

Governance and Audit Committee

Meeting Venue
Teams Live

Meeting Date
Friday, 21 May 2021

Meeting Time
1.00 pm

For further information please contact
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County Hall
Llandrindod Wells
Powys
LD1 5LG

17 May 2021

Mae croeso i chi siarad yn Gymraeg neu yn Saesneg yn y cyfarfod.
Rhowch wybod pa iaith rydych am ei defnyddio erbyn hanner dydd, ddau ddiwrnod
gwaith cyn y cyfarfod.
You are welcome to speak Welsh or English in the meeting.
Please inform us of which language you wish to use by noon, two working days
before the meeting.

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	ELECTION OF CHAIR
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To elect a Chair for the ensuing year.

3.	ELECTION OF VICE CHAIR
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To elect a Vice Chair for the ensuing year.

4.	DECLARATIONS OF INTEREST
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To receive declarations of interest from Members.

5.	MINUTES
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To authorise the Chair to sign the minutes of the previous meeting.
(Pages 5 - 10)

6.	CLOSURE OF ACCOUNTS
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To consider the report of the Head of Finance and Audit Wales Annual Plans for the 2021 Audit.

(Pages 11 - 42)

7.	INTERNAL AUDIT
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7.1. Audit Plan

To consider the Internal Audit Plan.

(Pages 43 - 56)

7.2. Q4 Performance

To consider the SWAP Q4 Performance report.

(Pages 57 - 68)

7.3. Internal Audit Working Group - summary

To note a summary of work undertaken by the Internal Audit Working Group.

(To follow)

8.	STRATEGIC RISK REGISTER
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To consider the report of the Portfolio Holder for Finance.

(Pages 69 - 112)

9.	TREASURY MANAGEMENT
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To consider the report of the Portfolio Holder for Finance.

(Pages 113 - 128)

10.	ACCESS TO INFORMATION
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The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following items. His view on the public interest test (having taken account of the provisions of Rule 14.8 of the Council's Access to Information Rules) was that to make this information public would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information).

These factors in his view outweigh the public interest in disclosing this information. Members are asked to consider these factors when determining the public interest test, which they must decide when considering excluding the public from this part of the meeting

11.	CYBER RESILIENCE IN THE PUBLIC SECTOR - POWYS COUNTY COUNCIL RESPONSE
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To consider the report of the Cyber Security Manager.
(Pages 129 - 132)

12.	DRAFT ANNUAL GOVERNANCE STATEMENT
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To consider the draft Annual Governance Statement.
(Pages 133 - 204)

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MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD AT TBC ON THURSDAY, 11 FEBRUARY 2021

PRESENT

County Councillors JG Morris (Chair), M Barnes, D R Jones, M J Jones, K Laurie-Parry, K Lewis, DW Meredith, WD Powell, D A Thomas, R G Thomas, T J Van-Rees, A Williams, J M Williams, R Williams and Mr J Brautigam,

Cabinet Portfolio Holders In Attendance: County Councillor A W Davies

Officers: Caroline Turner, Chief Executive and Jane Thomas, Head of Finance

Other Officers In Attendance: Ian Halstead, Kevin Price, Kate Ryde and Gail Moore SWAP and Phil Pugh, Audit Wales

1.	APOLOGIES
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There were no apologies for absence.

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest.

3.	MINUTES
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The Chair was authorised to sign the minutes of the previous meeting, held on 10 December 2020, as a correct record.

The Chief Executive reported that the issue of Fraud Training had been discussed at EMT. There was a commitment to raising awareness and fraud training would become part of induction training. It would also form part of a future Member Development day.

4.	INTERNAL AUDIT
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4.1. Risk Management

Documents:

- SWAP Final Report – Risk Management

Discussion:

- It was the role of the Audit Committee to ensure effective risk management was in place including the identification of risks, mitigating measures and reporting.
- The work had been undertaken at the start of the pandemic with the report being released in November 2020

- Partial assurance had been given with eight recommendations for improvement
- The general policy framework was deemed to be fit for purpose
- JCAD was the system widely used for risk management and this too was fit for purpose, but some levels of functionality were not used
- The means by which risks are identified needed to be more embedded
- The risk appetite of the Council is not quantified
- The Strategic Risk Register is reported to the Senior Leadership Team and Cabinet but it is difficult to see how it is reviewed and challenged
- With regard to data, some risks were not in the expected format. Only 46% met the criteria and may not have been risks
- Risk Champions are in place
- There is a need to increase the standing of risk across the Authority
- The Head of Finance reported that improvements have been made since the time of the report. There was significant challenge by EMT and Heads of Service who look at the register to ensure it is comparable across all services and the scoring is appropriate.
- There will be a review during the forthcoming year

Outcome:

- **The report was noted**

4.2. Q3 Performance Monitoring

Documents:

- Performance Monitoring Q3

Discussion:

- The Authority has been operating under a business critical regime only and this has had an impact on the internal audit plan
- The Assistant Director believed he would still be able to offer his annual audit opinion, but this did have its limitations
- Internal audit is being flexible and reactive to the situation and new ways of working are being developed and implemented
- For the forthcoming year a new approach will be taken that will be more agile and responsive to changing priorities
- Audit work will be based on the highest profile risks
- Three months will be planned with a proposed programme for the following three months
- The Plan will be considered by EMT and then Audit Committee for approval
- A new tracking process has been developed and this will give an added level of assurance
- Homelessness has been identified as a risk and will be included in the programme for 2021/22
- Critical financial systems will be reviewed including covid grants and governance and decision making which will enable an annual audit opinion to be given

Outcome:

- **The report was noted**

4.3. Recommendation Tracker

The Committee were given a presentation on the newly developed recommendation tracker.

A decision will be made on the level of access to be given to Audit Committee members to enable them to gain the assurances they need. Licensing issues also need to be resolved before the programme can be rolled out into a safe environment. Resources will be needed to ensure the programme is kept up to date.

4.4. Business Grants

SWAP have been undertaking work around the robustness of the process of issuing grants. This work is ongoing as Income and Awards are busy with rolling out grants.

To date, £67M of grants have been paid. Key checks and balances need to be in place to ensure that fraud and error are minimised. Discussions with the Team regarding control measures have been completed and SWAP are in the process of accessing data to ensure the robustness of the process.

Some payments have been recovered and the Head of Finance assured the Committee that all incidences of potential fraud would be investigated.

5. STRATEGIC RISK REGISTER

Documents:

- Report of the Head of Finance
- Report of the Portfolio Holder for Finance
- Strategic Risk Register
- Heat Map

Discussion:

- The report highlighted Audit Committee's role in gaining assurance that risk is being appropriately managed in the Authority
- The Covid Risk Register is updated weekly however further review is needed as the Register has been in place for several months
- The term 'catastrophic' is to be reviewed and other terminology amended
- Financial risk has been increased but this has been mitigated by additional funding and the Authority's own actions
- Risks associated with regulatory inspections has decreased with many improvements having been introduced in social care and education
- There has been an increase in Children Looked After (CLA) during the pandemic and this has been flagged up as a risk by the service. There has also been an increase in activity at the 'front door' but this is being managed on a daily basis.

Outcomes:

- **The report was noted**
- **Corporate Directors to be invited to Audit Committee to discuss their approach to risk**

6.	FRAUD
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A report by Audit Wales had been considered at the last meeting. Some specific actions were recommended but this has been impacted by business continuity. One of the key issues is to ensure that the roles of SWAP and the Authority are clearly defined and complement each other.

7.	CAPITAL PROGRAMME
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Documents:

- Capital Programme

Discussion:

- The Chair had copied Members of the Committee into an exchange of emails regarding Ysgol Cymraeg Trallwng – this would not be discussed during Committee but would be the subject of a future report.
- There had been concerns regarding the affordability of the capital programme as presented and correspondence between the Chair, Portfolio Holder for Finance and Head of Finance had sought assurances that the strain on the revenue budget would not be so great.
- The Chair of the Finance Panel explained the background and that he had been concerned at the strain the capital programme would put on the revenue budget. Increased costs of £5M this year, £5M the following year and £3M the year after were a cause for concern. The Head of Finance stressed that the capital programme must be considered within the context in which it had been proposed. It also sat alongside the Treasury Management Strategy. Plans must be affordable, and the Council will only approve one year at a time. The cost of doing nothing should also be considered. The increased costs were also attributable to the change in Minimum Revenue Policy (MRP) – the benefits of which had accrued over the preceding years.
- A Member raised the issue of whether small secondary and primary schools would be viable in the future – this was a matter for the Learning and Skills Scrutiny Committee
- A five-stage business case would have to be completed for each proposed capital project. This would include the outcomes achieved including the impact on the revenue budget.
- It was considered that the quality of project management was a concern and that the build quality and scrutiny of work completed needed more attention. The Head of Finance agreed that the Audit Committee could be provided with an overview of project management from an appropriate officer.
- The Chair of the Schools Forum had been invited to attend the meeting but, due to technical difficulties, had been unable to join. The Chair summarised the points that had been raised by the Schools' Forum and a letter was circulated to Members after the meeting. The Schools Forum had concerns regarding escalating costs, strain on budgets and whether the Welsh Government contribution to future projects would remain the same. It was considered that 'Rolls Royce' options were chosen over more basic alternatives.

- The Chief Executive informed the Committee that not all authorities publish a long-term programme and that last year had been the first time that Powys had published a 10-year programme. A framework needed to be in place and horizons should not be narrowed. Governments tend to prioritize capital spend to boost economies. There was a need to consider the programme corporately and to review it regularly. Borrowing is only one element to be considered.
- It was thought that many of the projects would deliver a social dividend but would not pay for themselves. The issue of value for money must be addressed and cost-effective projects considered.
- Audit Wales reminded Members of the remit of an Audit Committee and that a number of points considered today would more appropriately sit with other processes or scrutiny committees. The Committee must understand where it can gain assurances.

8. TREASURY MANAGEMENT

Documents:

- Report of the Portfolio Holder

Discussion:

- There have been no significant changes since the last report
- Interest rates are not favourable for investment
- The Authority will look to borrow at the most opportune moment
- The Council remains in an under borrowed position
- Economic forecasting does not show any increase in interest rates
- It was noted that there were more short-term loans being taken out and the Head of Finance was asked why this was happening rather than Public Works Loan Board – short term loans have been taken out for cash flow purposed and the rates were more favourable
- The Head of Finance was asked if consideration had been given to the Municipal bond agency or other forms of bond – it was not considered to be an option at the current time

Outcome:

- **The report was noted**

9. CLOSURE OF ACCOUNTS

Documents:

- Report of the Head of Finance

Discussion:

- A project group has already been established
- CIPfA are holding workshops
- The impact of Covid on Health Authorities may influence the audit timetable with a knock-on effect on local government audits

- A review is being carried out in England regarding timescales and whilst there is some flexibility in Wales, discussions are still ongoing
- The Welsh Government have extended the deadline for NHS audits until the end of May which will impact on all public sector bodies
- Audit Wales gave assurances that the audit will be undertaken as promptly as possible

Outcome:

- **The report was noted**

County Councillor JG Morris (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL**GOVERNANCE & AUDIT COMMITTEE****21 May 2021****REPORT AUTHOR: Jane Thomas, Head of Financial Services****SUBJECT: Closure of Accounts**

REPORT FOR: Information

- 1.1 Committee will be aware that the Statement of Accounts and the Pension Fund accounts for 2019-20 were issued an unqualified audit opinion by the Auditor General and approved by the Audit Committee on the 29 September 2020 and 19 November 2020 respectively.
- 1.2 The statutory deadline for the completion of the unaudited accounts is 31 May and the date for publishing 31 July. Due to the continued pressures placed on resources due to the COVID 19 pandemic across both Health and Local Government the Council will be aiming to complete the draft accounts by 15 June and will aim to publish in September. As the statutory deadlines will not be met the Council must
- a) publish immediately a statement setting out the reasons for the officer's non-compliance; and
 - b) agree to a course of action to ensure compliance as soon as possible.
- As per the Accounts and Audit (Wales) Regulations 2014.
- This action will be taken before 31 May 2021.
- 1.3 A seminar for the Governance and Audit Committee to present and discuss the draft accounts is scheduled for the afternoon of 28 June 2021.
- 1.4 Regular meetings with Audit Wales are in progress.
- 1.5 Audit Wales have submitted their Audit plans for both the Council and Pensions Fund Accounts and these are included with this report for Committee to consider. The plans set out the responsibilities of the auditors, the significant risks they have identified at the planning stage of the audit and the fees and timescales for their work. The Committee are asked to review the plans, noting each area mentioned and offer any feedback at this stage. Officers will address each of the risks identified and Committee will be provided with an update at the Seminar held in June when Committee review the draft Statement of Accounts.

1.6 As work is ongoing a verbal update of progress will be provided on the day of the Committee.

Recommendation:	Reason for Recommendation:
The Committee notes the contents of this report.	To ensure that the Council successfully completes the preparation and approval of the Annual Statement of Accounts for 2020/21 in order to receive an unqualified audit opinion.

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2021 Audit Plan – Powys County Council

Audit year: 2020-21

Date issued: May 2021

Document reference: 2416A2021-22

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

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

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2021 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit Powys County Council's (the Council) financial statements to make sure that public money is being properly accounted for.

Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements. Some requirements of the Measure will cease during 2021-22 due to changes in legislation arising from the Local Government and Elections (Wales) Act 2021. However, I anticipate that during 2021-22, I will still be required to audit the Council's published assessment of its performance that covers the 2020-21 year.

Sustainable development principle

- 6 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 7 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 8 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 9 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 10 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the authority as the 2021 position becomes clearer.

Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021; and
 - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 12 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
 - certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);

- auditing the Powys Pension Fund accounts (a separate audit plan has been prepared for the audit of the pension fund); and
 - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 13 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee prior to completion of the audit.
- 14 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 15 There have been no limitations imposed on me in planning the scope of this audit.
- 16 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

- 17 The following table sets out the significant risks I have identified for the audit of the Council.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>Risk of Management Override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

Audit risk	Proposed audit response
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the authority. In some cases, these monies provide financial support to the authority itself. In other cases, the funds have been administered by the authority, making payments to third parties on behalf of the Welsh Government. Some of the funding provided by Welsh Government did not occur until late in the financial year. The amounts involved are material to the accounts.</p> <p>Examples of audit risks include:</p> <ul style="list-style-type: none"> • incorrect accounting treatment for COVID-19 funding, ie principal or agency arrangements; • fraud/error risks; • potential year-end valuation uncertainty (Property, Plant & Equipment, Pooled Property Investments, Inventories etc); and • that the funding is not accounted for in the correct financial year (ie cut-off risks). 	<p>We will review the funding streams received from the Welsh Government and confirm the appropriate accounting treatment with the authority.</p>

Audit risk	Proposed audit response
<p>Global Centre of Rail Excellence – Repayable Funding</p> <p>In May 2019, Powys County Council, Neath Port Talbot County Borough Council and Welsh Government entered a Joint Venture Agreement to work together to provide structure, direction and guidance to bring forward the development of the Global Centre of Rail Excellence (GCRE).</p> <p>In March 2021, the Council was awarded £50 million of Repayable Funding in respect of Global Centre of Rail Excellence project by Welsh Government. The Council received £33 million in March and is due to receive the remaining £17 million in 2021-22 (£10 million) and 2022-23 (£7 million) respectively.</p> <p>In addition, the UK Government has offered to match fund up to £30 million of the cost of the project, details of which are still to be determined.</p> <p>These funding opportunities are seen as a unique opportunity to progress the GCRE project. However, significant additional due diligence is required before the proposed project proceeds to a full business case position and inclusion within the Council’s capital programme/approval by full Council.</p> <p>The Council has until 30 September 2021 to progress to the full business case position. It is able to return the funding without penalty prior to this date if it is decided that it is not viable to proceed with the project.</p>	<p>We will review the terms of the Repayable Funder offer provided by Welsh Government and confirm that:</p> <ul style="list-style-type: none"> the Council has appropriately considered its powers to accept the funding; and the funding has been appropriately disclosed and accounted for in the Council’s 2020-21 draft financial statements.
Other audit risks	
<p>McCloud judgement</p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers</p>	<p>My audit team will review the provision previously made in relation to the McCloud judgement and monitor progress on the development of</p>

Audit risk	Proposed audit response
<p>were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination.</p> <p>Consultations on proposed remedies for the Local Government, Police and Fire pensions schemes closed in October 2020. The final remedy is expected to be published during 2021.</p> <p>The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p>	<p>proposals for a remedy to be applied in the Local Government pension schemes.</p>
<p>Minimum Revenue Provision</p> <p>During the year the Council has revised the methodology it uses for calculating the Minimum Revenue Provision (MRP) which is likely to improve the outturn in the Comprehensive Income and Expenditure Account. There is a risk that the revised methodology may not be appropriate or is not in line with Welsh Government guidance.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review the revised methodology to ensure it is appropriate and compliant with the Welsh Government guidance; and • ensure the revised methodology is accurately applied.

Other matters

- 18 There is one further matter on which my audit team will undertake early work in preparation for the 2021-22 audit.

Exhibit 2: Other matters

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Other matters	
Leases CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The Authority will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks.	My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.

Performance audit

- 19 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.
- 20 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.
- 21 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 22 Given the high degree of commonality in the risks facing councils at this time I also intend to deliver a number of thematic projects examining risks common to all councils.
- 23 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Wellbeing of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 24 In my consultation I have set out and sought views on proposals to:
 - a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
 - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and

- c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 25 In March, I wrote to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 26 In view of the above factors, I intend to retain a high degree of flexibility in my local performance audit programme at the Council and will continue to update the Council as the audit programme changes.
- 27 For 2020-21 this work is set out below.

Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22.

Performance audit programme	Brief description
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Approach to be confirmed. Further details to follow.
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance.
Assurance and Risk Assessment	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At Powys Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> • financial position • self-assessment arrangements • recovery planning • implications of the Local Government and Elections (Wales) Act • carbon reduction plans <p>At Powys Council, the project will also likely focus on areas identified in the 2020-21 ARA including:</p> <ul style="list-style-type: none"> • Housing • Highways • Waste & Recycling

Performance audit programme	Brief description
Thematic work - Springing Forward – Examining the building blocks for a sustainable future	As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
Review of Planning Services	Through the review we will seek to gain an insight into the Council’s Planning Service. We will have regard to the economy, efficiency and effectiveness of the Planning Service and the extent to which the Council is acting in accordance with the sustainable development principle in delivering the Service

Certification of grant claims and returns

- 28 I have been requested to undertake certification work on the Council’s grant claims and returns.
- 29 As was the case last year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes. The number of grant claims that are required to be audited by the Welsh Government for 2020-2021 is expected to be in line with those audited in 2019-20.
- 30 My audit fee for this work is set out in **Exhibit 4**.

