

Governance and Audit Committee

Meeting Venue

Hybrid meeting - County Hall - Zoom

Meeting Date

Friday, 24 November 2023

Meeting Time

10.00 am

For further information please contact

Connor Farmer

Democratic and Scrutiny Support Officer

connor.farmer1@powys.gov.uk



County Hall
Llandrindod Wells
Powys
LD1 5LG

17/11/2023

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	10.00 AM
----	------------------	-----------------

To receive apologies for absence.

2.	DISCLOSURES OF INTEREST	
----	--------------------------------	--

To receive any disclosures of interest by Members relating to items to be considered at the meeting.

3.	MINUTES AND ACTION LOG	
----	-------------------------------	--

(i) To authorise the Chair to sign the minutes of the previous meeting held as follows as a correct record:

- 29-09-2023

(ii) To receive and consider the Action Log.

(Pages 5 - 32)

Audit Wales Items

4.	QUARTER 2 WORK PROGRAMME UPDATE	10.10 AM
-----------	--	-----------------

To receive the Quarter 2 Work Programme Update from Audit Wales for information.
(Pages 33 - 68)

Corporate Items

5.	STATEMENT OF ACCOUNTS 2022-23	10.15 AM
-----------	--------------------------------------	-----------------

To receive and consider the Statement of Accounts, ISA 260 and Letter of Representation.
(Pages 69 - 216)

6.	PENSION FUND ACCOUNTS 2022-23	10.45 AM
-----------	--------------------------------------	-----------------

To receive and consider the Pension Fund Accounts, ISA 260 and Letter of Representation.
(Pages 217 - 314)

7.	ANNUAL GOVERNANCE STATEMENT ASSURANCE	11.05 AM
-----------	--	-----------------

To receive and consider the report of the Leader and Portfolio Holder for an Open and Transparent Powys and the Annual Governance Statement.
(Pages 315 - 392)

8.	TREASURY MANAGEMENT - QUARTERS 1 AND 2	11.20 AM
-----------	---	-----------------

To receive and consider the reports of the Cabinet Member for Finance and Corporate Transformation.
(Pages 393 - 430)

SWAP Items

9.	SWAP INTERNAL AUDIT ADVERSE REPORTS	11.40 AM
-----------	--	-----------------

To receive and consider the following SWAP reports:

1. School Theme – Governance
2. School Theme – Finance
3. Brecon High School Internal Audit Report

(Pages 431 - 460)

BREAK - 20 Minutes

10.	SPRINGING FORWARD ASSET MANAGEMENT REVIEW	12.40 PM
------------	--	-----------------

To receive and consider a report from Audit Wales and the organisational response.
(Pages 461 - 488)

11.	CORPORATE SAFEGUARDING BOARD ACTIVITY REPORT	1.00 PM
------------	---	----------------

To receive and consider a report of the Director of Social Services and Housing.
(Pages 489 - 494)

Risk Deep Dive		
-----------------------	--	--

12.	EDR0011 - CLIMATE EMERGENCY	1.15 PM
------------	------------------------------------	----------------

To receive and consider a Risk Deep Dive presentation from the Interim Head of Economy & Digital Services.

13.	WORKING GROUPS	1.45 PM
------------	-----------------------	----------------

- (i) To note the following report from the Governance and Audit Committee Working Groups:
- 01-11-2023 Internal Audit Working Group Report.

(ii) To receive an update from the representative to Finance Panel.
(Pages 495 - 498)

14.	WORK PROGRAMME	
------------	-----------------------	--

To consider the forward work programme (attached) and consider whether any additional items should be included.
(Pages 499 - 506)

15.	STRATEGIC RISK MANAGEMENT - QUARTER 2 REPORT	1.50 PM
------------	---	----------------

To receive and consider a report of the Cabinet Member for Finance and Corporate Transformation.
(Pages 507 - 542)

16.	EXEMPT ITEM	
------------	--------------------	--

To consider passing the following Resolution:

RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

The Monitoring Officer has determined that category 3 of the Access to Information Procedure Rules applies to the following item. His view on the public interest test (having taken account of the provisions of Rule 14.18 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.

17.	STRATEGIC RISK MANAGEMENT - CLOSED RISK	
-----	--	--

To receive and consider a confidential strategic risk.

Committee Reflection

Following the close of the meeting, the Committee is asked to take 5 to 10 minutes to reflect on today's meeting.

**MINUTES OF A MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE HELD
AT BY ZOOM ON FRIDAY, 29 SEPTEMBER 2023**

PRESENT

Lay Member, L Hamilton - Chair

Lay Members:

J Brautigam and G Hall

County Councillors:

P Lewington, WD Powell and A W Davies

Cabinet Portfolio Holders in attendance:

J Gibson-Watt and D A Thomas

Officers:

Emma Palmer (Director of Corporate Services), Nina Davies (Director of Social Services and Housing), Diane Reynolds (Head of Economy and Digital), Jane Thomas (Head of Finance and Section 151 Officer), Wayne Welsby (Professional Lead – Commercial and Procurement Services), Mari Thomas (Finance Manager), Yvette Kottaun (Senior Investigator), Paul Bradshaw (Head of Workforce and Organisational Development), Gemma Gabriel (Professional Lead – Human Resources Management and Development), Bets Ingram (Strategic Equalities and Risk Officer), Kath Flanagan-Jones (Senior Scrutiny Officer).

In attendance:

Ian Halstead (Assistant Director – Powys, SWAP), Emma Woodcock (Audit Manager – Financial Audit, Audit Wales) and Bethan Roberts (Audit Lead for Powys, Audit Wales).

1.	APOLOGIES
-----------	------------------

Apologies for absence were received from County Councillors C Walsh, A Williams, G Breeze, R Church (Cabinet Member for a Safer Powys), J Straw (Interim Chief Executive), C James (Head of Transformation and Democratic Services) and B Hopkins (Audit Wales).

County Councillors G Ratcliffe and W Powell sent their apologies for joining the meeting late due to other council business.

2.	DISCLOSURES OF INTEREST
-----------	--------------------------------

No disclosures of interest were raised.

3.	MINUTES AND ACTION LOG
-----------	-------------------------------

The Chair was authorised to sign the minutes of the previous meeting, held on 23rd June and 28th July 2023 as a correct record.

