>Performance measures have been identified within each Level 1 Business Plan that will in turn translate into the reporting Dashboard for each service. These measures have been scrutinised and have received final sign-off from senior leadership. Services will then report against these measures as part of the performance management process for the year.</p>	AW	March 2022
F3.5 Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance	<p>Audit Committee terms of reference, remit and composition to be reviewed in light of Local Government and Elections (Wales) Act 2021. Changes include: - change of name to 'Governance and Audit Committee';</p> <p>-- Membership to be 2/3 Councillors and 1/3 Lay</p>	As above, work is ongoing in relation to changes affecting the Governance and Audit Committee in light of the Local Government and Elections (Wales) Act 2021. The Governance and Audit Committee was informed, in a report at the 24th February 2021 Meeting, of the changes to their role regarding self-assessment reports of the Council, and regarding panel performance assessments, as well as the change	EP/AR/HR	March 2022 - Complete

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon	<p>Persons (as defined in Act); - Committee duty to appoint own Chair and Deputy Chair;</p> <p>-Chair must be lay person;</p> <p>-Deputy Chair must not be member of Local Authority Executive; and</p> <p>- in absence of Chair & Deputy only non-executive Members can chair.</p> <p>Size of Audit Committee review in progress.</p> <p>Lay member recruitment to be undertaken during 2020/21, taking into account any Local Government & Elections (Wales) 2020 Act requirements and termination of term of office of current lay member.</p>	<p>of name, and changes to the Chair/Vice Chair and composition.</p> <p>As above, an update report on the 2021 Act was presented to the Committee in the 3rd June 2021 Meeting, to include updating the Governance and Audit regarding changes to the Constitution affecting the Committee, including:</p> <ul style="list-style-type: none"> - Recruitment of lay members and the Mid-Wales CJC Governance and Audit Sub-Committee; and - Regarding the Committee's functions relating to: <ul style="list-style-type: none"> o reviewing and assessing the performance assessment of the Council; o considering the Council's draft annual Self-Assessment report; o considering any report from the Auditor General and Council's draft response; o review of the Council's complaints handling function; and o role regarding Panel Performance Assessments (from May 2022). <p>The Council has approved (23rd September 2021 Meeting) amendments to the Governance and Audit Committee's terms of reference, further to recommendations by the Cross-Party Constitution Working Group. The Constitution has been duly updated with terms of reference to reflect the Committee's current duties from the 2021 Act, with future duties of the Committee to be inserted in the terms of reference at the appropriate date.</p>		
G1.1 Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended	Council preparing for implementation of changes to be introduced by Local Government and Elections (Wales) Act 2021, which include for Council to consult and publish a public participation strategy with	Work is underway to prepare a Community Engagement Policy that will meet the requirements of the Local Government and Elections (Wales) Act 2021, which will also include how we will encourage participation in decision-making, although guidance is awaited from	LE/AM	March 2022 (– Complete by March 2022)

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
audience and ensuring that they are easy to access and interrogate	the aim of increasing public participation in local democracy, and improving transparency.	<p>Welsh Government regarding this part of the legislation.</p> <p>The Council has been out to tender and awarded the contract for installing equipment in the Council Chamber that will enable hybrid meetings to take place as well as being able to broadcast those meetings. The equipment will be installed over the winter and the system will be in place by March 2022.</p>		
G3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	Monitoring of progress of Actions/recommendations	<p>'Audit Wales Protocol' documented and procedures in place to ensure all 'Management Response Forms' from each AW report addressed and that service responses are presented to LG, GAC and AW.</p> <p>The Governance Officer is the AW point of contact for outstanding Management Response Forms ('MRFs') for 2019/20 and 2020/21, and ongoing governance-related MRFs/governance matters. The Corporate Performance and Improvement Officer is the AW point of contact for performance-related MRFs and performance matters. This system is set out in a Protocol, which has been approved by Leadership Group and presented to the Governance and Audit Committee. An updated version of the Protocol (to reflect that the Corporate Performance and Improvement Officer is in post) was presented to the Governance and Audit Committee at its 9th September 2021 Meeting. The Governance Officer and Corporate Performance and Improvement Officer have also prepared a spreadsheet for current MRFs, as well as historical MRFs (monitored by the Governance Officer) to be presented to the Governance and Audit Committee for monitoring of MRF responses. Monthly meetings are also being held with AW to discuss ongoing work and matters to be presented to</p>	EP/AW/SJ	March 2022

Issue	Action	Outcome / Progress to Date	Lead Officer	Completion Date
		the Governance and Audit Committee. These actions are, therefore, ongoing but the appropriate systems/checks have been put in place.		