Statutory audit functions

- 31 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.

32 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

33 My fees and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
- information provided to support the financial statements is in accordance with the agreed audit deliverables document;
- appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

34 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

35 Your estimated fee for 2021 is set out in **Exhibit 4** which remains in line with the actual fee for 2020.

Exhibit 4: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	207,830	207,830
Performance audit work ³	110,090	110,090
Grant certification work ⁴	44,000	44,065
Total fee	361,920	361,985

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2020 to October 2021.

³ Payable April 2021 to March 2022.

⁴ Payable as work is undertaken.

- 36 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 37 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 38 The main members of my team, together with their contact details, are summarised in **Exhibit 5**.

Exhibit 5: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director / Engagement Lead	02920 320585	anthony.veale@audit.wales
Huw Rees	Engagement Lead – Performance Audit	02920 320599	huw.rees@audit.wales
Phil Pugh	Audit Manager (Financial Audit)	07964 118615	phil.pugh@audit.wales
David Burridge	Audit Lead (Financial Audit)	02922 677839	david.burridge@audit.wales
Non Jenkins	Audit Manager (Performance Audit)	029 20 320 500	non.jenkins@audit.wales

Timetable

- 39 The key milestones for the work set out in this plan are shown in **Exhibit 6**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.
- 40 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May/early June 2021.

Exhibit 6: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	January to April 2021	May 2021
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	June to Sept 2021 September 2021 November 2021	30 September 2021 30 September 2021 30 November 2021
Performance audit work: <ul style="list-style-type: none"> • Annual Audit Summary • Well-being of Future Generations • Assurance and risk assessment • local projects 	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.	
Annual Audit Summary	January to October 2021	December 2021

Planned output	Work undertaken	Report finalised
2022 Audit Plan	January to March 2022	March 2022

- 41 There are two potential conflicts of interest that I wish to bring to your attention. The first matter relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which has a contract to provide a service within Adult Social Care. We have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of this area of the Council's operations.
- 42 The second matter relates to another member of my financial team whose husband is employed by Powys Teaching Health Board and who is also a governor of a secondary school within Powys. Again, I have introduced appropriate arrangements to ensure that this officer does not undertake work in relation to the health board (eg Pooled Budget Accounts) or the school.
- 43 I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.



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

2021 Audit Plan – Powys County Council Pension Fund

Audit year: 2020-21

Date issued: May 2021

Document reference: 2412A2021-22

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

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

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2021 Audit Plan

Summary

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice to examine and certify whether Powys Pension Fund's (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.

Impact of COVID-19

- 3 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 4 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and wellbeing of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 5 Audit Wales staff will continue to work pragmatically to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 6 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with you as the 2021 position becomes clearer.

Audit of pension fund accounts

- 7 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole.
- 8 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Governance and Audit Committee prior to completion of the audit.
- 9 Any misstatements below a trivial level (set at 5% of materiality I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 10 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Financial audit risks

- 11 The following table sets out the significant risks I have identified for the audit of the Pension Fund accounts.

Exhibit 1: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>Management Override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and

Audit risk	Proposed audit response
	<ul style="list-style-type: none"> • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Impact of COVID-19</p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team, and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>Other areas of audit attention</p>	
<p>Wales Pension Partnership</p> <p>The eight Pension Funds in Wales have created an ‘all-Wales’ pooled investment vehicle which will be overseen and reported on by a joint governance committee the ‘Wales Pension Partnership’.</p> <p>Powys Pension Fund has transferred funds into several new arrangements over the last three financial years.</p> <p>There is a risk that these investment fund balances will not be adequately disclosed in the 2020-21 financial statements.</p>	<p>My team will work with the auditors of the joint governance committee to obtain the assurances needed on the valuation of the funds transferred into the Wales Pension Partnership arrangements.</p>
<p>Private Equity Investments</p> <p>Year-end valuations of private equity investments are provided by investment managers which are based upon forward-looking estimates and</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuation to audited financial statements; and;

Audit risk	Proposed audit response
<p>judgements and industry guidelines. As there is no quoted market process, there is a greater risk for the reasonableness of valuation bases of these investments.</p>	<ul style="list-style-type: none"> • seek additional assurance over the valuation basis from control assurance reports.
<p>Pooled Property Unit Trust Investments</p> <p>The Pension Fund held pooled property unit trust investments totalling £61 million as at 31 March 2020.</p> <p>Fund valuers included reference to ‘Material Estimation Uncertainty’, as a result of the pandemic, in respect of these investments at 31 March 2020. As the investments comprise assorted property holdings, the disclaimer covered risks of the valuations being inaccurate to an unknown degree owing to the uncertain state of the global property markets. Due to the ongoing nature of the pandemic, these assets could again be the subject of material estimation uncertainty.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuations to fund manager reports and establish whether any of the pooled property unit trust investments remain subject to any disclaimers placed against the year-end valuations; • seek additional assurance over the valuation basis from control assurance reports; and • confirm that any material estimation uncertainties have been appropriately disclosed in the accounts.
<p>McCloud judgement</p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination.</p> <p>Consultations on proposed remedies for the Local Government, Police and Fire pensions schemes closed in October 2020. The Government recently announced its proposed remedy for this judgement and final details are expected to be published during 2021.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • review how the Pension Fund has assessed the impact of the McCloud judgement on the financial statements; and • ensure that where appropriate, this is adequately disclosed in the financial statements.

Audit risk	Proposed audit response
The impact of the judgement is likely to have a significant impact on the disclosed liabilities for the Pension Fund.	

Statutory audit functions

- 12 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 13 As this work is reactive, I have not included an estimated fee in **Exhibit 2** below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 14 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed, taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements; and
 - Controls assurance reports are received from fund managers in accordance with agreed timescales and action has been taken to address any control weaknesses.

Fee

- 15 Your estimated fee for 2021 is set out in **Exhibit 2**. This fee is at the same level as your actual 2020 fee.

Exhibit 2: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of pension fund accounts ²	34,599	34,599

- 16 Planning will be ongoing, and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Head of Finance.
- 17 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 18 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Lead	02920 320585	anthony.veale@audit.wales
Phil Pugh	Audit Manager (Financial Audit)	07964 118615	phil.pugh@audit.wales

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

² Payable November 2020 to October 2021.

Name	Role	Contact number	E-mail address
Gareth Rees	Audit Lead (Financial Audit)	02920 829304	gareth.rees@audit.wales

Timetable

- 19 The key milestones for the work set out in this plan are shown in **Exhibit 4**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.

Exhibit 4: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	January to March 2021	May 2021
Audit of pension fund accounts: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements 	March to September 2021 October 2021	October 2021 October 2021
2022 Audit Plan	January to March 2022	March 2022

- 20 I can confirm that my team members are all independent of the Pension Fund and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.



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Powys County Council

Proposed 2021-22 Internal Audit Plan and Internal Audit Charter

Audit and Governance Committee
21st May 2021

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7.1

The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2021/22 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.



Introduction and Objective of the Internal Audit Plan

Over the past year, as a result of the COVID pandemic, SWAP, like Powys County council, has had to adapt, re-prioritise, and shift focus. Whilst 2020/21 was an exceptional year, it has demonstrated the need for a fully flexible and responsive approach to audit planning. Although 2021/22 is likely to offer more stability in operations, we are looking to build on our new planning approach, ensuring that we are supporting the Council by collaboratively aligning our work to its aims, objectives and key risks. This should ensure that we are auditing the right things, at the right time; enabling us to provide insight and value when and where it is required.

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness. Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's AGS.

When reviewing the proposed internal audit plan (as set out in Appendix A), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the EMT and SLT and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

The Internal Audit Plan: Approach



Approach to Internal Audit Planning 2020/21

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

In order to do this, Internal Audit needs to be flexible in adapting audit plans to handle rapidly changing risks, priorities and challenges.

It is the responsibility of the Senior Leadership Team, and the Audit & Governance Committee to ensure that the audit work scheduled and completed throughout the year contains sufficient and appropriate coverage of key risks.

The factors considered in putting together the 2020/21 internal audit plan have been set out below:



We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Our 2021/22 audit plan is determined quarterly in order that the plan can remain agile to respond to new and emerging risks as and when they are identified.

The Internal Audit Plan: Risk Assessment

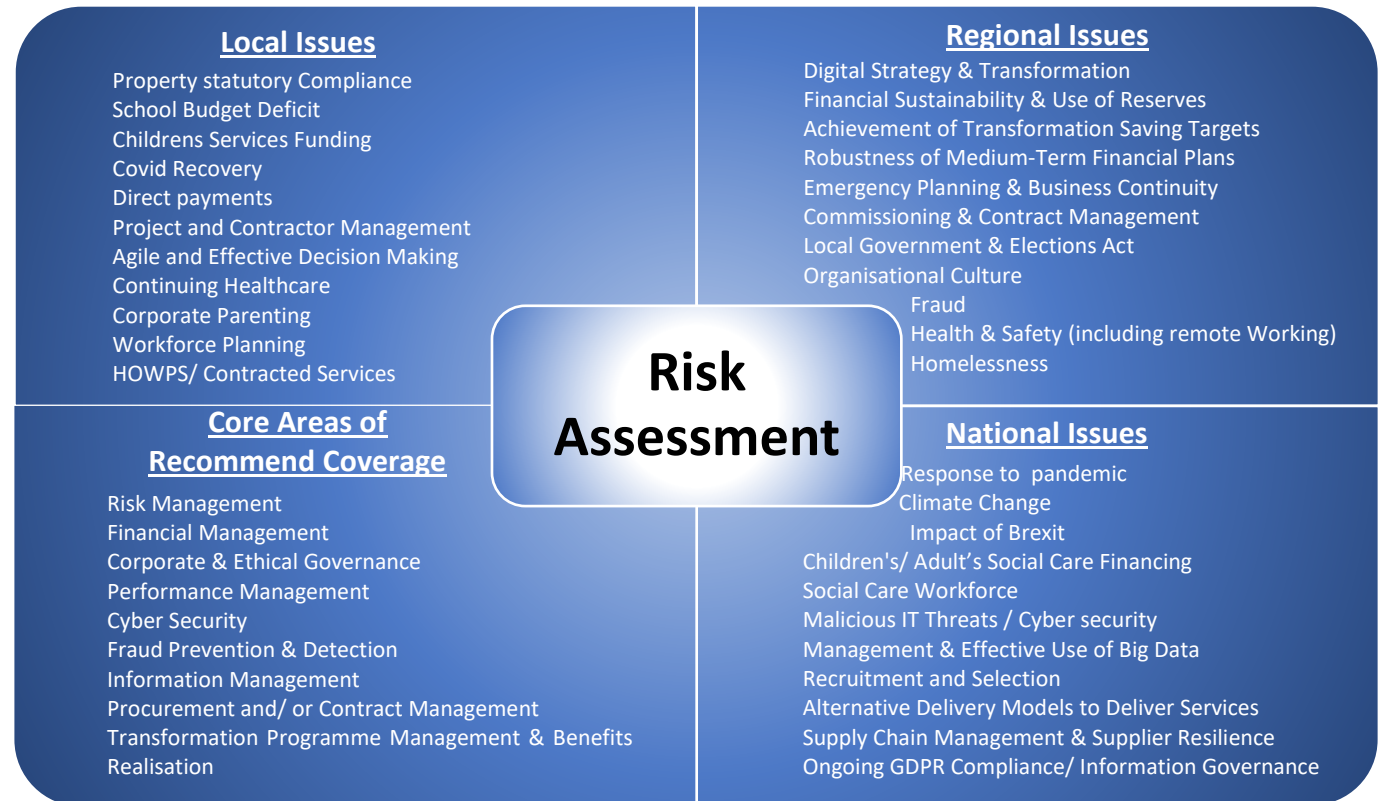
A risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.



Internal Audit Risk Assessment

Our 2020/21 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register will be considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Powys County Council:



The Internal Audit Plan: Coverage

Following our SWAP Risk Assessment overleaf, we have set out how the proposed 21/22 plan presented in Appendix A provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit coverage.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

Internal Audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.



Internal Audit Coverage in 2021/22

Due to the pace of change within Local Authorities, it is getting more difficult to accurately predict longer term organisational risks within a fixed twelve-month plan. This is very much apparent during the previous year in responding to the Covid-19 pandemic threats. This has meant that the plan delivered was significantly different to that originally planned.

Our approach to internal audit planning throughout 2021/22 will be a continuous risk assessment and rolling plan approach. Rather than present a proposed annual plan at the start of the year, which is subject to a high level of uncertainty and change, we will build our plan in conjunction with management as the year progresses.

The resulting programme will be a combination of requested audit work aligned to service priorities, combined with audit work recommended by SWAP driven by our continuous risk assessment. This risk assessment will be based on the live status of both the Council's strategic and service risk registers, as well as the Council's performance management data. Overlaid onto this assessment will be SWAP's sector-wide top 10 risk areas, and consideration of the eight strands of our 'Healthy Organisation' framework. The results of our risk assessments will be shared with Senior Management in Services through our engagement meetings to obtain their view on the value of internal audit involvement. In developing risk assessments, we will also take account of other sources of assurance, where relevant.

As the year progresses, we will update the committee through our usual quarterly update report on internal audit activity. It will be through this process that the Senior Leadership Team and Audit & Governance Committee Members will be able to assess whether the audit work building throughout the year provides sufficient and appropriate coverage of key risks.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage of key risks, will enable us to satisfy our requirement to provide a well-informed and comprehensive year-end annual internal audit opinion. Our audit work is governed by our Internal Audit Charter, attached at Appendix B.

The Internal Audit Plan: Coverage

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SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 25 public sector partners, crossing Nine Counties, but also providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public sector Partners



Your Internal Audit Service

Audit Resources

The 2021/22 internal audit programme of work will be equivalent to 810 days as directed by the Council. This represents a further reduction of approximately 90 days (10%) from 2020/21.

The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. Clearly with a reduction in the audit budget for 2021/22, there will be a reduction in the breadth of coverage we are able to provide. Alternative sources of assurance should be sought/ identified where internal audit coverage of key risks has not been undertaken.

The key contacts in respect of your internal audit service for Powys County Council are:

Ian Halstead, Assistant Director – ian.halstead@swapaudit.co.uk, Tel: 07730 198839

External Quality Assurance

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF) and the Public Sector Internal Audit Standards (PSIAS).

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed general conformance with the IPPF.

Conflicts of Interest

We are not aware of any conflicts of interest within Powys County Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

The Internal Audit Plan: SWAP

- Regular updates containing emerging issues, risks and fraud alerts identified across the SWAP partnership and beyond
- Member training Events

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. The Council have their own Counter Fraud Team for both reactive investigations and proactive initiatives. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Powys County Council Proposed Internal Audit Plan 2021/22

APPENDIX A

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Service	Quarter	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
Finance	1	Creditor Payments - Control Review	Jane Thomas, Head of Finance
Finance	1	Purchase Cards - Control Review	Jane Thomas, Head of Finance
Finance	1	Covid Grant - Fraud risks (c/f)	Jane Thomas, Head of Finance
Finance	1	Supply Chain Fraud	Jane Thomas, Head of Finance
Finance	1	Fraud risk Assessment	Jane Thomas, Head of Finance
Finance	1	Debtors – Control Review	Jane Thomas, Head of Finance
Fraud	1	National Fraud Initiative Co-ordinator	Jane Thomas, Section 151 Officer
Schools	1	Brecon High school – Follow up	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Schools	1	Ysgol Calon Cymru	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Schools	1	Primary Schools – Control Risk Self Assessment	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Schools	1	Grant Certification -Schools (EIG and PDG Grant)	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Social Care	1	WCCIS Contract Management	Alison Bulman, Director of Social Care Michael Gray, Head of Adult Social Care Jan Cole, Head of Children Services
Social Care	1	Continuing Health Care	Alison Bulman, Director of Social Care

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			Michael Gray, Head of Adult Social Care Jan Cole, Head of Children Services
Housing & Community	1	Statutory Compliance - Housing	Nigel Brinn, Director of Economy, Highways, and Public Protection Nina Davies, Head of Housing and Community
Housing & Community	1	Grant Certification – Housing (Supporting People)	Nigel Brinn, Director of Economy, HTR, Public Protection , Housing and Digital Nina Davies, Head of Housing and Community
Public Protection	1	Grant Certification – Public Protection – Estate Agents Grant	Nigel Brinn, Director of Economy, HTR, Public Protection , Housing and Digital Diane Reynolds, Head of Digital Services
Digital	1	Digital Information Records Management	Nigel Brinn, Director of HTR, Economy , Public Protection and Digital Diane Reynolds, Head of Digital Services
Various	1	Carried forward work in Draft	Various
Support	1	Audit Committee/ Working Group	N/A
Support	1	Audit Planning/ Performance reporting	N/A
Support	1	Liaison Groups (WAO/CWAG/ Aud Chairs)	N/A
Support	1	Audit Support (AGS, SLT Attendance)	N/A
Support	1	Audit Support (Service Heads Engagements)	N/A

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Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Somerset County Council, and to outline the scope of internal audit work.

Approval

This Charter is reviewed each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the SWAP Internal Audit Services (SWAP). This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by Powys County Council in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the organisation, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the organisation's level of contribution to SWAP. This is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP

Role of Internal Audit

The Accounts and Audit (Wales) Regulations 2016, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Organisation's operations. It helps Powys County Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management, Audit and Governance

Committee and Internal Audit

Management¹

Management is responsible for ensuring SWAP:

- has the support of management and the organisation; and
- has direct access and freedom to report to senior management, including the Chief Executive and the Audit Committee
- is notified of suspected or detected fraud, corruption or impropriety.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Organisation. Management is also responsible for the appropriate and effective management of risk.

Audit Committee²

The audit and Governance Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director on the progress of work undertaken,

¹ In this instance Management refers to the Senior Management Team and Statutory Officers.

² In this instance the Audit Committee relates to "The Board" referred to in the PSIAS.

reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

Internal Audit

The SWAP Assistant Director, as Head of Internal Audit, is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work.

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the mandatory elements of the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for the organisation will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

*The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP, the Executive Director and Assistant Director also report to the Section 151 Officer, and reports to the Audit and Governance Committee as set out below.