4. DRAFT WELLBEING OBJECTIVES EXAMINATION REPORT

Documents Considered:

- Wellbeing Objectives Examination Report – Audit Wales

Background:

The Chair explained to Members that the Wellbeing Objectives Examination report was presented to committee for information and assurance, and invited the representative from Audit Wales to present an overview of the report.

Audit Wales:

- The Audit Lead for Powys clarified firstly that the report was finalised and no longer in draft format.
- The Wellbeing Objective setting work was part of an ongoing rolling programme that the Auditor General undertakes, to assess the extent in which public bodies had acted in accordance with the sustainable development principle when setting their wellbeing objectives.
- The report sets out the findings from the review undertaken by Audit Wales, including Powys County Council's approach taken and to what extent it acted in accordance with the sustainable development principle. The appendix included in the report listed the positive indicators which the auditors were looking for.
- The content of the report had been agreed with the Council for factual accuracy. The Audit Lead for Powys therefore asked Members to focus on how the Council was responding to recommendations, and what actions were being taken in anticipation of the next iteration of the Council's Wellbeing Objective setting.
- Key highlights included:
 - The sustainable development principle was applied however it should draw on more diverse citizen views and fully embed this in the monitoring arrangements.
 - The Council had utilised an extensive set of evidence and data to inform its wellbeing objectives and also captured long-term data trends.
 - There were examples of engagement with Members, Officers and citizens through workshops and surveys.
 - The Council had a clear understanding of how its wellbeing objectives support long term national goals, objectives of public bodies and the Council's Committees such as the Public Service Board.
 - Preventative approaches were considered whilst designing the wellbeing objectives. Commentary was provided including opportunities for the Council to build on the progress already made by applying the sustainable development principles.
- Recommendations were set out in page 10 of the report, including:
 - Drawing the views of a full diversity of the population.
 - Ensuring that the MTFP reflected the resources and how it will be prioritised and embedded into the new performance management

framework and quality framework to enable effective monitoring of the wellbeing objectives.

- The Audit Lead for Powys summarised by noting the positives highlighted in the report, and noted the foundation already in place with some recommendations to strengthen the arrangements for future iterations.

Director of Corporate Services response:

- The Director noted that reflection had already been undertaken since the delivery of the integrated business plan, process, transformation portfolio and the medium-term financial strategy.
- It was clarified that the monitoring approach had been revised and noted this was included in the recommendation to allow time for the changes to embed.
- The process now involved three measure categories: how much, how well and what difference. All services were required to provide a narrative and updates around the delivery against the wellbeing objectives. It was noted that following quarter one, the process already felt more reflective, with services understanding their role which was presented and available publicly as a scorecard.
- Regarding engagement, work was ongoing with wider stakeholders such as via the Public Service Board by aligning objectives as one public service. There was also focus on strengthening broader engagement arrangements to ensure that the Council engaged well in one instance, to minimise the fatigue and resources utilised.
- The Director explained that the picture would become clearer as more performance data was received following quarter two and beyond.
- Regarding the recommendation involving the Medium-Term Financial Strategy, the Director noted that the Council had not aligned the resources required, however with the budget now set the Medium-Term Financial Strategy was prepared for the following three year period, which had also aligned the resources to the transformation portfolio.

Observations and Recommendations:

- The Chair thanked Audit Wales and officers for their contributions and responses, the contents of the report was received by the Committee for information with no further comments from Members.

5. Q2 FRAUD REPORT

Documents Considered:

- Quarter 2 Corporate Fraud and Error Report (2023).

Background:

- The Senior Investigator presented the quarterly Corporate Fraud and Error Report to the Committee Members.
- Review work continued at pace in respect of council tax property reviews and exemptions, extending into business rates and the charitable sector.

- Referrals received from other Council departments, human resources and the public were being actioned. The Senior Investigator noted that all reports received would be thoroughly investigated.
- Concerns had previously been raised about the 'report fraud' button which had previously been available on the internal staff intranet. The Head of Finance had since addressed the matter and it was now being actioned and implemented.
- The Senior Investigator noted the response from the Public Services Ombudsman for Wales (PSOW) regarding strengthening the Code of Conduct for Members with anti-fraud references and invited the Committee to respond.
- The Senior Investigator explained that Powys County Council had again agreed to take part in the Independent International Fraud Awareness Week, which will run from the 12th to 18th November 2023.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
<p>Please could context be provided regarding the employee fraud cases being investigated? How many cases were there and how did the Fraud Team become aware of these?</p>	<p>The Head of Finance clarified that there were 11 potential fraud cases and for a large local authority such as Powys, that was not excessive. The Head of Finance noted that the Council took a zero tolerance approach to fraud which therefore warranted investigation.</p> <p>The Senior Investigator noted that these cases were being investigated and the referrals were received from a variety of sources, both internally and externally. Referrals were based on allegations or accusations, therefore until the investigation was concluded, this did not mean that fraud had occurred. The Senior Investigator could not divulge further details due to the need to maintain confidentiality.</p>
<p>Section six refers to some red BRAG rated items, issue '1/3' was virtually identical to the previous quarterly reporting. Had there been any update regarding the number of employees who did not sign into Net Consent and therefore did not read and agree to policies?</p>	<p>The Senior Investigator had liaised with the Business Intelligence Team to undertake research into whether the figure was accurate, and whether the 650-figure included current, ex-employees and temporary workers.</p> <p>The Senior Investigator confirmed that the ICT service was also involved, and that it is believed that the true figure is far less than 650. It may take some time to complete this work due to the</p>

	<p>fact that many Council employees do not use computers regularly as part of their role, and may be using a standalone system or spare laptop to complete training, for example.</p>
<p>Had there been development on the Committee's recommendation to include anti-fraud references in the Model Code of Conduct for Officers and Members?</p>	<p>It was noted that although Council's could add additional elements to their specific Code of Conduct, the PSOW would not necessarily investigate those matters unless it was included in the Model Code of Conduct (which was set by Welsh Government).</p> <p>ACTION – Request the Monitoring Officer to share the anti-fraud policies with Members.</p>

Actions:

- To request the Monitoring Officer to share the anti-fraud policies with all Members of the Council.

Observations and Recommendations:

- Committee Members received and discussed the contents of the report.