Note: Any actions not fully completed by the completion date will be carried forward into the 2022-2023 Action Plan.

6 Agreed action plan for matters to be considered during 2022-2023

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 2022-2023:

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 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 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>	Further embedding of behaviour with integrity.	EP/LE	March 2023

Issue	Action	Outcome	Lead Officer	Completion Date
	<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>			
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.	Further embedment of Standard Operation Principles and values, including their communication.	EP/LE	March 2023
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.	Further embedment of Standard Operating principles and leading by example for effective decision-making.	GE	March 2023
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	<p>Delegated decision Decisions Register to be published.</p> <p>Continued monitoring of the Mandatory e-learning take up</p>	<p>Further embedment of Standard Operating principles and communication through publication of documents.</p> <p>Further embedment of Standard Operating principles and leading by example.</p>	EP/ HR	March 2023

Issue	Action	Outcome	Lead Officer	Completion Date
ensure that they are operating effectively	of Whistleblowing module. Currently lower than required. Whistleblowing Policy to be reviewed.	Further embedment of Standard Operating principles.		
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.	Demonstrating strong commitment to rule of law and adherence to relevant laws and regulations	EP/LE	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.	Demonstrating commitment to openness.	LE/AW/MN H	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>	Improving Community Engagement.	AW	March 2023
D2.3 Considering and monitoring	To continue to take into account legislative changes	Risk management and compliance with legislation to	AW/EP	March 2023

Issue	Action	Outcome	Lead Officer	Completion Date
risks facing each partner when working collaboratively including shared risks	e.g. Local Government and Elections (Wales) Act 2021. 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.	demonstrate commitment to rule of law.		
G3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	Monitor progress of actions/recommendations.	Assurances and managing risk	EP/AW/SJ	March 2023

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 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. This enabled the Council to react swiftly to the threats presented by the coronavirus pandemic.

The Council has identified a number of minor issues for resolution during 2022/23 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 2022/23 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 2022/23 AGS.

Minor Joint Committees in Wales

Annual Return for the Year Ended 31 March 2022

Accounting statements 2021-22 for:

Name of body: Ceredigion Harbour Authority (CHA)

	Year ending		Notes and guidance for compilers
	31 March 2021 (£)	31 March 2022 (£)	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	39,564	58,593	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.
3. (+) Total other receipts	203,194	213,345	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	242,758	271,938	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	7,202	30,706	Income and expenditure accounts only: Enter the value of debts owed to the body.
9. (+) Total cash and investments	-4,977	-22,359	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	2,225	8,347	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	1,264,433	1,206,637	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 2022, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have put in place arrangements for: <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
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.	<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
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.	<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
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.	<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
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.	<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
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.	<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
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.	<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
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	<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.

Certification by the RFO 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 2022.	Approval by the Council/Board/Committee I confirm that these accounting statements and Annual Governance Statement were approved by the Body under minute reference:
RFO signature:	Minute ref:
	Chair of meeting signature:
Name: Duncan Hall	Name: Ifan Davies
Date: 26/01/2023	Date: 26/01/2023

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 2022 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;
- is not consistent with the Body's governance arrangements; and
- that the Body does not have proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Other matters arising and recommendations

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

External auditor's name:	Adrian Crompton
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External auditor's signature:	Date: 30/01/2023
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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 2022.

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 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.
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 – Property Owners Policy, Property Owners Summary of Cover and Property module.
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).

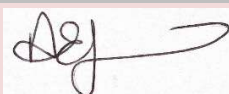
** If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

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 2020-21 and 2021-22. 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: 07/07/2022