The Assistant Director will be the first and primary point of contact for the organisation for all matters relating to the Audit and Governance Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development and delivery of audit plans, subject to the agreement of Powys County Council.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of the organisation.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;

- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the organisation and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned, with performance and accountabilities established.
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values, investigating where necessary.
- at the specific request of management, internal audit may provide consultancy services (including fraud investigation services) provided:
 - the internal auditor's independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources the work.
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit and Governance Committee for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a periodic basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least four times a year to the Audit Committee or as agreed. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought.

The Assistant Director will submit an annual report to the Audit and Governance Committee providing an overall opinion of the status of risk and internal control within Powys County Council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit and Governance Committee, the organisation's Chief Executive Officer or the External Audit Manager.

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Powys County Council

Update Quarter 4 Report 2020/21

For Audit and Governance Committee

21st May 2021

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7.2

Contents

The contacts at SWAP in connection with this report are:

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Assistant Director

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Summary:

Role of Internal Audit

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Planning and Activity:

Internal Audit Planning and Delivery
Action Tracking

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Page 3-4

Appendix A – Audit Plan 20/21 update

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

Internal Audit's response to the pandemic has been to support Management in the delivery of critical services. This has required deviation from established plans and traditional audit delivery for 2020/21

The risk-based coverage in the original audit plan allowed the Head of Internal Audit to form an opinion on the overall control environment. The inability of the Council to engage with Internal Audit throughout the pandemic has significantly reduced the work programme. Therefore, the level of assurance that can be provided decreases as the work programme

Role of Internal Audit

The Internal Audit Service for Powys County Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and is also guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the Partnership is also guided by the 'Internal Audit Charter' that was approved in May 2019.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work is driven by the risks the Council faces of not delivering front line and supporting services to achieve the objectives outlined in "Vision 2025".

Revised Planning Arrangements, Audit Opinions and Delivery

The Council has continued to be heavily impacted by the pandemic with many Services only recently being able to return to more normal activities.

Audit Opinions and Delivery

CIPFA has recently issued guidance around providing annual opinions where there is limitation of scope from the impact of Covid-19 upon delivery of planned audits. An example given is where assurance is insufficient due to significant engagements set out in the plan that the audit service could not complete. Given the resource impact of Covid-19 on front-line services and the Council's decision to prioritise critical services, there has been a significant impact on the ability to undertake audit work and therefore a likelihood that any annual opinion may be associated with some limitations.

This is the fourth quarterly update for 2020/21 and reviews completed have highlighted that whilst generally risks are well managed, we have identified some gaps, weaknesses, and areas of non-compliance. However, we have reasonable levels of confidence that the agreed actions will be implemented and thus strengthen internal control. There has been more advisory, support and grant related work this year, the pandemic being the most significant reason for this. Outcomes from Internal Audit work not attracting an opinion level (e.g. follow up, grant work, advisory etc) will be appropriately reflected in the annual opinion.

reduces.

We keep our audit plans under regular review to ensure that we audit the right things at the right time.

SWAP have reduced their cost to the Council by 10% in 2020/21

Regular meetings with the Council's SLT and other External Regulators identify potentially high-risk areas for inclusion in the forward work programme. It also helps build a wider risk profile and helps co-ordinate activities which avoids duplication and wasted resources

There have been no areas of significant risk to report in Quarter 4 2020/21. Senior Management are recognising the agile approach and increasingly directing internal audit to areas of likely risk, or known issues, which is a positive. This will naturally result in an increased number of Limited assurance opinions.

Appendix A contains the workplan agreed by Powys SLT in March 2020 with status updates. It should be noted that audit resource was reduced by 10%. However, the list presented to audit Committee was not altered to reflect this mid-year change, because of the impact of the pandemic and the need to be more agile and flexible.

Audit Planning and Risk 2021/22

Building on the enforced changes in 2020-21, SWAP is moving to quarterly planning for 2021-22 implementing a more flexible and agile approach to audit planning which is also recognised as best practice by the internal audit profession. Rather than periodically presenting the SLT and the Audit and Governance Committee with a static plan and proposed changes, we are looking to provide Senior Management and Members with an improved real-time plan that can adapt to emerging risks and issues. A quarterly planning process will provide the same assurances as an annual plan, but should better reflect the changing risk landscape. SWAP will undertake a risk evaluation and present a plan for each quarter to the Audit Committee. Audit planning meetings will be held with relevant officers and each quarter plan agreed with the Chief Finance Officer and Powys SLT prior to presenting to this Committee. It is inevitable that the focus of the first quarter plan will be to revisit the auditable activities deferred from the 2020-21 plan as well as considering any key risk areas discussed with management.

Recommendation Tracking

Internal Audit have implemented a robust system of tracking the delivery of agreed actions. The tracker allows all stakeholders to gain assurance that key risks are being addressed and actions are being implemented.

The follow tables reflect the status of recommendations in Powys as at April 2021:

The recommendation tracker can be used to gain an oversight of the delivery position, but all allow users to drill down into the details to gain assurance at the more granular level if required.

The tracker is based mostly on self-assessment rather than independent verification. Therefore, a role still remains for the Internal Audit working Group and follow-up audits on the areas of highest risk.

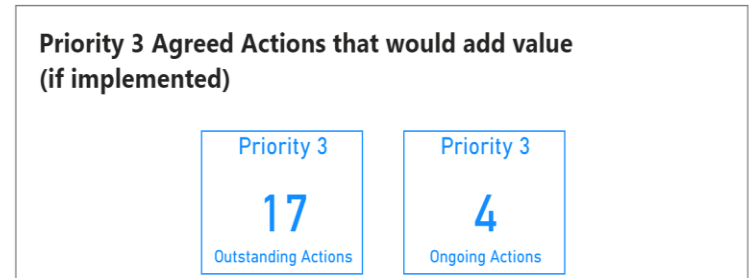
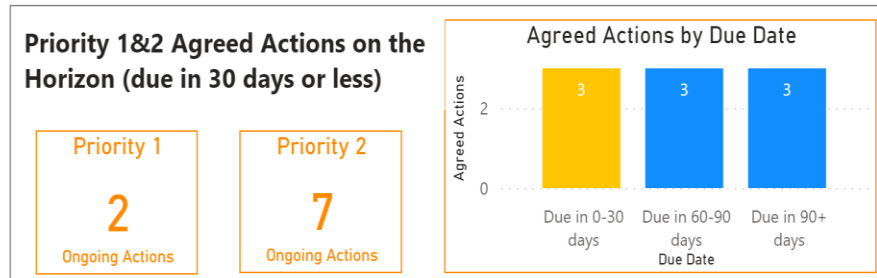
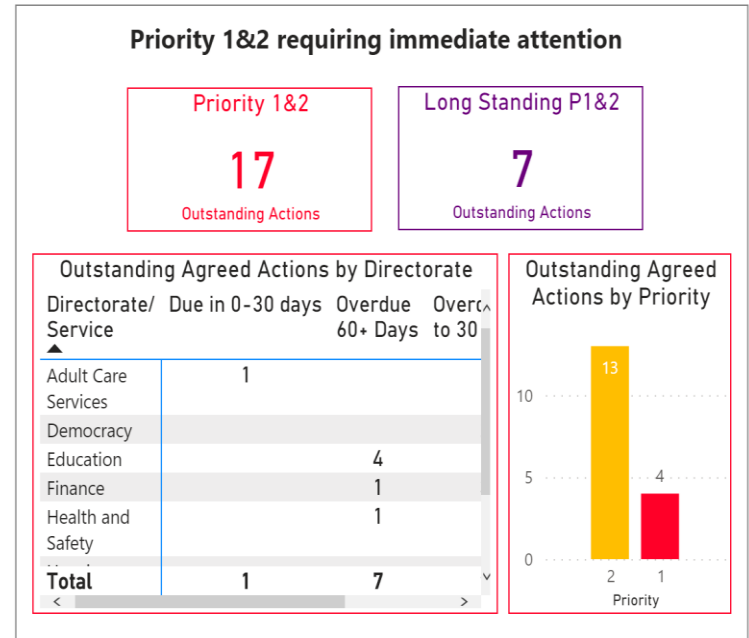
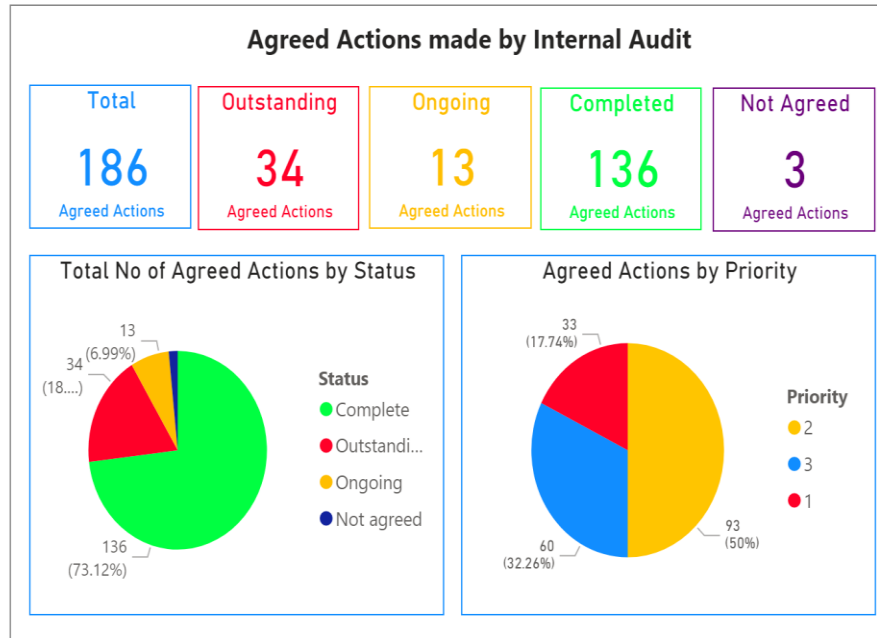
Limited and Low assurance audits are subject to a detailed follow up review to gain assurance actions have been implemented.

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[← to Detailed Summary](#)

Powys County Council Insight Dashboard

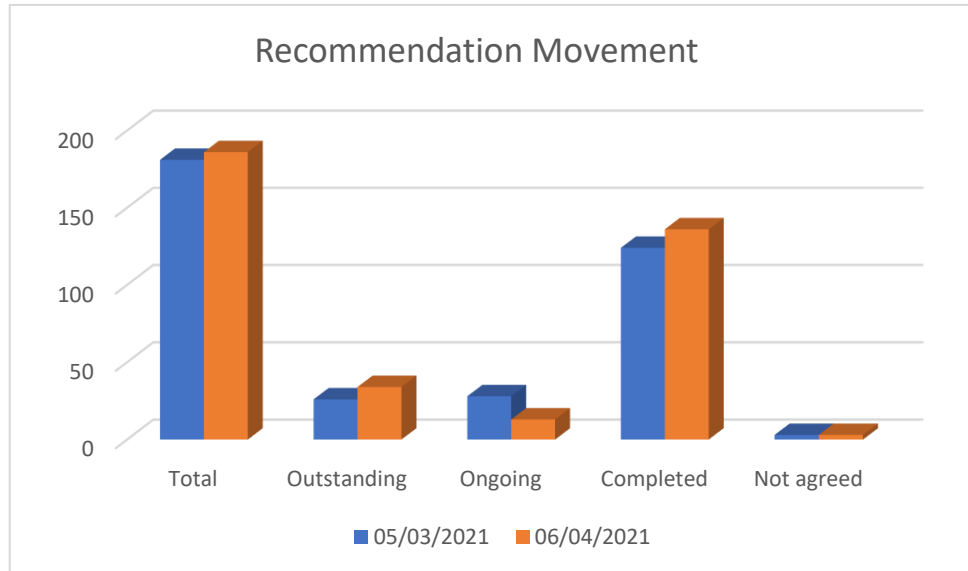
[Drill down to Agreed Actions](#)



(Note from 1st April 2019 to 5th April 2021)

Recommendation tracking is having a positive effect on mitigating risks to the Council.

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Commentary:

The recommendation tracker has been in place for a month. The main patterns are:

- The outstanding recommendations have increased over the month mainly due to an abundance of recommendations delivery dates set at the financial year end.
- On-going recommendations have decreased because they were either completed or moved to outstanding.
- Completed recommendations have increased by 10%.

Work Plan - Update

APPENDIX A- Internal Audit Activity Update (Quarter 4)

Completed Audits (Opinion)							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Impact Assessments	Trans & Comms	Complete	Reasonable	2	0	1	1
Creditors	Finance	Complete	Substantial	0	0	0	0
Payroll	Finance	Complete	Substantial	2	0	0	2
Housing Void rental properties	Housing & Community	Complete	Limited	3	0	2	1
GDPR	Digital	Complete	Reasonable	3	0	2	1
Supplier Relief	Finance	Complete	Substantial	0	0	0	0
Welshpool High	Schools	Complete	Limited	8	1	2	5
Welshpool High- Follow up	Schools	Complete	Substantial	0	0	0	0
ICT Strategy	ICT	Complete	Reasonable	2	0	1	1
Conflict of Interest	Legal	Complete	Limited	8	0	6	2
Employee Development	HR	Complete	Limited	7	1	4	2
Brecon High School	Schools	Complete	Limited	9	3	4	2
Software Licensing - Follow up	ICT	Complete	Reasonable	3	0	2	1
School Theme -Procurement	Schools	Complete	Reasonable	6	0	3	3

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Work Plan - Update

Draft Reports (opinion) - With the Client							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Y Gaer	Housing & Community	Draft - with Client	TBC	In development			
Mental capacity Act or Safeguarding	Children and Adult	Draft – with Client	TBC	3	0	1	2
Children Services- Budget Management	Social Care	Draft – with client	TBC	In Development			
Advisory Work (Non-Opinion)							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Those Charged with Governance	Finance	Complete	Advisory				
Procurement Cards - Data analysis of System	Finance	Complete	Advisory				
National Fraud Initiative Co-ordinator	Finance	Complete	Advisory				
Baseline Assessment of Fraud Maturity - Cross Partner	Corporate	Complete	Advisory				
Baseline Assessment of Fraud Maturity - Powys	Corporate	Complete	Advisory				
Risk Management Appetite Support	Finance	Complete	Advisory				
Transport Grants	HTR	Complete	Advisory				
Grant Certification							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Grant Certification – EIG/PDG	Schools	Complete	Certified				
Grant Certification – Supporting People	Housing & Community	Complete	Certified				

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Work Plan - Update

Grant Certification – Trading Standards	Prop, Plan & PP	Complete	Certified				
Grant Certification - PAGS	Schools	Complete	Certified				
Grant Certification - Enable Grant	Finance	Complete	Certified				
Work In Progress (Carried Forward)							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Ysgol Calon Cymru (Budget Setting and management)	Schools	In Progress					
Support Work							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Business Grant Administration (Fraud Controls)	Finance	Complete	Support				
LA Covid Support Grant (Monthly)	Finance	Complete	Support				
Covid Business Grants (Spotlight and Cifas)	Finance	Complete	Support				
Supporting the Finance Function -Covid 19	Finance	Complete	Support				
ParentPay Refunds – Covid 19 Support	Finance	Complete	Support				
Recommendation Tracking	Corporate	Complete	Support				
Added Value							
Assignment	Service Area	Status	Opinion	No of Recs	Priority 1	Priority 2	Priority 3
Processes around the operation of Business Grants	Benchmarking	Complete	Support				
Value for Money	Benchmarking	Complete	Support				

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Work Plan - Update

Corporate Criminal Offence	Benchmarking	Complete	Support				
Unregistered Placements	Benchmarking	Complete	Support				
Protection of Property	Benchmarking	Complete	Support				
Contract Management	Benchmarking	Complete	Support				
"Role of Internal Audit" – Powys SLT	Training and Awareness	Complete	Support				
"Helping Organisations to Succeed"- AC Training	Training and Awareness	Complete	Support				
"Understanding Good Governance"- Council Training	Training and Awareness	Complete	Support				
Work Deferred due to Covid							
Assignment	Service Area	Status					
School Budget Deficit- Support and Enforcement	Schools	Deferred					
Direct payments	Adult and Children	Deferred					
HOWPS	Partnership	Deferred					
Climate Change/ Sustainability/ Carbon reduction	Cross Cutting	Deferred					
Corp Parenting -Missing Children Process	Childrens	Deferred					
Continuing Health Care	Adult and Children	Deferred					
Technology enabled care-cost avoidance	Adult	Deferred					
Statutory Compliance - Housing	Housing & Community	Deferred					
Statutory Compliance- Property	Prop, Plan & PP	Deferred					

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Work Plan - Update

Technology enabled care-cost avoidance	Adult	Deferred
Statutory Compliance - Housing	Housing & Community	Deferred
Statutory Compliance- Property	Prop, Plan & PP	Deferred
Schools	Schools	Deferred

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CYNGOR SIR POWYS COUNTY COUNCIL.**AUDIT COMMITTEE
21st May 2021****REPORT AUTHOR: Jane Thomas, Head of Finance****REPORT TITLE: Strategic Risk Register Report Quarter 4 2020/2021**

REPORT FOR: Decision / Discussion / Information

1. Purpose

- 1.1 The Audit Committee's role is to seek assurance on the effectiveness of the arrangements in place by the Council to manage risk. The purpose of this report enables the Committee to fulfil this role by considering the report being submitted to Cabinet at their meeting of the 25th May 2021.
- 1.2 The report sets out the council's latest position on managing its key risks, contained in the Strategic Risk Register (SRR). It also outlines the arrangements put in place by the Council for managing the key risks relating to the Covid-19 pandemic.
- 1.3 Audit committee are asked to review the report and the arrangements in place to ensure that there is an appropriate understanding and management of risk and that these and the actions in place to mitigate the risks are monitored and regularly reviewed.