6.	CORPORATE SAFEGUARDING BOARD ACTIVITY UPDATE
----	---

Documents Considered:

- Corporate Safeguarding Board Activity Report – 8th June 2023.

Background:

- The Director of Social Services and Housing provided a brief overview of the report provided to Committee.
- It was noted that some time had passed since the Corporate Safeguarding Board meeting, therefore some actions had been completed since the production of the report.
- The report had been scrutinised by the Health and Care Scrutiny Committee already, the Scrutiny Committee received an update from the Professional Lead regarding safeguarding considerations within the Council's procurement and contract management.
- The Health and Care Scrutiny Committee also received an update on safeguarding considerations in elective home education, which was requested due to the statutory guidance recently issued by Welsh Government.
- Regarding mandatory training, The Director of Social Services and Housing reported improvements in compliance.

- The percentage compliance for the Catering and Cleaning service was 44.7% on 1st January 2023, as of 1st June it was 85.8%.
- The percentage compliance for the Highways, Transport and Recycling service was 67.8% on 1st January 2023, as of 1st June it was 96.6%.
 - It was noted that as many employees did not have access to computers to complete the mandatory training, the Workforce and Organisational Development service provided hardcopies of training material and organised training sessions to be delivered at different times of the day to suit different work patterns.
- The Director reported that the Corporate Safeguarding Board received updates from SWAP regarding audit reports. It was noted that the DBS Team provided high assurance, some services provided more limited assurance which were Taxis, Foster Carers and Procurement and improvements were therefore needed.
- Remedial actions were to be tracked by the Board using their regulatory tracker to ensure progress was monitored.
- Self-assessment work was discussed by the Board, and for the first time this year, safeguarding was included in the Council's self-assessment.
- The Board received the Annual Private Fostering Report, which included an update on private fostering arrangements that fall within childcare legislation. This applied to any child under the age of 16 who moved into another household outside of their immediate family, for longer than 28 days. It was noted that local authorities had a statutory duty to undertake DBS checks and visit the household to ensure the child was safe and their needs were being met.
- The Director reported there were a number of housing development business cases being prepared, to broaden the scope of housing options that might assist with providing suitable accommodation for young people experiencing homelessness.
- The mandatory Safeguarding and Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) training compliance rate improved across all service areas, Children's Services reported a slightly lower compliance rate at 82%.
- There were discussions as to whether the training was relevant for the officers within Children's Services, as many officers were already trained at a high level in safeguarding. However, it was determined that Children's Services staff should continue to complete the mandatory training. Compliance was being addressed through supervision sessions.
- The Director reported that the compliance rate for completing the 'Ask and Act' training was 91%, which compared extremely favourably against other local authorities.
- The Board received a report on adult social care safeguarding, the Appointeeship and Deputyship Unit had received a positive outcome report following inspection by the Office of the Public Guardian.
- Children Safeguarding Performance was also discussed, although there was reduction of performance in some areas, the trajectory was showing overall improvement. Numbers of children included on the Child Protection

Register were low at around 100, when compared to the figure 12 months ago.

- The Director noted that the Property, Planning and Public Protection (PPPP) service received correspondence from the Home Office regarding anti-terrorism information sharing, specifically notifications about individuals who may or do pose a threat to people in Powys. The memorandum of communication was signed and returned, identifying the Prevent Lead as a Senior Manager within the PPPP service.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
Were any DBS checks undertaken where 16- and 17-year-olds were placed in Council provided accommodation in situations of homelessness, would this apply due to the need to protect vulnerable adults?	The Director of Social Services and Housing requested to defer her response as an action, to seek the relevant advice to ensure an accurate response.

Actions:

- Director of Social Services and Housing agreed to provide a response regarding the position of DBS or other safeguards where the Council provided accommodation for 16- and 17-year-olds experiencing homelessness.

Observations and Recommendations:

- The report was received and noted for information by the Committee Members.

7.	COMMERCIAL UPDATE
-----------	--------------------------

Documents Considered:

- Commercial Update presentation

Background:

- The Professional Lead for Procurement and Commercial Services provided a presentation to the Committee regarding the Council's commercial activity.
- It was reported that last year, Powys County Council spent around £252 million on a range of goods, services and works across 6,800 suppliers.
- The top 17 suppliers used by the Council equated to individual expenditure in excess of £2 million, which represented 25% of the Council's total expenditure. It was further reported that there were 57 suppliers (including the top 17 suppliers) to the Council where spending exceeded £1 million each.

- Analysis of supplier spending highlighted the Council's critical suppliers, which in-turn allowed resources to be focused to manage risks and achieve benefits realisation.
- The Professional Lead for Procurement and Commercial Services noted that traditionally, the Council's procurement was mainly centred around tender management and the award of contracts. There was less focus on pre-procurement and strategy development.
- Robust contract management mechanisms were required to help achieve service delivery objectives, identify and manage supply risks.
- Four pillars of activity to enable the appropriate controls and mechanisms to achieve the core objective.
 - Contract procedure rules in place:
 - Formed part of the Constitution and set out the procedures in which all individuals across the Council should undertake their procurement process.
 - Commercial Performance and Risk Board:
 - Membership included a number of senior officers across the Council to have visibility and oversight, agree mechanisms to put in place increased controls and measures to improve performance.
 - Systems and processes:
 - National systems utilised via Welsh Government to manage and advertise tenders.
 - New contract management framework to provide a consistent approach across the Council.
 - Tiering mechanism based on value and risk, to identify core contracts whilst ensuring effective and robust management.
 - New contract and financial risk management regime.
 - Commercial risk register in place – a mechanism to identify and manage risks.
 - Intelligence:
 - Membership of the WLGA Market Expert Intelligence Group, which brought together professionals from across the public sector to identify risks within the Council's supply chain as part of a collective approach to manage risks.
 - Significant issues in the supply chain were noted such as the Ukraine conflict, Brexit, the Covid Pandemic and others.
- Procurement pipeline/contract register:
 - Provided visibility of future demand and helped establish mechanisms to identify the best commercial strategy to achieve the Council's aims.
- Green Network:
 - Focused on the Council's Net Zero ambitions by bringing together officers with the right skill set, to reduce the Council's carbon emissions.
- Contract Management Training Regime:
 - Workshops held discussing the forthcoming procurement regulations due to take effect in 2024.
 - Focus on preparedness due to changes to the wider commercial requirements when considering the Council's commercial activity.