Contact Officer: Jane Thomas, Head of Finance Tel: 01597 827789 Email: Jane.Thomas@powys.gov.uk

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Strategic Risk Register

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
COVID0058 Lynette Lovell Escalated From :- COVID-19 <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 71</div>	Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the level of progress against the PIAP. In particular Recommendation 1 of the PIAP - 'Improve standards in secondary schools and more able learners' as schools are currently closed. Also, Recommendation 4 (the School Transformation / re-organisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation.	Progress against the PIAP may be affected due to the Covid-19 pandemic.	28/02/2021 4th Qtr 20/21 Review summary. Work to deliver the PIAP has continued alongside business critical support to schools, families and learners. Regarding R1: The Secondary School Improvement Strategy has been developed to deliver this recommendation. Regarding R2: This recommendation was completed during quarter 4, future improvements will be delivered via the ALN Strategy. Regarding R3: This recommendation is over 80% complete. Progress within quarter includes the implementation of the new staffing structure. Regarding R4: The Transforming Education in Powys programme is progressing at pace and to schedule. Regarding R5: Good progress continues to be made including recruitment of two new Cluster Business Managers in the Welshpool and Newtown clusters. 07/02/2021 Review Summary: This risk was reviewed on 09.02.21 and is up to date 31/01/2021 Review Summary: This risk was reviewed on 3/2/2021 and is up to date. 24/01/2021 03/01/2021 13/12/2020	Cllr Phyl Davies Lynette Lovell	<div style="background-color: red; color: white; padding: 2px;">12</div> <div style="background-color: orange; color: white; padding: 2px;">6</div>	<ul style="list-style-type: none"> Continue to deliver service improvement September Update Ongoing progress / service improvement as specified in the PIAP Control January 2021 	Action In Progress Withdrawn Withdrawn Withdrawn	

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			06/12/2020 _____ 29/11/2020 _____ 22/11/2020 _____ 15/11/2020 _____ 08/11/2020 _____ 01/11/2020 _____ 25/10/2020 _____ 18/10/2020 _____ 11/10/2020 _____ 04/10/2020 _____ 27/09/2020 _____ 20/09/2020 _____ 13/09/2020 _____ 06/09/2020 _____ 02/08/2020 _____ 19/07/2020 _____ 12/07/2020 _____ 05/07/2020 _____ 28/06/2020 _____ 07/06/2020 _____					

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Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
CS0081 Jan Coles Escalated From :- Children's Services	BUDGET: If Children's Services are unable to manage within budget due to: - Market sufficiency for children's placements - Reliance on agency social workers - Inflationary costs and management of pressures - Surge in demand due to COVID-19 - Ending of grant funding	Then this will have implications for the whole Council: - Unable to meet statutory duties - Leaving service users at risk - Reputational damage to the Authority - Unable to manage within financial envelope	28/03/2021 4th Qtr 2020/21 Review Summary: Controls and Actions Reviewed 31/3/21 Children Services is 2 years into a long-term strategy to reduce our reliance on Agency Social Workers through our 'Grow Our Own' work. Grant funding for specific work is a feature of the way that Children Services is funded by WG and we work closely with WG to ensure we are able to maximise use of all grants made available and bid for additional grant funding. Children Services is also 2 years into a long-term strategy to rebalance the placement provision in County and reduce dependency on out of county providers. The pandemic has brought about uncertainty and an increase in demand which we are monitoring carefully. We are working with multi agency partners to ensure we are working together to support children and their families, guard against duplication of work and respond to need as early as possible, preventing escalation.	Cllr Rachel Powell Alison Bulman	12	9	<ul style="list-style-type: none"> • Ensure market within Powys is sufficient to meet demand • Make best use of Welsh Government COVID-19 Hardship Fund and other available resources • Work to reduce reliance on agency social workers • Ensure Continuing Care for Children and Young People protocol being applied correctly and consistently • Integrated budget planning • Develop early intervention and prevention services in order to mitigate demand on longer term services • Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services • Work with service providers to limit impact of supreme court legal judgement 	Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Control In Place Withdrawn Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ED0022 Lynette Lovell Escalated From :- Education	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula and improving financial management. If they are unable to manage the budget, there will be a significant compromise to the quality of education for Powys learners.	Some schools will have escalating deficits which will have a financial impact on the rest of the Council and the learners in their care.	11/04/2021 4th Qtr 20/21 Review Summary: 4th Quarter 2020-21. Review Summary: -The provision of additional grants to support Covid-19 related spend during February and March 2021 will improve the overall financial positions of schools at year end and will allow schools to fund additional support for learners as they return to school. -All schools received their updated funding packs for 2021-22 and beyond and are currently working on their budgets for the new financial year. Once these are approved by the Governing Body they will be submitted by 1st May. -Some schools continue to be in a significant deficit position and causing some concern, although the vast majority are working well with the authority to manage reductions in their deficit. The authority has had to suspend financial delegation at one school following a refusal to submit a recovery plan. -Small group training and support has been provided on finance to individual schools and any new business managers / bursars and work is continuing with the Business Manager / Bursar Working Group. Two new cluster business managers took up their posts in January and have been supported as they settle into their new roles. -The schools funding formula has been updated for the ALN funding changes agreed as part of the funding formula review in 2020. The Schools' Budget Forum has agreed the Terms of Reference for the 2021 Formula Review Group which will be reviewing the whole formula to better meet the needs of the post-transformation schools estate. The group's work will take place over the summer term. -The benchmarking tool has been	<i>Cllr Phyl Davies</i> Lynette Lovell	12	9	<ul style="list-style-type: none"> Implementation of R5 in the PIAP PIAP 	<ul style="list-style-type: none"> Action In Progress Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Page 75			<p>demonstrated to Headteachers and will be rolled out to schools early in the summer term.</p> <p>10/01/2021</p> <p>3rd Qtr 2020-2021. Review Summary: A rolling programme of the review of the school budget funding formula has continued through 2020 despite the pandemic, although the scale of the review was limited to the Additional Learning Needs (ALN) funding element as this was needed urgently. A full review of the whole formula will begin in 2021 with the aim of ensuring that the formula will be suitable for the post-transformation configuration of schools.</p> <p>All schools in a deficit or significant surplus position in May 2020 were asked to submit Recovery Plans or Spend plans by mid October 2020. These were reviewed by the Interim Chief Education Officer and Head of Finance for any follow up actions which were addressed where needed.</p> <p>The Schools finance team have worked with schools to identify the financial impact of their response to the Covid-19 pandemic, including ensuring that additional expenditure / lost income is accurately recorded and claimed and that any savings / delayed savings are identified and captured. Autumn Term finance surgeries were undertaken with all schools. All opportunities were taken to reinforce the importance of good financial housekeeping (e.g. accuracy of coding etc.) and to keep schools updated on the latest economic / financial issues.</p> <p>Training and support has been provided to individual schools and any new business managers. Governor Finance training was provided in November 2020 and support has been provided for the Business Manager recruitment processes.</p> <p>The ALN element of the funding formula has</p>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>been reviewed by a working group of authority officers, head teachers and governor representatives with the aim of ensuring that the budget is more closely targeted to learners with ALN. The revised funding methodology has been agreed by Schools' Budget Forum and Cabinet and the impact assessment and transitional arrangements are being prepared.</p> <p>04/10/2020</p> <hr/> <p>Qtr 2 20/21. Review Summary: In Quarter 1 the new formula was in place for schools, and the change mainly affects the secondary schools in Powys. The authority's ability to evaluate the impact of the change has been hampered by the pandemic, but in the budget setting process the signs were encouraging and were pointing towards reducing the overall in-year deficits within the secondary sector. All schools budget submissions were reviewed by the interim Chief Education Officer and SSMT in conjunction with the Head of Finance. All schools in a deficit or significant surplus position were asked to submit Recovery Plans or Spend plans, supported by all appropriate documentation by 16th October. The Schools finance team have worked with schools to identify the financial impact of their response to the Covid-19 pandemic, including ensuring that additional expenditure / lost income is accurately recorded and claimed and that any savings / delayed savings are identified and captured. Autumn Term finance surgeries have begun, prioritising those schools with deficits / concerns around finances. All opportunities taken to reinforce importance of good financial housekeeping (e.g. accuracy of coding etc. and to keep schools updated on latest economic / financial issues.</p> <p>1-2-1 training and support has been</p>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>provided to individual schools as required and additional support has been provided for any new business managers. Finance training was provided as part of the New Head Induction training. Support has been provided for Business Manager recruitment processes.</p> <p>The ALN element of the funding formula is currently being reviewed by a working group of authority officers, head teachers and governor representatives to ensure that the budget is more closely targeted to learners with ALN.</p> <p>28/06/2020</p> <hr/> <p>1st Qtr 20/21. Review Summary: All Schools have submitted budgets approved by their Governing Bodies. These are being reviewed by the Schools finance team and finance surgeries with Schools are continuing. The interim Chief Education Officer and SSMT in conjunction with the Head of Finance will consider a report setting out individual schools' budget plans and agree any actions required in relation to deficits or clawback. The Schools finance team are working with Schools to update budgets for the impact of the Covid-19 lockdown, both in terms of cost reductions due to closure of schools and delayed savings realisation as a result of the temporary withdrawal of the Management of Change process. Schools service and Schools finance team will continue to work with Schools to produce balanced budgets / deficit recovery plans, providing support, challenge and scrutiny as required.</p> <p>A limited review of part of the Schools' funding formula during 2020 is proposed to consider the ALN element. Ongoing work on school transformation needs to be delivered to provide long term sustainable school finances.</p>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Page 78			26/04/2020					
			12/01/2020					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
FIN0001 Jane Thomas Escalated From :- Financial Services	The Council is unable to deliver a financially sustainable budget over the short and medium term. The probability of this risk is heightened due to the impact of the Covid-19 pandemic and its impact on Welsh Government funding and subsequent settlements to the Council.	<ul style="list-style-type: none"> - The Council is unable to fulfil its legal obligation in setting a balanced budget - The Council will not be financially resilient or sustainable - Council reputation damaged - Inability to fulfil our statutory requirements 	<p>11/04/2021</p> <p>4th Qtr 20/21 Review Summary: The Council has approved a Revenue budget and Capital Programme for 2021/22. The budget fully considers the pressures facing services through next year and includes a robust set of cost reductions for which Heads of Service have provided assurance they can deliver. The MTFS for the next 4 years still has significant budget gaps totalling £38 million over the next 4 years and our focus has to now turn quickly to review this and how we plan to address the shortfall. There is currently no indication of what future funding settlements could look like so the Council will continue to use scenario planning to look at worse and best case scenarios. Continued discussions through SWT with WG and WLGA will ensure that all parties are fully informed of any impact proposed settlements would have.</p> <p>10/01/2021</p> <p>3rd Qtr 2020-2021. Review Summary: The development of the budget has been completed by Cabinet following the receipt of the Provisional Settlement on the 22nd December providing the Council with an additional 4% in 'Aggregate External Finance' (AEF) funding for 2021/22. The additional settlement has helped bridge the remaining budget gap and Cabinet will propose a balanced budget for 2021/22. There is no indication of future funding levels, the Mid Term Financial Strategy (MTFS) has been updated to reflect the current economic climate and the 5 year Finance Resource Model (FRM) still shows significant budget gaps across the following 4 years based on a number of scenarios. The MTFS sets out the principles and approach that will be adopted to identify ways of bridging these gaps. The impact of the ongoing pandemic</p>	Cllr Aled Davies Jane Thomas	25	15	<ul style="list-style-type: none"> • Revise the Medium Term Financial Strategy • Ongoing discussion with WG and WLGA through Society of Welsh Treasurers for Future Funding of Local Government • WG claims for Hardship and lost income continue and expect to remain in place til march 2021 • Reassessment of the activities of the Council through the Recovery Coordination Group • Review budget position at end of first quarter and consider changes to the 2020/21 budget • Cost Recovery work • 3rd party spend reduction • Income Generation • Monthly reports to cabinet and Management Team on budget progress and progress on savings • Budget Challenge Events • Moved to a 3 year balanced budget 	Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>has been considered in the plans and we await confirmation of WG funding to support this.</p> <p>11/10/2020</p> <hr/> <p>Qtr 2 20/21 Review Summary: Q2 outturn deficit reduced due to the WG support - services still improving on their forecasts to minimise the demand on reserves.</p> <p>Budgeting challenge through IBP process is ongoing with Services being asked to bridge the gaps they evidenced through the first Service Finance Resource Model (FRM) discussions - £19m to be addressed, which is not sustainable even with optimistic WG settlement scenarios</p> <p>05/07/2020</p> <hr/> <p>1st Qtr 20/21. Review Summary: The Outturn for 2019/20 reported an underspend against budget of £1.4 million, however there were significant variances against budget for some service areas, and delivery of costs reductions were not fully achieved. These budget gaps were resolved at budget setting for 2020/21. Although delayed, due to the pandemic, work is now underway to assess each service area and the activity within in it in preparation for budgeting for next financial year and over the longer term. We do not yet have any indication of the funding levels that can be expected from WG, but we will update our financial modelling within the MTFS for potential funding scenarios and the revised budget gaps this creates. Ongoing discussion through Welsh Treasurers with WLGA and WG is fundamental raising awareness of the impact of changes in funding on the service the Council is able to deliver.</p> <p>03/05/2020</p> <hr/>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<u>05/01/2020</u> <u>29/09/2019</u> <u>07/04/2019</u>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
HO0024 Nina Davies Escalated From :- Housing	Failing to meet all applicable statutory requirements providing for the health and safety of the occupants in Powys County Council Housing Stock .	<ul style="list-style-type: none"> Increased risk of death & serious injury. Reputational risk. Failure to support well-being and peace of mind of residents and tenants 	18/04/2021 Qtr 4 20/21. Review summary: The Compliance One Hundred Team manage each element of compliance for the Housing Service and report on a monthly basis to the Housing Compliance Project Board and Housing Services Improvement Board. Welsh Government have stated that significant progress has been made, meetings continue on a bi-monthly basis to ensure progress continues. Key focus remains with the Compliance One Hundred Team and staff contracts have been extended until December 2021.	Cllr Iain McIntosh Nina Davies	12	6	<ul style="list-style-type: none"> Continued delivery of Compliance One Hundred project to drive up compliance and quality assurance with clear focus on... Fire Safety; Asbestos Management; Fixed Electrical Installations; LOLER; Water Systems; Heating Systems. 	Action In Progress Action In Progress

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>Qtr 2 20-21 Review Summary: Control activities continue, such as Data Protection Impact Assessments, Data Processing Agreements etc. Information Security and personal data breach investigations continue to be managed and responded to. The Corporate Information Governance Group (CIGG) have considered and challenged elements of activity within the Council's Information Management Assurance and Governance plan (IMAG) to improve IG practices, taking into account work ongoing to support additional national Test, trace and Protect work. Subject Access request (SAR) backlog to be included within COVID recovery planning alongside other information request recovery activity 05/07/2020</p> <hr/> <p>1st Qtr 20/21 Review Summary: Consideration of measures required continue, based on new processes to be introduced, Data Protection Impact Assessments, new IT systems, new ways of working, new reasons to process personal data, outcome of breach investigations etc. The Corporate Information Governance Group agreed to revisit the Council's Information Management Assurance and Governance plan following COVID to consider whether processes, practices and risks may have changed. 29/03/2020</p> <hr/> <p>05/01/2020</p> <hr/> <p>13/10/2019</p> <hr/> <p>07/04/2019</p> <hr/> <p>31/03/2019</p> <hr/> <p>03/03/2019</p> <hr/>				<ul style="list-style-type: none"> - Implement revised WASPI Accord and templates - Revised centralised ISP register to link to information Asset and Record of Processing Activities (ROPA) - Create policy on services undertaking due diligence potential processors - Create log of data processors and agreements linking to information asset and ROPA 	<p>Withdrawn</p> <p>Withdrawn</p> <p>Withdrawn</p> <p>Withdrawn</p>

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ICT0029 Diane Reynolds Escalated From :- Digital Services	Cyber Security Threat. Risk of financial loss, disruption or damage to the reputation of Powys County Council from a failure of its information technology systems and or/loss of Data due to a cyber attack or Incident.	Loss of Information systems until they can be successfully restored. Loss of data, inability to access data or public disclosure of Personal Data. Cyber risk could materialize in a variety of ways, such as: <ul style="list-style-type: none"> Deliberate and unauthorized breaches of security to gain access to information systems. Unintentional or accidental breaches of security. Operational IT risks due to factors such as poor system integrity. 	11/04/2021 Qtr 4 20/21 Review Summary: Capital Budget is being used to fund advanced Threat Detection Software for Endpoints. Welsh Government Cyber Resilience Funding used to purchase Anti-Ransomware product to protect Sharepoint and on Site storage files 03/01/2021 3rd Qtr 2020-2021 Review Summary: Control Actions to reduce risk reviewed, Capital Budget had been approved for next 5 years to invest in Cyber Security. 04/10/2020 Qtr 2 20/21. Review Summary: Security Operation policy and Process formally documented, A Cyber Response procedure is in progress detailing Deter, Detect, Respond, and Recover procedures 28/06/2020 1st Qtr 20/21. Review Summary: Control actions in place and work continues on continual improvements identified in the Security Work plan in progress. It remains possible that a cyber attack can happen despite the many controls and procedures in place to prevent this. 22/03/2020 29/12/2019 15/12/2019 07/07/2019 07/04/2019	Cllr Graham Breeze Diane Reynolds	12	9	<ul style="list-style-type: none"> Major Incident response processes End Point AntiVirus in place detecting known threats Disaster Recovery Procedures Capital investment in Security Operations Management Tools Additional Staff Awareness Security Operations Procedures Policy Capital Investment SBAR Reporting Cloud Security controls in place to detect and prevent malicious content in Office365 Device Encryprion Annual Penetration testing Cyber Security Improvement Plan Cyber Security Certification Staff Training 	Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Action Completed Action Completed Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0002 Nigel Brinn	The impact on the Council as a result of Brexit.	<ul style="list-style-type: none"> - Increased service demand; - Relocation from the EU to Powys of families - estimated at 500; - Fuel shortages; - Loss of access to external (EU) funding programmes; - Reduced income to Powys County Council; - External market factors; - GDPR compliance; - Potential financial crash; - Unable to recruit/retain staff (EU Nationals); - Employee workload; - Delays/disruption to food and/or essential supplies. 	<p>11/04/2021</p> <p>Qtr 4 20/21 Review Summary: Work continues on assessment of how this will impact PCC and local businesses. This will be ongoing as new legislation comes through from Welsh Government. Further funding has been agreed from WG for Brexit Co-ordinator role and the best use of this funding will be agreed with HOS.</p> <p>10/01/2021</p> <p>3rd Qtr 2020-2021. Review Summary: The Brexit transition is now complete and a deal has been agreed. Work continues on assessment of how this will impact PCC and local businesses. This will be ongoing as new legislation comes through from Welsh Government.</p> <p>04/10/2020</p> <p>Review Summary: No change to risk rating. The Strategic Brexit Risk Register and associated contingency plans are still in place. Powys County Council continue to work with our partner agencies, Welsh Local Government Association, and Welsh Government to ensure that we are aware of, and acting to the latest advice and guidance.</p> <p>28/06/2020</p> <p>1st Qtr 20/21. Review Summary: Due to the impact of the COVID-19 outbreak UK Government preparations for Brexit have advanced at a slower pace. There is currently a lack of clarity over what, if any, trade deal might emerge from negotiations, as well as the measures the UK Government will take to mitigate disruption. This combined with the wider impact and current unknowns associated with COVID-19 has seen both the inherent and residual rating of this risk increase. The Strategic Brexit Risk</p>	<p>Cllr Rosemaire Harris Nigel Brinn</p>	16	12	<ul style="list-style-type: none"> • Close monitoring • Continue to monitor economic indicators • Ongoing dialogue with external advisers • Cabinet briefed • Advice from pension advisers • Continue to work with WEFO • Brexit Continuity Plan • Brexit Risk Register 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>Register and associated contingency plans are still in place. Powys County Council continue to work with our partner agencies, Welsh Local Government Association, and Welsh Government to ensure that we are aware of, and acting to the latest advice and guidance.</p> <p><u>12/04/2020</u></p> <p><u>12/01/2020</u></p> <p><u>06/10/2019</u></p> <p><u>07/07/2019</u></p> <p><u>07/04/2019</u></p> <p><u>31/03/2019</u></p> <p><u>03/03/2019</u></p>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0003 Caroline Turner	The council receives a negative regulatory / inspection report	<ul style="list-style-type: none"> - Meeting regulatory and legislative duties - Ability to provide a good quality of service to service users - Managing demand on the service - Recruitment and retention of staff - Staff morale - Reputational damage 	<p>11/04/2021</p> <p>Qtr 4 2020/21. Review Summary: Social Services are no longer subject to enhanced monitoring by CIW. Estyn will undertake a further visit in November 2021 and in the meantime their Local Authority Inspectors will continue to have frequent meetings with Service Leaders and others.</p> <p>10/01/2021</p> <p>Qtr 3 2020/21. Review Summary. At the Improvement Conference in October 2020, CIW confirmed they were happy with the progress of Social Services and that they no longer needed enhanced monitoring. Estyn undertook an improvement conference and concluded that: During the conference, the local authority demonstrated that it has begun to make sound progress since the inspection. It is showing a clear commitment to addressing the issues that were raised as well as evaluating its progress against its plans. Importantly, it is building leadership capacity which has the potential to secure sustainable improvements. Overall, the local authority has identified sufficient resources to implement its plans as well as considering the barriers to progress and associated risks appropriately.</p> <p>Audit Wales conducted audits of Workforce Planning, the Vision 2025 Transformation Programme, and Environmental Health all of which were positive.</p> <p>04/10/2020</p> <p>Qtr 2 20/21. Review Summary: Care Inspectorate Wales (CIW) Monitoring Visit held week 14th September 2020, but outcome letter has not yet been received. This risk will be reviewed following the CIW Improvement Conference on the 9th October, and the Estyn Improvement</p>	<p>Cllr Rosemaire Harris</p> <p>Caroline Turner</p>	16	12	<ul style="list-style-type: none"> • Improvement and assurance board • Improvement plans • Communications strategy (internal/external) • close working relationships with regulators • corporate support provided to services • close working relationship with WG 	<p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p>

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>Conference on the 18th-19th November. 28/06/2020</p> <hr/> <p>1st Qtr 20/21 Review Summary: Publication of the Sean Harriss report has been delayed due to Covid, but we expect WG to publish during the Summer of 2020. Powys County Council is currently establishing new improvements and assurance arrangements in place, as part of the transitional arrangements, in anticipation of WG bringing the current Improvement and Assurance Board to an end later this year.</p> <p>We are awaiting the outcome of the recent joint inspection of Mental Health Services by HIW and CIW. Regular meetings continue to be held with Estyn and CIW. CIW will be undertaking monitoring visits during this quarter, with a view to undertake an Improvement Conference during the Autumn. 22/03/2020</p> <hr/> <p>05/01/2020</p> <hr/> <p>08/09/2019</p> <hr/>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0005 Nigel Brinn	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic	Increased staff absenteeism; Increase demand for services from residents Increased workload for council staff as a result of staff absence and increased service demand Closure of Council premises resulting in reduced services to residents and office accommodation	<p>11/04/2021</p> <p>Review Summary: 4th Qtr 20/21 Review Summary: The Council has developed a separate risk register for the Coronavirus pandemic. There are now 3 severe risks to the Council which are Adult Services, Children's Services and Financial impact.</p> <p>There are mitigating actions in place for all the risks identified and the risk register is reviewed weekly by the Council's internal GOLD Command Group (part of the Council's Emergency Response arrangements).</p> <p>17/01/2021</p> <p>3rd Qtr 20/21 Review Summary: The Council has developed a separate risk register for the Coronavirus pandemic. The risks captured in this assessment include: Increase in services demands Financial impact on the council Availability of Personal Protective Equipment Reopening of Schools Safeguarding Workforce absence Delivery of Test Trace and Protect in conjunction with PTHB</p> <p>There are mitigating actions in place for all the risks identified and the risk register is reviewed weekly by the Council's internal GOLD Command Group (part of the Council's Emergency Response arrangements).</p> <p>04/10/2020</p> <p>2nd Qtr 20/21. Review Summary: The Council has developed a separate risk register for the Coronavirus pandemic. The risks captured in this assessment include: Increase in services demands Financial impact on the council</p>	Cllr Rosemaire Harris Nigel Brinn	25	15	<ul style="list-style-type: none"> Update Business Continuity Plans (at Service and Corporate Level); Establishment of an Internal Silver Command Powys County Council Representation on Powys Teaching Health Board Gold and Silver Command; Liaison with all Local Resilience Forum (LRF) Partners; PCC Liaison with Welsh Government and Public Health Wales; Communication and engagement with schools. Communications to residents, staff and members 	Action Completed Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>Availability of Personal Protective Equipment Reopening of Schools Safeguarding Workforce absence Delivery of Test Trace and Protect in conjunction with PTHB</p> <p>There are mitigating actions in place for all the risks identified and the risk register is reviewed weekly by the Council's internal GOLD Command Group (part of the Council's Emergency Response arrangements).</p> <p><u>12/07/2020</u></p> <p><u>21/06/2020</u></p> <p><u>03/05/2020</u></p>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PPPP0007 Nigel Brinn Escalated From :- Property, Planning, and Public Protection	Heart of Wales Property Services (HOWPS) being unable to undertake contracted work in a timely and cost effective manner.	<ul style="list-style-type: none"> - Failure of statutory functions - Compliance. - Failure to perform repairs and maintenance. - Reputational damage to PCC. - Cost to PCC for poor performance. - Officer time costs (due to additional workload). - Financial Risk to HRA and wider Authority. - Critical Wales Audit Office Report. - Non-delivery of key projects due to lack of resources. - Health and safety risks. 	<p>11/04/2021</p> <p>4th Qtr 2020/21 Review Summary: -Continued monitoring of HOWPS performance via monthly Contract Management Forum, weekly service area meetings with HOWPS, internal working groups on specific areas of concern, Compliance Boards and regular Cabinet/EMT updates. -Step in implemented for part of housing contact. -Rectification plans secured in relating to poorly performing areas. -Contract review ongoing.</p> <p>10/01/2021</p> <p>3rd Qtr 2020-2021. Review Summary: - Continued monitoring of HOWPS performance via monthly Contract Management Forum, weekly service area meetings with HOWPS, internal working groups on specific areas of concern, Compliance Boards and regular Cabinet/EMT updates.</p> <p>27/09/2020</p> <p>Qtr 2 20/21 Review Summary: - Continued monitoring of HOWPS performance via monthly Contract Management Forum, weekly service area meetings with HOWPS, internal working groups on specific areas of concern, Compliance Boards and regular Cabinet/EMT updates.</p> <p>12/07/2020</p> <p>1st Qtr. 20/21: Review Summary:</p> <ul style="list-style-type: none"> • Continued monitoring of HOWPS performance via monthly Contract Management Forums and Compliance Boards. • Additional monitoring now in place of HOWPS performance with service-specific meetings to monitor various issues including 	Cllr Phyl Davies Nigel Brinn	12	12	<ul style="list-style-type: none"> • Development of evidence and fall-back systems • Head of Service on HOWPS Board of Directors. • Portfolio Holder on HOWPS Board of Directors. • Recovery plan submitted by Kier on behalf of HOWPS. • Additional resources allocated by Kier (3.5 FTE Change Managers). • Potential to invoke step in clauses for specific parts of the contract in line with contract • Close monitoring by Directors/Portfolio Holder/Chief Executive/Strategic Directors. • Performance monitoring • Utilisation of contract document to escalate issues. • Introduced weekly officer level meetings • Development of contingency plans for contract failure • Awaiting consultation resource plan. • Escalation of risk and concerns to Chief Executive and Strategic Directors. 	Action In Progress Action Completed Action Completed Action Completed Action Completed Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Withdrawn Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			statutory testing, complaints, asbestos tracking, void management and the inspection and servicing of domestic heating systems. • A Rectification Plan has been received from HOWPS for services, provided for both Corporate and Housing. <u>03/05/2020</u> <u>12/01/2020</u> <u>06/10/2019</u> <u>07/07/2019</u> <u>07/04/2019</u>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
			<p>The Council has established an apprenticeship programme which is being progressed albeit progress has been impacted by the COVID19 pandemic In Children's Services a grow your own programme is in place and being expanded in respect of social workers.</p> <p>12/07/2020</p> <hr/> <p>Review Summary: 1st Qtr 20/21. On behalf of Paul Bradshaw. The Council continues to respond to the current coronavirus pandemic by invoking its business continuity plans which means that we continue to focus on delivering business critical activities. As part of this response we continue to redeploy employees to business critical services.</p> <p>The implementation of the council's workforce strategy and the RPB Workforce Futures Strategic Framework will resume when we return to business as usual.</p> <p>03/05/2020</p> <hr/> <p>19/01/2020</p> <hr/> <p>29/09/2019</p> <hr/> <p>08/09/2019</p> <hr/> <p>05/05/2019</p> <hr/> <p>03/02/2019</p> <hr/>					

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SRR Heatmap Inherent and Current



Inherent Ratings Summary Heatmap

Residual Ratings Summary Heatmap

Probability



Page 97

Insignificant Minor Moderate Major Catastrophic

Insignificant Minor Moderate Major Catastrophic

Impact

Impact

Detailed Risk Information

Residual and Target Rating Changes since 23/10/2020

Risk Ref	Risk Identified	Owner	Service Area	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
WO0021	Significant long term decrease in the working age population impacts on Council's ability to recruit and retain or commission the workforce it requires	Paul Bradshaw	Workforce and Organisation Development	25	➔	25	20	➡ -4	16
FIN0001	The Council is unable to deliver a financially sustainable budget over the short and medium term. The probability of this risk is heightened due to the impact of the Covid-19 pandemic and its impact on Welsh Government funding and subsequent settlements to the Council.	Jane Thomas	Financial Services	25	➔	25	15	➔	15
PCC0005	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic	Nigel Brinn	Powys County Council	25	➔	25	20	➡ -5	15
PCC0002	The impact on the Council as a result of Brexit.	Nigel Brinn	Powys County Council	16	➔	16	12	➔	12
PCC0003	The council receives a negative regulatory / inspection report	Caroline Turner	Powys County Council	20	➡ -4	16	16	➡ -4	12
ICT0010	Non compliance with data protection legislation (General Data Protection Regulations (GDPR) and UK Data Protection Act (DPA) 2018	Diane Reynolds	Digital Services	12	➔	12	12	➔	12
PPPP0007	Heart of Wales Property Services (HOWPS) being unable to undertake contracted work in a timely and cost effective manner.	Nigel Brinn	Property, Planning, and Public Protection	12	➔	12	12	➔	12
CS0004	BUDGET: If Children's Services are unable to manage within budget due to: - Market sufficiency for children's placements - Reliance on agency social workers - Inflationary costs and management of pressures - Surge in demand due to COVID-19 - Ending of grant funding	Jan Coles	Children's Services	No Previous		12	No Previous		9
ED0022	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula and improving financial management. If they are unable to manage the budget, there will be a significant compromise to the quality of education for Powys learners.	Lynette Lovell	Education	12	➔	12	9	➔	9
ICT0029	Cyber Security Threat. Risk of financial loss, disruption or damage to the reputation of Powys County Council from a failure of its information technology systems and or/loss of Data due to a cyber attack or Incident.	Diane Reynolds	Digital Services	12	➔	12	9	➔	9
COVID0058	Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the level of progress against the PIAP. In particular Recommendation 1 of the PIAP - 'Improve standards in secondary schools and more able learners' as schools are currently closed. Also, Recommendation 4 (the School Transformation / re-organisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation.	Lynette Lovell	COVID-19	12	➔	12	9	➡ -3	6
HO0024	Failing to meet all applicable statutory requirements providing for the health and safety of the occupants in Powys County Council Housing Stock .	Nina Davies	Housing	No Previous		12	No Previous		6

Report Selection Criteria

(REP_RECORD_CROSSCUT.Business Unit Code = @StrategicBusinessUnitCode AND (REP_RECORD_CROSSCUT.Status Flag <> "WITHDRAWN"))
and REP_RECORD_CROSSCUT.Record Type=1

Risk Register

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0104	If Covid-19 impacts on Children's Services so that: The service cannot deliver mission critical activities Demand cannot be managed Placement availability is reduced Statutory functions cannot be performed Statutory and regulatory requirements cannot be met There is insufficient staff with suitable qualifications and/or experience Services cannot be delivered within budget Savings cannot be delivered	Then this may result in: The health and wellbeing of children and young people being negatively impacted The health and wellbeing of the workforce being negatively impacted Increased CLA population Increased number of children in unregulated arrangements Financial risk to the local authority Reputational risk to the local authority Litigation risk to the local authority Delay in response leaving children and adults at risk of significant harm/ abuse/ neglect Inability to keep children safe	<i>Cllr Rachel Powell</i> Jan Coles	25	20	• Prioritisation; Redeployment; Training; Maximise resources; Increase placements; Covid guidance; PPE, Wellbeing support; Region	Control In Place	
COVID0093	Recovery - Precarious public service finances, with significant short and medium-term pressures faced particularly by local authorities along with future uncertainty around the UK Government's budgetary response to the economic fallout of COVID 19 and the impact of Brexit.	Ability of the Council to balance its revenue budget over the Medium Term Financial Strategy, due to funding settlements, loss of income, increased demand for services and associated costs and a delay in delivery of planned budget reductions, this will result in the council having to reduce services and staffing numbers to bring expenditure in line with income.	<i>Cllr Aled Davies</i> Jane Thomas	25	16	<ul style="list-style-type: none"> Revise the Medium Term Financial Strategy <p>11/03/2021 Council approved the Revenue Budget, Capital Programme, MTFS and set Council Tax for 2021/22. Forward Planning will begin again in April.</p> <ul style="list-style-type: none"> Ongoing discussion with WG and WLGA through Society of Welsh Treasurers for Future Funding of Local Government <p>11/03/2021 Dialogue continues through SWT with WLGA and Welsh Government</p> <ul style="list-style-type: none"> Reassessment of the activities of the Council through the Recovery Coordination Group <p>15/12/2020 Service reviews have been completed and pressures and cost reductions identified which have informed the overall corporate budget plan. Cabinet await the receipt of the WG provisional settlement before finalising the budget proposal for 2021/22. Workstreams are being identified to progress the plans for future years of the MTFS and this will be progressed in the new year.</p>	Action In Progress	11/06/2021

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0044	Adult Services Impact of COVID-19, including: Service User Illness and death; Unpaid Carer Illness; Staff Resource (further and unmanageable reduction through illness and self-isolation); Service provision volatility;	Unable to fulfil statutory obligations; Inability to provide care to service users; Service users are unsafe; Unpaid carers are unsafe; Staff are unsafe; Provider failure risk (residential, supported living, domiciliary care);	Cllr Myfanwy Alexander Dylan Owen	25	15	<ul style="list-style-type: none"> Review budget position at end of first quarter and consider changes to the 2020/21 budget Supporting uptake of mass vaccinations and mass testing across operational and commissioned services. Ongoing staff redeployment (from within Adult Social Care and other Council service areas) <p>29/03/2021 This continues and will do so while the public health crisis remains.</p> <ul style="list-style-type: none"> Provision of appropriate Personal Protective Equipment <p>29/03/2021 The situation remains unchanged. There is currently sufficient supply.</p> <ul style="list-style-type: none"> Work with providers to ensure flexibility and sustainability in conjunction with the hardship fund. Adult services daily sitreps Rapid recruitment for care staff <p>29/07/2020 Recruitment was undertaken and staff are now in place. Recruitment continues.</p> <ul style="list-style-type: none"> Testing for front-line staff <p>25/01/2021 Lat flow testing now being rolled out for all front-line workers. Commencing initially with in-house reablement team. All necessary training undertaken and testing kits being delivered through PPE stations.</p> <ul style="list-style-type: none"> Block booked residential care beds to lock-in step down capacity Prioritise care calls – priority 1 Work with C-SERT to support priority 2 calls 	Control In Place Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Control In Place Control In Place	02/08/2021 29/06/2021 29/06/2021 10/05/2021 10/05/2021