- Collective workshop held regarding the new Subsidy Control Act 2022 to provide the awareness and skills to manage a complex area of work.
- Contract management training was required for staff working with suppliers where the Council spent in excess of £1 million.
- Training was also available for staff who manage lower value contracts, including a 10 hour training package.
- New contract and financial risk management regime:
 - Phased approach – began by utilising credit risk reports from the commercial data analytics company, Dun & Bradstreet.
 - Identified organisations which sit within four levels of risk.
 - Level one – minimum level of risk.
 - Level two – lower than average risk.
 - Level three – slightly greater than average.
 - Level four – significant level of risk.
 - Work was underway to identify suppliers across the Council’s service areas where there was a Risk Level of three or four, to ensure mechanisms were in place to mitigate those risks.
 - It was noted that there were cases when higher risk suppliers were used, and in certain cases there was no alternative supplier. In those situations, the risks were identified and managed using the appropriate mechanisms.
 - It was reported that the Council had ceased working with certain suppliers who had not provided assurance to be able to implement the necessary changes and controls to manage identified risks.
 - Work was also focused on removing suppliers within Risk Level three or four from the Council’s supply chain, or working with those suppliers to gain assurance that risks were being managed.
- A Contract management framework had been approved by the Commercial Performance and Risk Board.
 - Included tiering of the contract’s portfolio, based on value, risk and complexity.
 - Ensured that the Council did not dedicate resources to suppliers and contracts which presented the greatest risk.
- Engagement events were scheduled in the coming months to help local construction companies be more successful at winning Council contracts.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
How can local contractors and suppliers become involved in the Council’s contract activity, in addition to utilising local materials and offering apprenticeships?	The Professional Lead – Procurement and Commercial Services noted that although the Council was unable to limit tenders to local organisations, there was scope to improve awareness and ability so local organisations were successful in winning Council contracts.

	<p>It was further noted that tenders included a mechanism as part of the evaluation process, to identify the percentage of sub-contractors who were local to Powys.</p>
<p>There had been issues arising at the Red Dragon council housing site in Newtown which required addressing, where the principal contractor had entered administration.</p> <p>The Member had been approached by subcontractors who were owed thousands of pounds due to the principal contractor not utilising a project bank account as required by Powys County Council. Subcontractors involved were under the impression that a project bank account was in place, which would act as a safeguard for payment if the principal contractor became insolvent.</p> <p>The Member believed that the principal contractor was identified as representing a greater than average risk of business failure in December 2022.</p> <p>Why was the risk not identified and a project bank account not put in place, and if this was a requirement why was it not enforced? There is concern that subcontractors may not engage with Council developments in future, if the Council does not enforce project bank accounts and have robust mitigations in place.</p> <p>ACTION – Review of the process and risks involved in the Red Dragon council housing project, to provide assurance of the identified risks. The Chair requested that a report in the form of a case study of the Red Dragon council housing project, be brought to Governance and Audit Committee.</p> <p>ACTION - Chair requested that the Head of Finance and Professional Lead – Commercial/Procurement review the risk registers to ensure that there is</p>	<p>The Professional Lead noted that the contractor had been reviewed in December 2022 and actions were put in place, however despite this the principal contract entered administration.</p> <p>It was noted that as banks had little benefit to gain from offering project bank accounts (PBA), it was difficult to establish a PBA for the Red Dragon council housing project. The Professional Lead further noted that as the site was at the late stage and near completion, only minor issues needed to be addressed to complete the project.</p> <p>It was explained that the Council was not part of the relationship between the Administrator and subcontractors who were owed monies.</p> <p>The Head of Finance noted that in these situations, the Council did review how the Authority interacted with contractors. It was noted that data available to the Council may be from the previous financial year and can quickly change when a contractor is at risk of insolvency.</p> <p>As part of the tender process, the financial position of the company was now reviewed and should allow alerts to be made much quicker when red flags are raised.</p> <p>The Head of Finance noted that there was a risk held on the Service Risk Register that would cover this issue and was managed at the service-level, however it had not been escalated to the Strategic Risk Register.</p>

appropriate coverage of this risk.	
------------------------------------	--

Actions:

- To share a copy of the presentation with Committee Members.
- To add to the forward work programme, a case review of the risks involved with the Red Dragon council housing project.
- Request for the Head of Finance and Professional Lead – Commercial and Procurement to review the risk registers, to ensure there was appropriate coverage of this risk.

Observations and Recommendations:

- The Chair requested that the Head of Finance and Professional Lead – Commercial and Procurement, review the risk registers to ensure that there was appropriate coverage of this risk.

8.	FLEXIBLE WORKING ARRANGEMENTS PRESENTATION
-----------	---

Documents Considered:

- A presentation on flexible working arrangements was provided by the Head of Workforce and Organisational Development.

Background:

- Introduction of New Ways of Working:
 - Opportunity to review ways of working following experiences of the pandemic.
 - Three categories of worker established, ‘place-based’, ‘on-the-go’ and ‘flexible’.
 - Set of principles agreed and shared with managers and staff.
 - Additional guidance and FAQs were produced.
 - Services were asked to consider how these principles would most effectively work for them as a service.
 - Informal discussions and communications with staff to set out principles and expectations (no contractual changes).
 - Flexi scheme policy had been reviewed and was reverting to normal policy with effect from 13th November 2023.
- Health, Safety and Wellbeing of staff:
 - Through the pandemic, extensive guidance was provided to staff with clear procedures for work-based activities and use of buildings.
 - Specific support for schools, health and social care.
 - Issuing of equipment.
 - DSE (Display Screen Equipment) assessment utilised with a new system introduced in addition to portable appliance testing (PAT).
 - Various safe working practice guidance issued.
 - Wellbeing protocol introduced.
 - Employee Assistance Programme.
 - Three staff surveys were undertaken.
- Support for Managers:

- Remote working required a different skill set of managers, for example, visible leadership principles for senior managers.
- Employee appraisals, one-to-one meetings and team meetings (performance based and supportive).
- Robust procedures, training and HR support for performance concerns.
- ILM course offered included training on managing staff virtually, in addition to coaching.
- Funding available via Welsh Apprenticeship framework.
- Review and monitoring:
 - Services were continually reviewing ways of working against the needs of the service, for example Children’s Services staff were working in offices for two days a week to meet the needs of their clients. Newly qualified staff also had the opportunity to learn from colleagues in-person.
 - Staff survey analysis showed that 94% of respondents reported ‘knowing what they are doing and why they are doing it’.
 - Corporate oversight – regular performance meetings in addition to meetings with the Portfolio Holder.
- Future considerations:
 - Adapting the flexi scheme and the trial of a four-day working week.
 - Alternative ways of recruitment and retention, improving the staff offer.