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0092	<p>Recovery</p> <p>Socio-economic challenges given the immediate economic impact and likely recession, including increased unemployment and take-up of universal credit and other benefits</p>	<p>The economic and social wellbeing of the population is expected to be negatively impacted by the COVID19 pandemic effects, increasing demand on council services. There is a threat to the survival of businesses particularly in sectors such as tourism, hospitality, retail and leisure as lock down measures persist leading to an associated rise in unemployment levels and potential impact on the viability of town centres.</p>	<p>Owner</p> <p><i>Cllr Iain McIntosh</i> Nigel Brinn</p>	16	12	<ul style="list-style-type: none"> Recovery Co-ordination Group Development and delivery of Mid Wales Growth Deal to support investment in the Powys economy Collaborative work to support businesses and the local economy Ongoing Covid 19 impact assessments <p>24/03/2021 <i>Impact assessments are reviewed constantly in line with new guidance issued by Welsh Government.</i></p> <ul style="list-style-type: none"> Thriving and Sustainable Economy Recovery Group Business and Economic Recovery Cell established as part of response Powys County Council Business Survey <p>27/07/2020 <i>Business survey has closed. Data to be analysed alongside impact assessments.</i></p> <ul style="list-style-type: none"> Welsh Government Business Support Grants Vibrant and Resourceful Communities Recovery Group <p>24/11/2020 <i>This group was now been stood down as the work is being completed under other workstreams.</i></p>	<p>Action In Progress</p> <p>Action In Progress</p> <p>Action In Progress</p> <p>Action In Progress</p> <p>Action Completed</p> <p>Action Completed</p> <p>Control In Place</p> <p>Withdrawn</p>	<p>14/07/2021</p> <p>08/05/2021</p> <p>08/05/2021</p> <p>24/04/2021</p> <p>24/04/2021</p>
COVID0045	<p>Impact of Covid-19 restrictions and redeployment on the capacity of the Planning & Public Protection Service.</p>	<p>-Failure to deliver statutory services.</p> <p>-Income loss. 2021/2022</p> <p>-Failure to achieve savings targets.</p> <p>-Impact on the economy.</p> <p>-Health and safety risks.</p>	<p><i>Cllr Graham Breeze</i> Gwilym Davies</p>	12	12	<ul style="list-style-type: none"> Keep up-to-date with Welsh Government & Regulatory advice and legislation. Monitor Environmental Health staff resource requirements. Secure additional staff capacity where appropriate. Keep service customers up-to-date on service delivery. Implement alternative service delivery methods, where appropriate. <p>14/01/2021 <i>No change proposed.</i></p> <p>25/03/2021 <i>No change proposed. Finding suitable candidates is proving difficult for the service area.</i></p> <p>25/03/2021 <i>Control to be continued.</i></p>	<p>Action In Progress</p> <p>Action In Progress</p> <p>Action In Progress</p> <p>Action In Progress</p>	<p>14/07/2021</p> <p>25/06/2021</p> <p>25/06/2021</p> <p>25/06/2021</p>

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<p>25/03/2021 <i>Alternative service delivery is proving difficult given existing pressures.</i></p> <ul style="list-style-type: none"> Prioritise work and identify and manage risk associated with work that cannot be undertaken due to limited workforce capacity 	Action In Progress	24/05/2021
						<p>24/02/2021 <i>We are reviewing workloads weekly to ensure that business critical work is being completed.</i></p> <ul style="list-style-type: none"> Recruitment to vacant Planning posts to recommence. Secure the return of staff from redeployment where appropriate. 	Withdrawn	Withdrawn
COVID0017	<p>Response</p> <p>Supply Chain Risk</p> <p>Shortages of staff to maintain processing of orders and payments</p>	<p>Failure to be able to provide an adequate service for the residents of Powys. esp Social Care</p> <p>Disruption to other services e.g. Software Support</p>	<p><i>Cllr Aled Davies</i> <i>Jane Thomas</i></p>	12	9	<ul style="list-style-type: none"> Contact key suppliers and providers & put in place alerts & review the business continuity arrangements for suppliers. 	Action Completed	
						<p>02/12/2020 <i>This risk is now green and has not materialized in a critical way and can be managed adequately through services</i></p> <ul style="list-style-type: none"> Alternative Supply explored 	Action Completed	
						<p>02/09/2020 <i>No change</i></p> <ul style="list-style-type: none"> PPN 20 Supplier Relief considered for at risk suppliers 	Control In Place	
						<p>01/04/2021 <i>Only one supplier are being supported under the supplier relief programme. Once leisure centre reopen in May this risk may be stood down</i></p>		
COVID0102	<p>HOMELESSNESS: Demand and need for - and duties to provide - homelessness and related services continues to expand</p>	<ul style="list-style-type: none"> Increased costs to the Council of providing and securing temporary accommodation. Homelessness related demand for affordable homes reduces opportunities for other households in unsuitable homes to secure social housing. Increased use of and extended stays in temporary accommodation reduce health and well-being of clients, raising demand for social services. 	<p><i>Cllr Iain McIntosh</i> <i>Dafydd Evans</i></p>	16	9			

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0007	Response LEISURE/SPORT Leisure Contractor significantly affected by COVID-19 situation	Freedom Leisure - (i) Significant loss of income, (ii) inability to meet contract requirements, (iii) potential redundancies though lack of funds, (v) depleted / reduced reserves, inability to pay costs, staff or suppliers, (vi) reduced ability to ensure statutory compliance, (vii) inability to complete repairs, maintenance or capital programmes, projects or works which may result in longer term loss / reduction of facilities when normal business resumes, (viii) inability to recoup sufficient funds (i.e. management fees, external funding, staffing costs) either from clients through contracts, or through Central Government support Powys CC - (i) ensure advance payments do not conflict with Government support to Freedom (ii) the leisure centres could transfer back into the Council if Freedom Leisure become insolvent (iv) the Council do not have the resources to support leisure services transferring back to an in-house model	<i>Cllr Rachel Powell</i> Jenny Ashton	12	9	<ul style="list-style-type: none"> Ongoing discussions between Powys CC & Freedom Leisure in order to address this risk 	Action In Progress	18/04/2021
						<p>18/03/2021 An announcement is expected from Welsh Government on 25th March 2021 which may indicate that leisure and sports centres can start to prepare for reopening. What this might look like or what will be permitted is not yet known and no indication has been given.</p>		
COVID0103	Restricted access to homes for repairs, maintenance, servicing and inspections.	<ul style="list-style-type: none"> Health and safety compromised if heating and other systems cannot be serviced correctly and on time. Deterioration in property conditions if repairs cannot be specified and undertaken as and when needed. Reduced customer care through lack of pre-void and post-works inspections. Increased costs arising from delayed improvement and investment programmes. 	<i>Cllr Iain McIntosh</i> Mark Davies	16	9	<ul style="list-style-type: none"> Heating servicing step in for six months. 	Action In Progress	29/04/2021
						<p>29/03/2021 Robert Heath are carrying out all heating servicing on properties that are due between 01st March - 31st August 2021. Good progress is being made and all certificates received to date have been 100% correct. The PCC heating servicing manager to monitoring on a daily basis.</p>		

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0028	<p>Response</p> <p>Insurance Risk – increase in claims and more undefendable at court, higher cost</p>	<p>Services unable to maintain provision, increase in claims</p> <p>Temporary staff & Volunteers inadequately trained to fulfil roles</p> <p>Greater risks taken and inadequate records maintained</p>	<p>Owner</p> <p><i>Cllr Aled Davies</i> Anne Phillips</p>	12	9	<ul style="list-style-type: none"> Communications, Training, risk appetite considered. 	Action Completed	
						<p>04/08/2020 No change</p> <ul style="list-style-type: none"> guidance from insurance sent to services Provide DBS and necessary training before staff volunteers commence 	Action Completed Control In Place	
COVID0099	<p>Increased visits to hospital sites and homes in the community by social workers. The plan is to increase the presence of social workers on hospital sites and where appropriate support hospital discharges, attend MDTs and increase visits to those with sensory loss and business critical needs in the community.</p>	<p>Increased risk of exposure to COVID -19</p>	<p><i>Cllr Myfanwy Alexander</i> Adam Greenow</p>	12	8			
COVID0031	<p>CATERING Significant Loss of Income from school meals.</p>	<p>With the reopening of schools from the 3rd September school meal uptake has been low, with many parents opting to provide packed lunches. If school meal uptake doesn't increase over the autumn/winter terms it will place the service at a significant deficit at year end.</p>	<p><i>Cllr Phyl Davies</i> Jason Rawbone</p>	8	8	<ul style="list-style-type: none"> Promotion of school meals in Autumn term 	Action In Progress	12/07/2021
						<p>12/04/2021 We are seeing an increase in uptake in our primary schools now with all primary pupils back in school from 15th March 2021. we will continue to monitor progress and promote school meals coming into the summer term 2021. It is hoped over the coming summer term we will see restrictions ease in our high schools, so we can offer mid morning break and main meal options again.</p>		

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0098	<p>Adult Social care</p> <p>Risk of legal challenge from providers on interpretation and implementation of eligibility for access to the Welsh Government Hardship Fund for social care providers.</p> <p>The concern is about the guidance provided on the hardship fund and the recent confusion from receiving slightly different guidance via the ADSS Cymru. PCC has worked closely with care providers to support them and to enable them to access the hardship fund.</p> <p>The original WG guidance set out that the fund could be used to pay for: "...loss of income and double running costs that arise because a care home has experienced a death or deaths as a result of Covid-19". The WG clarification shared a few days later advised that the fund could be used to pay: "...where additional costs, including double commissioning costs, arise because a care home has experienced a death or deaths as a result of Covid-19 thereby creating a vacancy or void. Therefore funding could be used in this instance to cover that void, or to commission a placement elsewhere were it was not possible to do so with that home." We have worked accordingly.</p> <p>The new guidance by the ADSS suggests that the hardship fund can pay for voids in care homes that were not created by COVID-19: "Taking account of your local decision making and discretion in relation to claims, we will remove the bullet on p7 of the guidance which details that the Hardship Fund does not cover "lost income other than where it relates directly from a COVID-19 death". Further clarification</p>	<p>This could damage relations with the provider market and could leave the Council, and possibly the Welsh Government, open to challenge and/or legal proceedings, as some providers in Wales will have received preferential options.</p>	<p>Owner</p> <p><i>Cllr Myfanwy Alexander Dylan Owen</i></p>	6	6	<p>Control or Action</p> <ul style="list-style-type: none"> Further clarification sought from Welsh Government 	Action Completed	
						<p>01/09/2020 Clarification received and implemented. No further action required.</p>		

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
	<p>sought has not helped understanding.</p> <p>We have already received a further claim from a provider who advise that they have seen the further guidance and wish to claim for a significantly more money. To change the interpretation of the guidance in any way at this point would require that we prepare a new pro-forma for providers to complete and submit; make contact with all service providers in order to request their consideration, amended calculation and submission for the past 4 months; to receive, scrutinise and pay them; and to submit our claim in 3 working days.</p> <p>The chosen option (following a discussion with WG Civil Servants) is to refuse the application received and to not offer the opportunity to other providers.</p>							
COVID0080	<p>Response/Recovery</p> <p>Inability to continue to provide an effective and efficient Contact Tracing service by PCC / PTHB to prevent the spread of Covid 19</p>	<p>1.Failure of Powys CC and Powys THB in partnership to continue to deliver on the production of a fully functioning and suitable contact tracing system.</p> <p>Unable to fulfil obligations</p> <p>2.Failure to control the spread of COVID-19 in Powys resulting in need for further lockdown, knock on effect on economy, mental health, council resource etc..</p> <p>3.No further funding made available from WG to support the delivery from September 2021</p> <p>4. Impact on services if large number of staff have to self isolate due to the spread of Covid 19</p>	<p><i>Cllr Iain McIntosh</i> Nigel Brinn</p>	12	6	<ul style="list-style-type: none"> At a strategic level need to continue ensure adequate systems are in place to agree actions between PTHB and PCC. 	Action In Progress	24/04/2021
						<p>24/03/2021 This agreement will be reviewed every 3 months by SOG. All working well at present.</p>		
						<ul style="list-style-type: none"> Lobby Welsh Gov for Funding 2021/2022 	Action In Progress	24/04/2021
						<p>24/03/2021 All costs will be covered for TTP until September 2021</p>		
						<ul style="list-style-type: none"> Continue to Implement an effective contact tracing service to assist preventing the spread of Covid 19 	Action In Progress	24/04/2021
						<p>24/03/2021 PCC are continuing to provide an effective and efficient contact tracing service. We continue to have excellent results and lead the way for Wales.</p>		
						<ul style="list-style-type: none"> Need to retain the resources to support this project. 	Action Completed	
						<p>24/03/2021 150 staff are now in place and contracts have been confirmed until September 2021.</p>		
						<ul style="list-style-type: none"> Agree TOR actions and processes with PTHB and monitor and review the service provided. 	Withdrawn	
						<p>13/01/2021 An agreement is now in place between PTHB / PCC which will be reviewed by SOG every 3 months</p>		

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0024	Response Potential Insolvency of participating Pension Fund Employers	Where Powys County Council acts as the "Guarantor" via risk sharing then the liabilities fall back onto the Powys part of the Fund. Where there is no risk sharing, then the liabilities will fall onto the rest of the participating employers within the Fund, but Powys are 91% of the Fund, so it will fall mainly onto Powys, with the remaining 9% spread over the other 22 Employers.	<i>Cllr Aled Davies</i> Chris Hurst	6	6	• Risk Sharing Agreements and Bonds in place with the majority of Employers.	Control In Place	
COVID0086	Recovery The supply of PPE for public services could be adversely impacted by increased worldwide demand and blockage of the Suez canal.	A shortage of PPE for public services would put staff and the population at risk from coming into contact with the virus.	<i>Cllr Graham Breeze</i> Clive Pinney	12	6	• Monitor ability to procure PPE	Control In Place	
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COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0008	<p>Response</p> <p>LEISURE/SPORT As a result of the COVID-19 outbreak, residents and communities become sedentary, participation and activity levels decrease, people's health & well-being deteriorates (physical, mental, social & emotional). Sport & Active Development Team unable to deliver face to face activities, programmes, events, advice (including funding) and schemes</p>	<p>(i) Individuals, groups, pupils, communities, targeted provision, schools, clubs and athletes will experience a reduction / loss of service, physical activity and learning opportunities. (ii) Unless people are motivated, encouraged and engaged the levels of physical activity throughout the County will reduce. (iii) A reduction in physical activity may have a long-term impact on mental health. (iv) Social isolation will have a profound impact on communication, engagement and social interaction for many people. (v) Funding applications will be delayed causing recipients unable to re-start or initiate schemes, projects and activities when delivery returns to normal (vi) if people are inactive they may become sedentary long-term which would have a negative impact on the health and well-being of individuals, communities and groups.</p>	<p>Owner</p> <p><i>Cllr Rachel Powell</i> Jenny Ashton</p>	8	6	<ul style="list-style-type: none"> Virtual & remote resources to be made available 	Action In Progress	18/04/2021
						<p>18/03/2021 <i>The Sport Powys officers continue to engage and interact with people via various social media platforms - providing challenges, activities, advice, training & funding opportunities and links to partners and other services. In agreement with Sport Wales, the officers have also received training so that they are able to undertake Welfare Calls to support other services and customers of the authority. The Sport Powys officers have also been undertaking development activities for themselves and liaising with partners and other organisations to identify and determine how programmes, schemes and activities could look once services are given the green light to reopen and reactivate.</i></p> <ul style="list-style-type: none"> Sport Wales funding for 2020-21 can be utilised flexibly during Covid-19 Sport Development Team deployed to support Childcare Hubs 	Control In Place	
COVID0025	<p>Response</p> <p>Treasury Management -Maintaining the Authorities Cash flow to meet liabilities</p> <p>Reduced Levels of income coming into the Council</p>	<p>Treasury Management Function Staff reductions</p> <p>Potential loss of Grant funding</p> <p>Fee earning services disrupted or ceased</p> <p>Services not raising raising Debtor invoices or invoices not sent out (post issues)</p> <p>Reduction in Collection Rate for Council Tax</p> <p>Increase in Bad debt levels or bad debt enforcement</p>	<p><i>Cllr Aled Davies</i> Anne Phillips</p>	12	6	<ul style="list-style-type: none"> Identify service income at risk and model impact of reductions 	Action Completed	
						<p>11/03/2021 <i>Hardship fund to meet costs and loss of income now confirmed so continue to make monthly claims</i></p> <ul style="list-style-type: none"> Discussion with other funding bodies, Internal comms <p>11/03/2021 <i>No change</i></p> <ul style="list-style-type: none"> Additional Borrowing <p>11/03/2021 <i>Additional short term borrowing undertaken to take us through to 31st March 2021. Significant additional funding received from Welsh Government in final months of the year. Under borrowed position maintained.</i></p>	Action Completed	

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<ul style="list-style-type: none"> reduced outgoings will mitigate reduced income 	Action Completed	
						<p>13/01/2021 no change, expenditure continues to be limited where possible and reported on a monthly basis</p>		
						<ul style="list-style-type: none"> WG identified grant to fund C19 additional costs, and may fund other pressures & reductions 	Action Completed	
						<p>13/01/2021 No change, costs continue to be claimed and refunds provided through the hardship fund.</p>		
						<ul style="list-style-type: none"> Welsh Government open to discussions with individual authorities if problems arise 	Action Completed	
						<p>11/03/2021 Position remains but no discussions required to date.</p>		
						<ul style="list-style-type: none"> Business Continuity Plan in place to maintain Treasury Management Function 	Control In Place	
						<p>22/06/2020 no change</p>		
COVID0090	Recovery Workforce health and wellbeing	Staff are demonstrating signs of fatigue from many months in emergency response mode and may not have the capacity / resilience to undertake recovery concurrently with response.	Cllr Graham Breeze Paul Bradshaw	12	6	<ul style="list-style-type: none"> Recovery activity to reduce employee fatigue and promote positive return to office working where appropriate 	Action In Progress	10/06/2021

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<p>10/03/2021 H&S colleagues worked with colleagues in Estates to implement new and revised procedures and ways of working in line with IOSH guidance, ensuring safety. These new ways of working were communicated effectively throughout PCC and are monitored regularly. - The Council continues to facilitate large numbers of staff in working from home where possible and for staff to only attend an office attendance when essential / business critical. This will continue for the time-being and staff are required to complete risk assessments for each of these instances. - Managers are also encouraging the taking of Annual Leave where possible to allow employees to recuperate and re-energise, whilst maintaining critical delivery.</p> <p>- Positive communications around the new ways of working and continued restrictions and health and safety practices in place necessary to safeguard against COVID will continue to be shared and promoted to the workforce in a positive, caring and compassionate manner. - H&S are working closely with our Occ Health partners and the EAP and continue to provide regular signposting and information for staff via the corporate communications mechanism. - Corporate Communications team have developed and disseminated two staff wellbeing surveys (in June and November) to capture the thoughts, feelings and mood of the workforce during the current climate.</p> <p>- Wellbeing initiatives to help teams to continue to interact and for staff to take breaks during the working day and to generally look after their wellbeing have been disseminated at service and / or the corporate level. All of which are designed and intended to help staff look after their wellbeing. This for example has included lunchtime walks, lunchtime singing and mindfulness. - Managers and staff have also been asked to undertake workplace assessments for home working to ensure that the working set up is safe and compliant with DSE requirements.</p>		
COVID0019	Response Exemptions to keep exiting contracts	Costs rise due to no re-procurement	Cllr Aled Davies Vincent Hanly	6	6	<ul style="list-style-type: none"> Negotiate with suppliers well before contract end dates to negotiate better rates. Contracts reviewed individually for decision <p>19/11/2020 This has been implemented for all appropriate contract and processes put in place during any potential contract extension to ensure negotiation etc are fruitful</p>	Control In Place	
COVID0023	Response Companies liquidating	Companies unable to sustain loss of business or reduced working/clients etc	Cllr Aled Davies Vincent Hanly	6	6	<ul style="list-style-type: none"> Business relief approach clarified so some provision will be given to support our main contractors and try to remain viable <p>13/01/2021 No change</p>	Action In Progress	13/04/2021