The Chair noted that the Committee had requested an update to seek assurance on the changes to the flexible working arrangements following the Covid pandemic, which originated from discussions at a Governance and Audit Committee working group.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
A request was made to revisit the topic at a future Committee meeting, as it was important that Members had assurance that the New Ways of Working policies were fit-for-purpose.	The Chair agreed and asked for assurance from Senior Officers at a future meeting.
How many people now have a substantial number of flexi-time hours owed to them?	The Professional Lead – Human Resources Management and Development reported that whilst she did not have the exact figures, they had reduced significantly. It was thought that only a handful of employees were still reducing their flexi-time balance before the cut-off date in November. ACTION – Request to provide the statistics on flexi hours owed when the item was scheduled again at a future

	Committee meeting.
Why was the requirement to work core hours removed from the updated guidance recently issued?	<p>The Head of Workforce and Organisational Development explained that some services were not working core hours therefore the guidance was updated to reflect this.</p> <p>Whether employees work core hours or not was not the individual's decision. Team managers held the responsibility to ensure the hours worked by employees were agreed and in the best interests of the Council whilst ensuring that the delivery of outcomes was achieved.</p>
<p>The Cabinet Member for Finance and Corporate Transformation noted the positive rise in appraisals at 95% compliance under the New Ways of Working, which was a large improvement compared to 2019.</p> <p>It was further noted that one of the greatest assets to the Council were its staff, and there was a benefit in reviewing and identifying development needs, which should increase loyalty and be a beneficial impact on the revenue budget.</p>	The Chair thanked the Cabinet Member for his comments.
Was the Council advocating working from home as a benefit for staff or for better delivery of services for residents?	<p>Regarding home working, there were generalised benefits such as fewer employees travelling across Powys which would have a positive impact on the environment. Flexible working allowed the Council to better support the outcomes of services provided to residents and was now an established operating model for the Council.</p> <p>The Head of Workforce and Organisational Development explained that there was also an expectation from potential employees for more flexible working options.</p>
How much would a four-day working week cost the Council? What would the implication be for services and the budget situation?	It was reported that a four-day week pilot was in development. The Head of Workforce and Organisational Development noted that he would

	<p>prepare a paper around March 2024 with potential options to take the pilot forward.</p> <p>This was a national initiative and a potential factor to improve recruitment retention in Powys.</p>
<p>The appraisal compliance of 95% was welcomed, however as the Cabinet Member noted, was there an understanding of how the New Ways of Working policy/guidance contributed to the increased rate of appraisals taking place, what were the benefits for achieving this?</p>	<p>The Head of Workforce and Organisational Development noted that the improvement in appraisal compliance was due to good performance and line management. Regular reminders were utilised to prompt line managers and their direct reports to schedule appraisal meetings, in addition to objective setting each year to incentivise the use of the appraisal process.</p>

Actions:

- To receive assurance from Senior Officers at a future meeting, to allow Committee Members to review the New Ways of Working guidance and documentation.
- To receive an update at the next meeting as to how many staff members were requiring support to reduce their flexi-hours incurred.

Observations and Recommendations:

- The presentation was noted by Committee Members.

9.	GOVERNANCE AND AUDIT COMMITTEE TOR/CONSTITUTION UPDATE
-----------	---

Documents Considered:

- Draft amendment to Governance and Audit Committee Terms of Reference.

Background:

- The wording of the Governance and Audit Committee terms of reference as set out in the Council’s Constitution did not accurately reflect the internal audit process currently utilised.
- The Head of Finance presented the current wording and proposed amendment to the wording, which if amended, would still allow the Committee to approve the internal audit plan on an annual basis.
- Any amendment to the Committee’s Terms of Reference as set out in the Constitution must first be approved by the Democratic Services Committee (DSC). If approved by the DSC, the Monitoring Officer would then present the report at a meeting of the County Council and once

approved, the changes would take effect in accordance with the recommendations set out in the report.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
The Chair noted the need for an agile plan whilst retaining the annual approval process, which would need to happen before the beginning of each financial year.	
Was the proposed wording comprehensive enough to cover the changes desired by the Committee?	The Head of Finance noted that the wording would be specified as the 'internal audit plan'.
ACTION – Add an item to the forward work programme for quarter 4, to approve the annual internal audit plan (between January and March 2024).	

Actions:

- To add an item to the forward work programme for quarter 4, to approve the annual internal audit plan.

Observations and Recommendations:

- Committee Members noted the proposed amendment to the GAC Terms of Reference.
- The Head of Finance would contact the Monitoring Officer to prepare a report for the Democratic Services Committee to consider.

10.	SWAP PROGRESS REPORT
------------	-----------------------------

Documents Considered:

- SWAP Progress Report

Background:

- The SWAP Assistant Director (Powys) noted that the progress report was the first report to Committee using data extracted from the new SWAP audit management system.
- The new system provided key benefits such as improved agility and timeliness of reporting.
- The new system allowed different views and slices of audit activity, which was helpful when considering coverage, which was planned over a two-year cycle.
- The report listed the strategic risk alongside the coverage at the current point in time. As work progressed, the coverage map would change accordingly.

- New additions included the SWAP Top 10 Risks and the Healthy Organisation principles.
- Overall, coverage was noted as being reasonable. The SWAP Assistant Director (Powys) noted that there were certain areas to continue monitoring such as planning, housing and the economy service areas.
- Additional data were required to establish whether there were more serious underlying themes that required attention as part of the audit planning process.
- It was reported that at the time of the report, 29% of work was complete and 28% was work in progress. The SWAP Assistant Director (Powys) noted that they were on track to deliver the audit plan and to provide the annual audit opinion.
- In terms of outcomes, 86% of the opinion-based work was positive.
- There were no areas of significant concern at present to report.
- The SWAP Assistant Director (Powys) noted there were audits of the Council's schools which would be presented at the next Committee meeting.
- Follow-up audits and issues/root causes were now reported, which identified the fundamental underlying reason for causing the issues found. The majority of the reasons were due to policies, processes and systems.
- The addition of the eight Healthy Organisations Principles (developed by SWAP) allowed the themes to be drilled down, where it was identified that the main issues were in relation to financial management. A deeper dive established that the main issues were around non-compliance by the services, which was due to the problems the Council experienced with core financial systems.
- It was noted that as data matured more trends would become apparent, which would feed into future plans.
- The overall indicative opinion for 2023/24, at the moment, appeared Reasonable.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
<p>The Chair commented on the coverage listed on page three of the report (page 118 of the pack), specifically in relation to the coverage of contracts, procurement and commissioning. Given the conversations around the earlier agenda item relating to the Red Dragon development in Newtown, it was interesting that this coverage was rated as adequate.</p> <p>Secondly in relation to root-cause analysis and recent conversations around HR policy processes and systems, it was quite interesting that the root cause analysis indicated that</p>	

<p>policy processing systems were a significant factor.</p> <p>The Chair asked Members whether they were assured that the HR policy processing systems were adequate.</p>	
<p>When did the SWAP Assistant Director (Powys) expect the follow-up reviews of the five audits relating to Highways be completed?</p>	<p>The rolling audit plan indicated that the reviews were at 75% completion, with further work required. It was anticipated that the audits would be completed within the next two to three weeks.</p>
<p>Regarding contracts, procurement and commissioning, a reasonable opinion would not be adequate considering the issues experienced at the Red Dragon development in Newtown.</p>	<p>The SWAP Assistant Director (Powys) responded by noting that the contracts, procurement and commissioning category covered a very large area, therefore some work may be required to break down the category.</p> <p>The SWAP Assistant Director (Powys) reported that he would report back to the Committee of his findings, particularly relating to contract management.</p>
<p>The Head of Finance noted that she preferred the new format of the SWAP progress reports, and despite issues with assurance for one particular contract previously mentioned, the SWAP Dashboard should help the Council and Committee to better track the positions of audits, in addition to strengthening the governance, process and compliance.</p>	

Actions:

- To add an item to the Forward Work Programme to review the school internal audit reports at the next Committee meeting in November.

Observations and Recommendations:

- Committee Members noted the SWAP Progress Report.

11.	FIN0001 - DELIVER FINANCIALLY SUSTAINABLE BUDGET
------------	---

Documents Considered:

- Risk Deep Dive presentation - Strategic Risk FIN0001.

Background:

- The Cabinet Member for Finance and Corporate Transformation opened the item by explaining that Members must accept that any budget would contain an element of risk, and as the budget grew in value, so would risk.
- The Cabinet Member further noted that it was also important to understand that although the Welsh local authorities were protected until 2012, the UK suffered a period of austerity from 2010, with settlements reducing for 2019/20. The Covid pandemic had had a significant negative impact on the economy, and since then there had been a period of rising inflation, which was very likely exacerbated by the war in Ukraine.
- Despite actions taken by the Council, FIN0001 remained a substantial strategic risk to the Council which made setting a balanced budget very difficult, especially in terms of budget sustainability.
- The Head of Finance (Section 151 Officer) noted that the risk had remained on the strategic risk register for some time, with the score rising due to the external economic factors.
- The current issues were focused on high interest rates which affected the Council's financial resilience and the cost in delivering the Council's services.
- The pressure was seen across other Local Authorities for example in England, where a number of Councils had already issued Section 114 notices.
- Mitigating Actions:
 - To revise the Medium-Term Financial Strategy with S151 Officer Assurance.
 - Audit Wales Sustainability reviews.
 - Ongoing discussion with Welsh Government, WLGA and via the Society of Welsh Treasurers.
 - Regular monitoring of financial position with commentary by Heads of Service to highlight and address issues early.
 - Commercial Risk Board – focus on procurement.
 - Early engagement with services throughout the previous year enabled the Council to deliver on the budget at Year End.
 - Continual dialogue was required as services may need to change and adapt as the financial situation changes.
 - Financial Management Code.
 - Self-assessment.
 - Sustainable Powys – how Council services were reshaped was fundamental to financial resilience.
- Financial Resilience:
 - CIPFA “Four Pillars of Financial Resilience”.
 - Getting routine financial management right, including audit.
 - Benchmarking continued to be developed.
 - Clear plans.
 - Sustainable Powys.

- Role of the Section 151 Officer:
 - Held the key responsibility to ensure the Council understands its position, and takes appropriate action at all times from a budget perspective.
 - Setting a balanced budget – S151 Opinion – set out in the Budget Report to the Council as required by legislation.
 - Statutory duty to issue a Section 114 Notice, if it was believed that the Council was unable to meet its expenditure commitments.
 - Monitoring the situation faced by other Councils in financial distress, including any lessons learnt from those cases.
- Audit Wales - Financial Sustainability Assessment:
 - The July 2021 report was available to view online at the following link:<https://www.audit.wales/publication/powys-county-council-financial-sustainability-assessment-0>
 - Recommendations from the Audit Wales Financial Sustainability Assessment were being actioned and informed the Council's plans going forward.
 - It was reported that there was a medium-term financial budget gap, impact of pandemic had delayed consideration of key actions needed to address the gap, which required a more forward-thinking approach.
 - There was a need to move away from annual planning to a more detailed plan which would balance the budget over a longer period of time.
 - The Council's usable reserves had declined except for the 2020-21 financial year, which was relatively low in relation to the net cost of services compared to other Welsh Local Authorities.
 - Useable reserves grew by £20 million between 2019-20 and 2020-21.
 - There was an opportunity to strengthen the Council's financial position by increasing reserves, which was already proving to be fundamental in navigating the current economic climate.
 - Costs were now impacting on the budget so reserves had to be drawn upon which was highlighted in monitoring reports for 2023.
- The Council had quite a low liquidity ratio which was reported through the Treasury Management reporting. Advisors had expressed the opinion that the Council was in a stable position, and had managed effectively for some time which should contribute to assurance.
- Financial Planning Update with Dashboard:
 - Cabinet received on the 19th September 2023 a financial update which was available to view online using the following link:<https://powys.moderngov.co.uk/documents/s81469/Cabinet%20Report%20MTFS%20update%20190923.pdf>
 - The report highlighted the impacts of the economic projections on the budget, including the increase in the gap on the longer-term plan. There was a clear need to address those issues noted in the report.
 - A financial resilience dashboard had been introduced, which would build on key snapshots to keep the Council informed as to the position on financial resilience. The dashboard would be improved

over a period of time, but remained a useful tool for benchmarking and in comparing Powys against other Welsh local authorities.