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<ul style="list-style-type: none"> Residual risk being assessed 	Withdrawn	
						02/02/2021 Risk has not realised and can be removed form the register		
						<ul style="list-style-type: none"> Government Support for Business clarified through grants / NNDR etc 	Withdrawn	
						09/02/2021 Many grants provided and this has shown t support supply chains and no issues are being received from our suppliers		
COVID0058	Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the level of progress against the PIAP. In particular Recommendation 1 of the PIAP - 'Improve standards in secondary schools and more able learners' as schools are currently closed. Also, Recommendation 4 (the School Transformation / re-organisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation.	Progress against the PIAP may be affected due to the Covid-19 pandemic.	Cllr Phyl Davies Lynette Lovell	12	6	<ul style="list-style-type: none"> Continue to deliver service improvement September Update Ongoing progress / service improvement as specified in the PIAP 	Action In Progress Withdrawn Withdrawn	10/05/2021
						10/02/2021 This risk was reviewed on 10.02.21		
						Control	Withdrawn	
						28/01/2021 This risk was reviewed on 26/1/2021 and is up to date.		
						January 2021	Withdrawn	
COVID0100	Disruption to pupils' learning caused by a positive COVID-19 test within a bubble, cohort, school or travelling to school, or by a national closure of school years.	Adverse impact on the continuity of learning.	Cllr Phyl Davies Lynette Lovell	20	6	<ul style="list-style-type: none"> Local Authority and school partnership guidance WG Guidance WG Guidance 	Action In Progress Action In Progress Withdrawn	17/05/2021 17/05/2021
COVID0029	Response Revenue Budget Risk	Unable to deliver a balanced budget for 2020/21 Undelivery of Cost Reductions Increased costs across the organisation Impact on the Councils Reserves Impact on Medium Term Financial Strategy	Cllr Aled Davies Jane Thomas	25	4	<ul style="list-style-type: none"> Ongoing discussion with WG 	Action In Progress	11/05/2021
						11/03/2021 No change monthly claims continue		
						<ul style="list-style-type: none"> better understanding of all cost pressures, income losses, savings risks and cost savings 	Action In Progress	18/04/2021
						18/01/2021 Quarter 3 position shows further improvement of the forecast outturn. The pandemic is now clearly going to impact into the 2021/22 financial year and a Covid Financial risk log has been drawn up so that the Council understands the main drivers of cost and income loss if the pandemic continues.		
						<ul style="list-style-type: none"> Reassess Budget Position monthly, Report and review mitigating action 	Action In Progress	11/04/2021

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
						<p>11/03/2021 Position improved in the last quarter with additional funding allocated by Welsh Government across many services. The February closedown will be reported in W/B 15/03/21 and is expected to show a projected underspend.</p> <ul style="list-style-type: none"> Ensure appropriate recording of additional costs to enable claim through WG COVID hardship fund Action Completed Budget Management and virement reg's reinforced, decisions at service level that exceed service budgets must be escalated to EMT Control In Place <p>04/08/2020 No change</p>		
COVID0060	Response Reduced reputation for the council if pandemic is not managed well	Reputation damage Stakeholders loss of confidence in the council	Cllr Graham Breeze Nigel Brinn	9	4	<ul style="list-style-type: none"> Business Continuity Plans invoked in response to pandemic Action In Progress 12/07/2021 <p>12/04/2021 Business continuity still in place but is being reviewed</p> <ul style="list-style-type: none"> The Council established strategic Gold and operational Silver coordination groups to manage pandemic response. Action In Progress 12/07/2021 <p>12/04/2021 Gold and silver groups still operational but focus now includes recovery</p> <ul style="list-style-type: none"> Leader is doing regular letter to Members, and frequent meetings are taking place with MP's / AM's Action In Progress 12/05/2021 <p>12/04/2021 Local media monthly column maintained with regular briefings to members, local and regional politicians Briefing were suspended March 22, 2021 due to pre-election period, they will re-start after May 6 Local media monthly column maintained with regular briefings to members, local and regional politicians Briefing were suspended March 22, 2021 due to pre-election period, they will re-start after May 6</p>		
COVID0101	Supporting the PTHB with the Mass Vaccination programme through our Avaya telephony system.	That the capacity of the phone lines is exceeded which may impact on other calls coming into the council.	Cllr Graham Breeze Diane Reynolds	9	4	<ul style="list-style-type: none"> Monitoring of call volumes Action In Progress 28/04/2021 Step down procedure in place Action In Progress 28/04/2021 All contact centres within authority have been communicated with Action Completed 		

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

21st May 2021

CABINET

25th May 2021

**REPORT AUTHOR: COUNTY COUNCILLOR ALED DAVIES
PORTFOLIO HOLDER FOR FINANCE**

REPORT TITLE: Treasury Management Quarter 4 Report

REPORT FOR: Information

1. Purpose

- 1.1 CIPFA's 2009 Treasury Management Bulletin suggested:
'In order to enshrine best practice, it is suggested that authorities report formally on treasury management activities at least twice a year and preferably quarterly.'

The CIPFA Code of Practice on Treasury Management emphasises a number of key areas including the following:

- xi. Treasury management performance and policy setting should be subject to scrutiny prior to implementation.

- 1.2 In line with the above, this report is providing information on the activities for the quarter ending 31st March 2021.

2. Treasury Management Strategy

- 2.1 The link to the Treasury Management Strategy for 2020/21 approved by Full Council on 28th February 2020 is attached at Appendix A.

- 2.2 The Authority's investment priorities within the Strategy are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

- 2.3 The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite has been low in order to give priority to security of investments.

3. Welsh Government Repayable Funding for Global Centre of Rail Excellence

- 3.1 The council has accepted an offer from Welsh Government of £50 million interest free, repayable funding towards the development of the Global Centre of Rail Excellence (GCRE) in the south of the county. Planning approval is expected in summer 2021 and construction would then begin between 2021-2023 on the rail testing track and storage facilities.

- 3.2 The funding will be held by the council until it can be suitably invested in the project. If the investment is not able to be made, for whatever reason, the funds will be returned to Welsh Government. This funding must be held by the council until the investment is completed and cannot be used for any other purpose.

- 3.3 £33 million was received in March 2021, a further £10 million will be received in 2021/22 and £7 million in 2022/23.

4. Current Investments

- 4.1 It remains impossible to earn the level of interest commonly seen in previous decades as all short-term money market investment rates are barely above zero now that the Bank Rate is at 0.10%. Some entities are offering negative rates of return in some shorter time periods. Given this environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2024, investment returns are expected to remain low.
- 4.2 When looking at temporary investing, the Treasury team consider the bank fee to set up the arrangement, because of this cost some investments are not cost effective for very short periods of time where interest rates are circa 0.02% - 0.03%. However, the Authority does not have sufficient certainty around its cashflow to lend for longer periods where the return is higher. As a result, not all available cash is currently earning interest.
- 4.3 The GCRE repayable funding is currently being held in the Council's deposit account.
- 4.4 The Authority had no other investments on 31st March 2021.

5. Credit Rating Changes

- 5.1 There have been no credit rating changes relevant to this Authority's position during the last quarter.

6. Borrowing / Re-scheduling

- 6.1 Effective management of the Authority's debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies. To ensure sufficient cash was available to cover expenditure over the financial year end, £20 million of short term borrowing (less than 3 month term) from other local authorities was sourced. The interest rate payable was 0.03%.
- 6.2 On the 25th of November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates. Both the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. There are currently no schemes for yield in the Capital Programme.
- 6.3 With the significant amounts of borrowing in the future Capital Programme, the inability to access PWLB borrowing will need to be a major consideration for any future purchases of assets for yield. The additional income these assets generate must be sufficient to cover the increased borrowing costs, as borrowing sources other than the PWLB are likely to be more expensive.
- 6.4 **The Authority's Capital Position**
- 6.5 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

6.6 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury manager organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.

6.7 Net external borrowing (borrowings less investments) should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and next two financial years. This allows some flexibility for limited early borrowing for future years.

6.8 Original CFR Position (per original approved budget)

£'m	As at 31 st March 2020 Actual	2020/21 Original Estimate	2021/22 Original Estimate	2022/23 Original Estimate
Capital Financing Requirement	378.46	447.47	497.19	517.29

6.9 Updated CFR position as at 31st March 2021

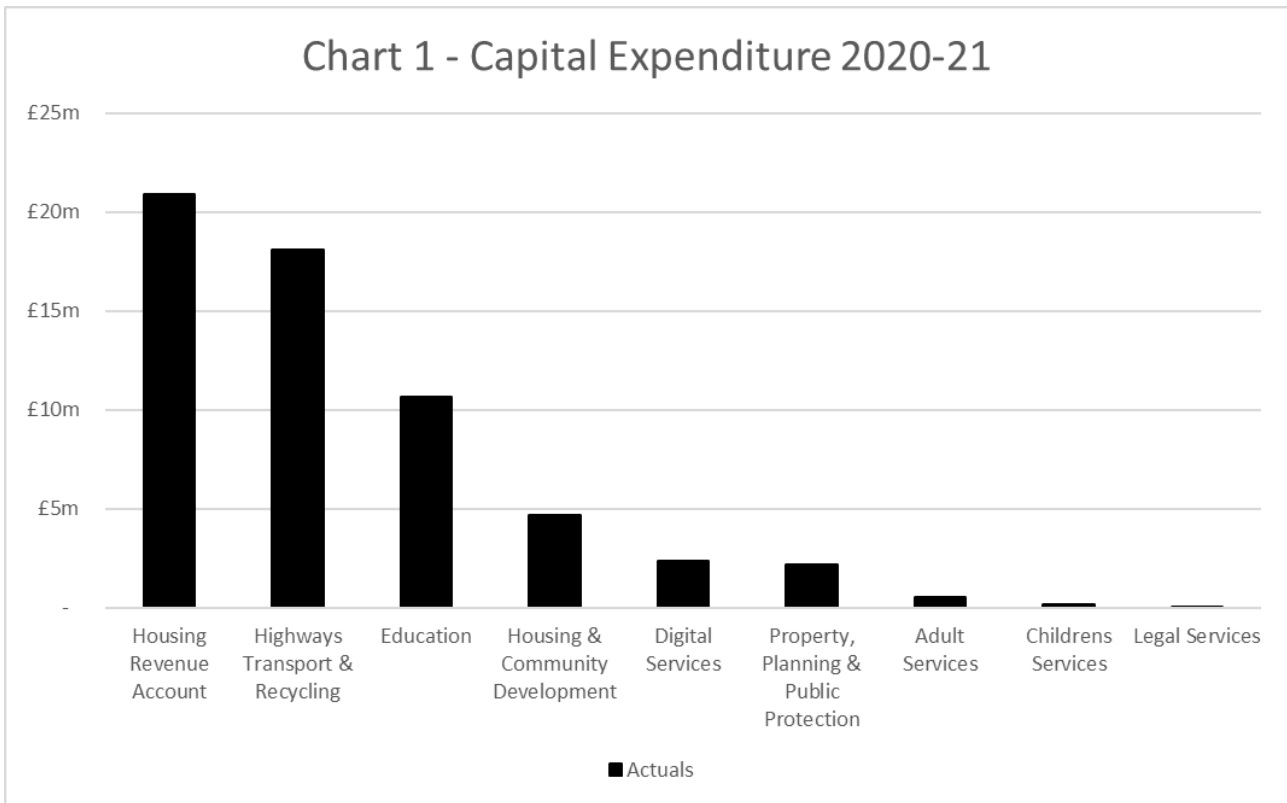
£'m	As at 31 st March 2020 Actual	As at 31 st March 2021 Actual	2021/22 Current Estimate	2022/23 Current Estimate
Capital Financing Requirement	378.46	397.10	460.47	505.24

6.10 The Authority had outstanding long-term external debt of £347.7 million at 31st March 2021 (excluding the GCRE repayable funding). In relation to the CFR figure for 31st March 2021, this equated to the Authority being under borrowed by £49.4 million. Using cash reserves as opposed to borrowing has been a prudent and cost-effective approach over the last few years. However, members will be aware that internal borrowing is only a temporary situation and officers have advised that, based on capital estimates, it will be necessary for the Authority to borrow at stages over the next few years.

6.11 Capital Budget/Spend and Prudential Borrowing

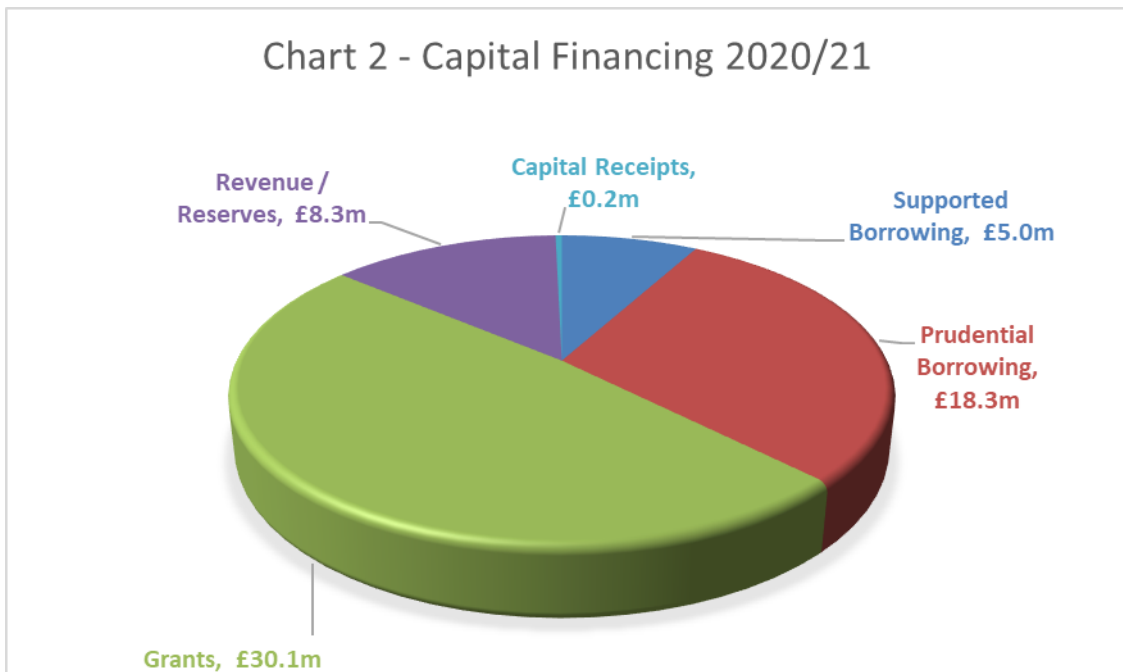
£'m	Original Approved Budget	Revised Working Budget	Actual Capital Spend	Spend % of Working Budget
	132.87			
30 th June 2020		123.68	7.91	6%
30 th September 2020		115.05	21.62	19%
31 st December 2020		95.85	39.52	41%
31 st March 2021		72.91	61.83	85%

Chart 1 - Capital Expenditure 2020-21



6.12 The financing of the original capital budget included £56.89 million of Prudential Borrowing, following reprofiling of numerous schemes into future years the budget had fallen to £23.6 million by year end. A considerable amount of unexpected grant income was received in the last quarter, this reduced the final prudential borrowing requirement to £18.3 million. Chart 2 below shows how the capital expenditure has been financed.

Chart 2 - Capital Financing 2020/21



6.14 A revised MRP policy was approved by Council on the 19th March 2021 to ensure that the MRP and interest on borrowing were charged to the revenue budget equally over the life of the asset on which the borrowing was required. Whilst this would result in a reduced MRP requirement in the short term, the MRP contribution for 2020/21 remains unchanged to

reduce the councils underlying need to borrow, the amount of the debt finance required, interest charges and exposure increases in interest rates.

6.15 The revenue expenditure to cover the borrowing for past and present capital schemes is charged to the revenue budget, the table below shows the breakdown for 2020/21.

Table 1 – Revenue expenditure covering borrowing and MRP.

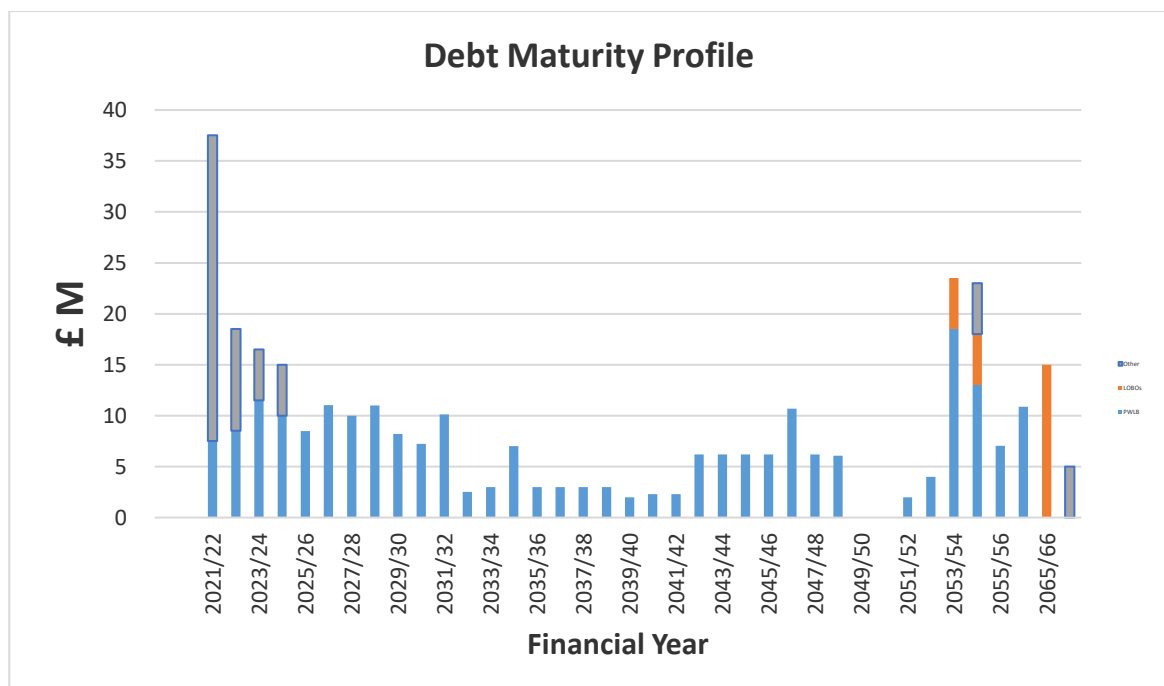
Interest Paid	£	11.353m
MRP	£	3.472m
MRP Overprovision*	£	0.767m
Total	£	15.592m
Costs attributable to		
HRA	£	5.426m
Council	£	10.166m

* Overprovision included as part of the 2021-22 Budget and Capital Programme for 2021-2031 approved by Council on the 25th February 2021.