- CIPFA Financial Management Code:
 - CIPFA: 6 Principles of Good Financial Management:
 - The Head of Finance explained that the Council was monitoring itself against the Code. Regular reporting of this was undertaken, with Finance Panel recently being briefed on the actions that were being taken to strengthen and meet those principles.
- Other elements of control:
 - Reminder of the key governance arrangements currently in place.
 - Financial regulations were embedded into the Constitution.
 - Clearly set out roles and responsibilities for everyone across the Council including Members, Officers, budget managers and other employees.
 - Internal Audit Assurance Framework: Improvements were already being made to the internal audit work programme and its coverage.
 - Statutory Audit Assurance Framework: Supplied by Audit Wales annually.
 - Budget setting regime was noted as relatively robust, which was highlighted by the Council's ability to deliver against budget plans.
 - Budget setting would need to be tighter in future, in addition to delivery against the budgets.
 - Capital Oversight Board in place, with treasury and capital management performance indicators regularly reported to provide assurance.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
<p>Robust budgeting processes would help the Council to achieve a sustainable budget. Past experiences where forecasting for certain services varied significantly should also be utilised when setting the budget.</p>	<p>The Head of Finance responded by confirming that one of the first tasks undertaken when setting the following year's budget was to review the variances from the previous year to ensure they were corrected and realigned.</p>
<p>The Cabinet Member for Finance and Corporate Transformation noted that he was concerned when there were major over or underspends within a particular service areas' budget, however reported that these cases were reviewed and analysed closely. Understanding should also be given to how the particular service may have suffered within the previous 12 months.</p>	

Actions:

- To circulate a copy of the presentation to Committee Members.

Observations and Recommendations:

- The presentation was noted by Committee Members.

12. WORKING GROUPS

Documents Considered:

- 16-08-2023 Internal Audit Working Group Report.
- Verbal update from the Committee Representative to the Finance Panel.

Observations and Recommendations:

- The Committee received and noted the Internal Audit Working Group report of the meeting held 16th August 2023.
- The Chair provided an update regarding Finance Panel due to the Committee Representative having to leave for other Council business.
- The Chair noted the good financial reporting and reiterated the financial context in which the Council was operating was extremely challenging.
 - The Chair of Finance Panel who was in attendance noted that it was important to review the Council's financial performance.
 - The Chair of Finance Panel reported that he would like to have a long-term view of the Council's revenue and capital investment to understand how these align with each other. This could also provide confidence in service delivery and ensuring long-term sustainability.
- The Chair explained that a recommendation from the Governance and Audit Committee Capital Working Group was to develop and implement a 10-year capital planning programme.

13. WORK PROGRAMME

Documents Considered:

- Governance and Audit Committee Work Programme 2023/24

Actions:

- To add the review/case study of the Red Dragon development as an item for the next meeting in November 2023.

Observations and Recommendations:

- Committee Members noted the forward work programme.

14.	PCC TECHNOLOGY ASSURANCE FRAMEWORK REVIEW - SENIOR OFFICER RESPONSE
------------	--

Documents Considered:

- Verbal assurance response from the Head of Economy and Digital.

Background:

- The Head of Economy and Digital provided background information to the Committee regarding the Technology Assurance Framework Review undertaken by SWAP.
- Previously a traditional assurance approach was taken across different aspects of the ICT service. Due to the speed of technological development in this sector, discussions were undertaken with SWAP to determine how the ICT service could improve the audit and to ensure assurance was provided.
- The Technology Assurance Framework was a new framework and method of ICT audit being implemented by SWAP, with some limited testing across other local authorities. There was therefore learning on both sides as the organisation and with SWAP, with how it would work and progress.
- The Head of Economy and Digital noted that SWAP officers had been incredibly supportive with regard to navigating the new audit process and how it would provide assurance going forward.
- The Executive Management Team had been briefed on the assessment and were assured of the need to complete the whole IT audit work programme which was being planned. The Assurance Framework did not identify issues at the highest level, however SWAP wanted to investigate the ICT strategy further.
- The Head of Economy and Digital reported that the service had moved to a more transformative approach for digital strategy, a digital transformation framework whilst ensuring that day-to-day elements were robust and changed as part of the digital transformation process.
- Issues that were highlighted included:
 - The monitoring of policy compliance. Policies were normally sent to employees through software at the front end which provided assurance that policies had been read and agreed to before the computer could be accessed.
 - There were conflicts within the policies for example, employees had to agree to not access gambling sites using their Council-provided equipment, yet the Council operated a lottery so some service users may need access to such gambling sites, therefore access was granted in those situations.
 - Where there were concerns around whether employees had agreed to policies, a report could be produced which would contain which policies had been agreed to.
- Regarding the Data Centre Review, the Head of Economy and Digital confirmed that the review could go ahead and had already started.
- Work had also commenced around the detailed review of the ICT strategy.
- Audit Wales had also conducted work across Wales on digital strategies, on which SWAP were liaising with Audit Wales to establish the lessons

learnt and whether there was a need to continue via internal audit, to prevent possible duplication.