6.16 Based on the amounts above, 3.8% of our net revenue budget of £269 million is supporting the past and present capital spend. It is essential that the investment in our capital programme is affordable over the short, medium, and longer term and can demonstrate tangible benefits linked to the council's priorities.

6.17 The 2021/22 capital programme includes £10 million supported borrowing and £59 million prudential borrowing (before any remaining reprofiling from 2020/21). A capital programme review is currently in progress which is looking to ensure the affordability of the Council's capital plans.

6.18 **Debt Maturity Profile as at 31st March 2021.**



Key

Blue = PWLB; Grey = Market Loans including other local authorities; Orange = LOBOs

6.19 A total of £25 million of debt has been repaid during the financial year (£15 million market loans and £10 million PWLB). This has been absorbed through the maturing of investments held and the short term borrowing acquired to cover year end expenditure. With a further £37 million of debt maturing in 2021/22 it is unlikely that there will be sufficient resources to absorb this repayment so new borrowing will be required. Additional borrowing will also be required to fund the ongoing capital programme.

6.20 **PWLB Loans Rescheduling**

6.21 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

7. **Prudential Indicators**

7.1 All Treasury Management Prudential Indicators were complied with in the quarter ending 31st March 2021.

8. **Economic Background and Forecasts**

8.1 The most recent forecast of interest rates by the Authority's advisor is as follows:

	Jun 21	Sep 21	Dec 21	Mar 22	Mar 23	Mar 24
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5yr PWLB	1.20%	1.20%	1.20%	1.20%	1.30%	1.30%
10yr PWLB	1.60%	1.60%	1.60%	1.70%	1.80%	1.90%
25yr PWLB	2.10%	2.10%	2.20%	2.30%	2.40%	2.50%
50yr PWLB	1.90%	1.90%	2.00%	2.10%	2.20%	2.30%

8.2 The economic background provided by our treasury advisers; Link Group is attached at Appendix B.

9. **VAT**

9.1 The Technical Section of Finance act as the authority's VAT section. VAT can pose a risk to the authority hence this report includes VAT information.

9.2 The monthly VAT returns were submitted within the required deadlines during the quarter ending 31st March 2021.

9.3 **Key Performance Indicators** - The VAT KPI's for 2020/21 are attached at Appendix C.

10. **Advice**

N/A

11. **Resource Implications**

N/A

12. **Legal implications**

N/A

13. Comment from local member(s)

N/A

14. Integrated Impact Assessment

N/A

15. Recommendation

15.1 This report has been provided for information and there are no decisions required. It is recommended that this report be accepted.

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Appendix A:

The Approved Treasury Management Strategy 2020/21 can be found here:

<https://powysintranet.moderngov.co.uk/documents/s48653/Appendix%20F%20TM%20capital%20strategy%202020-21.pdf>

Extracts relating to investments in Group/Institutions - Counterparty Criteria/Limits:

Specified Investments:

Institution	Maximum Investment per Group/Institution £'m	Maximum Length	Credit Rating/Other Assessment of Risk
UK Banks	30	Up to 364 days	As per Link's matrices
Foreign Banks	5	Up to 364 days	As per Link's matrices
Other Local Authorities	25	Up to 5 years	N/A

Non-Specified Investments:

Institution	Maximum Investment per Group/Institution £'m	Maximum Length	Credit Rating/Other Assessment of Risk
UK Banks	10 (£5m limit with any one institution)	Up to 2 years	As per Link's matrices
Foreign Banks	2	Up to 2 years	As per Link's matrices
Money Market Funds (max. of 5)	10	N/A	All are AAA rated
Other Local Authorities	10	Up to 5 years	N/A

Note: Limits for Specified and Non-Specified are combined limits. The maximum limit will also apply to a banking group as a whole.

Appendix B

Economic Background

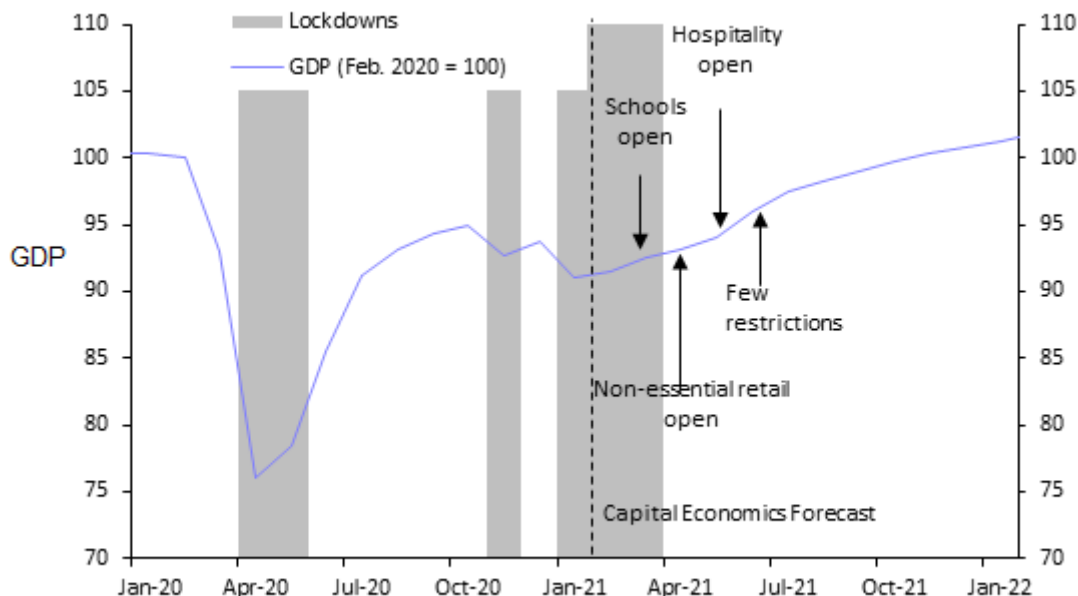
UK. The key quarterly Monetary Policy Report meeting of the Bank of England's Monetary Policy Committee (MPC) kept Bank Rate and quantitative easing (QE) unchanged on 4th February, (as it also did at its 18th March meeting). However, it revised its economic forecasts to take account of a third national lockdown which started on 5th January, which is going to further delay economic recovery and do further damage to the economy. Although its short-term forecasts were cut for 2021 due to the start of a third lockdown in early January, the medium-term forecasts were more optimistic than in November, based on an assumption that the current lockdown will be gradually eased after Q1 as vaccines are gradually rolled out and life can then start to go back to some sort of normality. The Bank's main assumptions were:

- The economy would start to recover strongly from Q3 2021 although it acknowledged there were downside risks from virus mutations etc.
- £125bn of savings made by consumers during the pandemic will give a big boost to the pace of economic recovery once lockdown restrictions are eased and consumers can resume high street shopping, going to pubs and restaurants and taking holidays.
- The economy would still recover to reach its pre-pandemic level by Q1 2022 despite a long lockdown in Q1 2021. Spare capacity in the economy would be eliminated in Q1 2022 and there would be excess demand in the economy by Q4 2022.
- CPI inflation was forecast to rise quite sharply towards the 2% target in the first half of 2021 due to some temporary factors, (e.g. the reduction in VAT for certain services comes to an end) and given developments in energy prices. CPI inflation was projected to be close to 2% in 2022 and 2023.
- The MPC reiterated its previous guidance that Bank Rate would not rise until inflation was sustainably above 2%. This means that it will tolerate inflation running above 2% from time to time to balance out periods during which inflation is below 2%. This is termed average inflation targeting. While financial markets are pricing in Bank Rate starting to rise by the end of 2022, this policy could mean that Bank Rate does not rise until as late as 2026.
- The Bank of England removed negative interest rates as a possibility for at least six months as financial institutions were not ready to implement them. As in six months' time the economy should be starting to grow strongly, this effectively means that negative rates occurring were unlikely during the current downturn. (Gilt yields and PWLB rates jumped upwards after the removal of negative rates as a key risk in the short-term.)

There are two views in respect of Bank Rate beyond our three-year time horizon:

- The MPC will be keen to raise Bank Rate as soon as possible in order for it to be a usable tool when the next economic downturn comes along. This is in line with thinking on Bank Rate over the last 20 years; financial markets are currently pricing in Bank Rate starting to rise by the end of 2022.
- Conversely, that we need to adjust to the new post-pandemic era that we are now in. In this new era, the shift to average inflation targeting has set a high bar for raising Bank Rate i.e. only when inflation has demonstrated that it has risen sustainably above 2%. In addition, many governments around the world have been saddled with high levels of debt. When central bank rates are low, and below the average GDP growth rate, the debt to GDP ratio

will gradually fall each year without having to use fiscal tools such as raising taxes or austerity programmes, (which would depress economic growth and recovery). This could therefore result in governments revising the setting of mandates to their national central banks to allow a higher rate of inflation linked to other economic targets. This is the Capital Economics view – that Bank Rate will not rise for the next five years and could then struggle to get to 1% within 10 years.



COVID-19 vaccines. These have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the second half of 2021 after a third wave of the virus threatened to overwhelm hospitals around the start of the year. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels. The UK has made fast progress with giving a first jab to half of all adults and this programme should be completed in the second half of the year. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

The Budget on 3rd March increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.

Brexit. The final agreement on 24th December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.

US. The Democrats won the presidential election in November 2020 and have control of both Congress and the Senate, although power is more limited in the latter. This enabled the Democrats to pass a \$1.9trn (8.8% of GDP) stimulus package in March on top of the \$900bn fiscal stimulus deal passed by Congress in late December. These, together with the vaccine rollout proceeding swiftly to hit the target of giving a first job to over half of the population within the President's first 100 days, will promote a rapid easing of restrictions and strong economic recovery during 2021. The Democrats are also planning to pass a \$2trn fiscal stimulus package aimed at renewing infrastructure over the next decade. Although this package is longer-term, if passed, it would also help economic recovery in the near-term.

After Chair Jerome Powell unveiled the Fed's adoption of a flexible average inflation target in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that "it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time." This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. There is now some expectation that where the Fed has led in changing its policy towards implementing its inflation and full employment mandate, other major central banks will follow, as indeed the Bank of England has done so already. The Fed expects strong economic growth this year to have only a transitory impact on inflation, which explains why the majority of Fed officials project US interest rates to remain near-zero through to the end of 2023. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping treasury yields at historically low levels – which will also have an influence on gilt yields in this country.

EU. Both the roll out and take up of vaccines has been disappointingly slow in the EU, at a time when many countries are experiencing a sharp rise in cases which are threatening to overwhelm hospitals in some major countries; this has led to renewed severe restrictions or lockdowns during March. This will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

Inflation is likely to rise sharply to around 2% during 2021 for a short period, but as this will be transitory due to one-off factors, it will cause the ECB little concern. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December 2020 meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is, therefore, unlikely to be a euro crisis while the ECB is able to maintain this level of support. The March ECB meeting also took action to suppress the rise in long bond yields by stepping up its monthly PEPP purchases.

China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and then into Q3 and Q4; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. After making a rapid recovery in 20/21, growth is likely to be tepid in 21/22.

Japan. A third round of fiscal stimulus in early December took total fresh fiscal spending in 2020 in response to the virus close to 12% of pre-virus GDP. That is huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP in 2020/21. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the roll out of vaccines gathering momentum, the government's latest fiscal effort should help to ensure a strong recovery and to get back to pre-virus levels by Q3 2021 – around the same time as the US and much sooner than the Eurozone.

World growth. World growth was in recession in 2020. Inflation is unlikely to be a problem in most countries for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Impact on gilt yields and PwLB rates in 2021. Since the start of 2021 gilt yields and PwLB rates have risen sharply. What has unsettled financial markets has been a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic, in addition to the \$900bn support package passed in December. Financial markets have been alarmed that the two packages could cause an excess of demand in the economy which could unleash inflationary pressures and force the FOMC to take much earlier action to start increasing the Fed rate from near zero, despite their stated policy being to target average inflation and saying that increases were unlikely in the next few years.

A further concern in financial markets is when will the Fed end quantitative easing (QE) purchases of treasuries and how they will gradually wind it down. These ongoing monthly purchases are currently acting as downward pressure on treasury yields. Nonetheless, during late February and in March, yields rose sharply. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards there will invariably impact and influence financial markets in other countries. It is noticeable that gilt yields moved higher after the MPC meeting in early February as a result of both developments in the US, and financial markets also expecting a similarly rapid recovery of the UK economy as in the US; both countries were expected to make similarly rapid progress with vaccinating their citizens and easing Covid restrictions. They are therefore, expecting inflation to also increase more quickly in the UK and cause the MPC to respond by raising Bank Rate more quickly than had previously been expected.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. In March 2021, western democracies implemented limited sanctions against a few officials in charge of government policy on the Uighurs in Xinjiang; this led to a much bigger retaliation by China and is likely to mean that the China / EU investment deal then being negotiated, will be torn up. After the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products and vice versa. This is likely to reduce world growth rates.

Central banks' monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also

be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

Appendix C

VAT - Key Performance Indicators

Creditor Invoices

VAT return for	No of high value Creditor invoices checked	No of Creditor invoices highlighted as requiring "proper" document for VAT recovery	% of creditor invoices checked requiring "proper" document for VAT recovery
Apr-20	171	3	1.75%
May-20	132	0	0.00%
Jun-20	172	1	0.58%
Jul-20	189	1	0.53%
Aug-20	161	1	0.62%
Sep-20	222	1	0.45%
Oct-20	216	2	0.93%
Nov-20	201	1	0.50%
Dec-20	221	1	0.45%
Jan-21	197	1	0.51%
Feb-21	238	2	0.84%
Mar-21	380	6	1.58%

Income Management Entries

VAT return for	No of entries checked by formula per the ledger account code used	No of entries needing follow up check (but not necessarily incorrect).	% of entries needing follow up check
Apr-20	648	1	0.15%
May-20	555	6	1.08%
Jun-20	711	21	2.95%
Jul-20	709	4	0.56%
Aug-20	705	3	0.43%
Sep-20	902	5	0.55%
Oct-20	909	0	0.00%
Nov-20	803	1	0.12%
Dec-20	697	0	0.00%
Jan-21	741	0	0.00%
Feb-21	907	1	0.11%
Mar-21	1.132	0	0.00%

Debtor Invoices

VAT return for	No of Debtor invoices checked	No of checked debtor invoices with incorrect VAT code used	% of debtor invoices with incorrect VAT code
Apr-20	49	6	12.24%
May-20	41	0	0.00%
Jun-20	70	0	0.00%
Jul-20	79	10	12.66%
Aug-20	84	1	1.19%
Sep-20	77	0	0.00%
Oct-20	71	0	0.00%
Nov-20	70	1	1.43%
Dec-20	72	0	0.00%
Jan-21	101	3	2.97%
Feb-21	92	0	0.00%
Mar-21	123	0	0.00%

Note: Debtors VAT checking is carried out by Finance via a work process prior to the invoice being raised hence the improvement in errors compared to previous years

Purchase Cards

VAT return for	No of transactions for which paperwork requested for checking	Resolvable errors discovered	Value of VAT potentially claimable but recharged to budget due to non- response	No of transactions where VAT claimed incorrectly	% of transactions available to be checked where VAT was claimed incorrectly	Value of VAT incorrectly claimed hence recharged to budget
Apr-20	128	9	£2,314.57	7	5.47%	£418.08
May-20	89	0	£0.00	5	5.62%	£268.05
Jun-20	99	2	£812.00	4	4.04%	£357.51
Jul-20	142	3	£321.90	8	5.63%	£542.96
Aug-20	66	3	£706.86	4	6.06%	£48.63
Sep-20	216 ¹	6	£1,287.12	34	15.74%	£1,074.67
Oct-20	171	13	£1,050.57	17	9.94%	£314.34
Nov-20	207	3	£641.47	18	8.70%	£1,048.13
Dec-20	174	8	£979.34	16	9.20%	£356.33
Jan-21	193	10	£1,121.47	12	6.22%	£572.14
Feb-21	195	3	£380.24	12	6.15%	£395.85
Mar-21	433	49	£9,610.35	27	6.24%	£2410.93

¹ Please note that the amount previously listed (2,016) was due to a typo in the KPI spreadsheet. As such the other stats for this period have been updated to reflect the corrected figures.

Chargebacks to service areas

The upload of appropriate documents to the Barclaycard purchase card system to enable vat recovery was made mandatory in September 2017 as a result of the lack of response from service areas/establishments to provide documents when requested. Where no document has been uploaded, any VAT amount input against the transaction is charged to the service area as there is no evidence to support the vat recovery.

Any other VAT errors that come to light as a result of the various checks are also charged to the relevant service areas.

Budget holders are able to see this clearly as chargebacks are coded to account code EX400600 and the activity code used alongside this gives the reason why this chargeback has occurred.

The total amount charged back to service areas in 2020/21 to end of March is £93,256.74. The breakdown of this is as follows:

Potentially correctable errors

Reason	Amount £
Not a tax invoice	22,961.02
Powys County Council is not the named customer	176.03
No invoice uploaded to purchase card system	45,461.40
Invoice(s) do not match payment	2,338.11
No evidence to back recovery	138.08
Total	71,074.64

Other errors

Reason	Amount £
Non-domestic VAT	290.22
No tax on invoice	2,700.07
Supply not to Powys County Council	7,870.60
Over-accounting for VAT	8,213.52
Internal payments	17.62
Unspecified issues	3,090.07
Total	22,182.10

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972.

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