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
<p>The difficulty in monitoring policy adherence was understood, however how could the Council ensure that the content of any new policies was being absorbed by employees, was some form of annual knowledge testing required to prevent this from becoming a tick-box exercise?</p>	<p>The Head of Economy and Digital noted that policies were reviewed every three years, and were shared with staff once updated. Reminders were utilised around the mandatory training which needed to be completed annually, such as the cyber security training.</p>
<p>The Chair noted that similarities with the root-cause analysis highlighted in the SWAP Progress Report, in relation to policies, procedures and systems.</p>	
<p>The SWAP Assistant Director (Powys) asked the Head of Economy and Digital if an update could be provided on disaster recovery and business continuity?</p>	<p>The Head of Economy and Digital noted that a business continuity plan had been developed, however it was now at the testing stage. Workshops had been undertaken (with more planned) with the executive management team and senior leadership team around disaster recovery. This included emergency response exercises to gauge responses to scenarios.</p>
<p>The SWAP Assistant Director (Powys) welcomed the Head of Economy and Digital's comments around working together, especially regarding complete coverage and building on this work. Further assurance could be provided to the Committee once the Technology Assurance Framework and subsequent security framework was completed. This would provide the bigger picture in terms of the Council's position with scope to drill-down further.</p>	

Observations and Recommendations:

- The Committee noted the assurance response.

15. Q1 STRATEGIC RISK REPORT

Documents Considered:

- Quarter 1 (2023) Strategic Risk Report.
- Powys County Council Strategic Risk Register.

Background:

- The Strategic Equalities and Risk Officer explained that the purpose of the report was to provide an update of the Council’s strategic risk register, which covered April, May and June 2023.
- There were 15 risks listed on the Strategic Risk Register with their details contained within Appendix A in addition to mitigating actions.
- Appendix B contained the heat map, the key points were that Children’s Services would like to de-escalate strategic risk CS0091.
- As per the Risk Management Framework, any risk scored 15 or above must be considered for escalation by the Senior Leadership Team.
 - There were no proposals to escalate either of the two risks listed.
- Strategic Risk PCC0003 had been closed.
-

Issues Raised by the Committee and Responses Received:

Issues Raised by the Committee:	Responses Received:
<p>There appeared to be some Council policies which remained out of date, should this be considered a strategic risk?</p> <p>Examples were provided such as the Income Management and Service Cost Recovery Policy, dated January 2016.</p>	<p>The Strategic Equalities and Risk Officer noted that although this was not a current strategic risk, the Officer would investigate this matter further as it may be a service-level risk.</p> <p>The Head of Finance noted that it was a risk identified as a management team across the Council, which led to a register for all policies with the review dates listed to prompt reviews when required.</p> <p>The Head of Finance agreed that some context within the income policy was out of date and did not have a review date listed. However, the underlying process and requirements against the policy remain active. The policy would be reviewed and updated where necessary.</p>
<p>Regarding the risk involving WCCIS, it was listed as having a residual risk score of 20. Were appropriate plans in</p>	<p>The Chair asked for the question to be responded to as an action.</p>

<p>place in case the system ceased to function? ACTION</p>	<p>There was concern from Committee Members in relation to the lack of control the Council had on WCCIS and how this could leave the Council in a very vulnerable and exposed position.</p>
---	---

Actions:

- To receive an answer to the question raised by the Committee Member regarding strategic risk ASC0064 from the Director of Social Services and Housing.
- To review the context and expiry of the Income Management policy.

16.	EXEMPT ITEM
------------	--------------------

A resolution to exclude members of the public from the meeting was considered due to the following agenda item's report containing commercially sensitive information. The Chair agreed and the resolution was proposed by Lay Member J Brautigam and seconded by County Councillor P Lewington. It was therefore:

RESOLVED to exclude the public for the following item of business on the grounds that there would be disclosure to them of exempt information under category 3 of The Local Authorities (Access to Information) (Variation) (Wales) Order 2007).

17.	Q1 STRATEGIC RISK CLOSED REPORT
------------	--

The Quarter 1 Strategic Risk Closed Report was received and considered by Committee Members in private, the report sought approval from the Cabinet to escalate a single risk. The Chair requested assurance from Senior Officers, which was to be received at a future Governance and Audit Committee meeting.

L Hamilton (Chair)

This page is intentionally left blank

Item	Committee	Committee Date	Decision	Completion Date	BRAG	Comment	Open/Closed
Commercial Update/Work Programme	Governance & Audit	29/09/23	To add an item to the work programme: Review into the processes and risks involved with the Red Dragon, Newtown council housing development.		2 - Green	Head of Finance requested the SWAP Assistant Director - Powys to commission a piece of work on this risk. Progress to be monitored by the Internal Audit Working Group with the final report going to G&A Committee for consideration.	Open
Corporate Safeguarding Board Activity Report	Governance & Audit	29/09/23	Director of Social Services and Housing agreed to provide a response regarding the position of DBS or other safeguards where the Council provided accommodation for 16- and 17-year-olds experiencing homelessness.		3 - Amber	Action forwarded to the Director of Social Services and Housing for response.	Open
Commercial Update	Governance & Audit	29/09/23	The Chair requested that the Head of Finance and Professional Lead – Commercial and Procurement, review the risk registers to ensure that there was appropriate coverage of this risk (relating to contractor insolvency, project bank accounts etc).		2 - Green	Head of Finance and Professional Lead – Procurement and Commercial requested to provide an assurance update at the 8/12/2023 GAC meeting.	Open
New Ways of Working Presentation	Governance & Audit	29/09/23	Request to provide the statistics on flexi hours owed when the item was scheduled again at a future Committee meeting. To receive assurance from Senior Officers at a future meeting, to allow Committee Members to review the New Ways of Working guidance and documentation.		2 - Green	Item added to the forward work programme for response from the Head of Workforce and Organisational Development at the 12/01/2024 GAC meeting.	Open
SWAP Progress Report	Governance & Audit	29/09/23	To schedule the 2 x schools limited internal audits for the November 2023 Committee meeting to receive assurance from the Headteachers/Chair of Governors/Education Service Officers on actions planned/taken to address findings.	07/11/23	1 - Blue	Item scheduled on FWP for November 2023 Committee Meeting. Headteachers/Chair of Governors/Education Officers invited.	Closed
Q1 Strategic Risk Report	Governance & Audit	29/09/23	Regarding the risk involving WCCIS (strategic risk ASC0064), it was listed as having a residual risk score of 20. Were appropriate plans in place in case the system ceased to function?		3 - Amber	YCC limited internal audit to be scheduled for a meeting in December 2023. Action forwarded to the Director of Social Services and Housing for response.	Open
Q1 Strategic Risk Report	Governance & Audit	29/09/23	To review the context and expiry of the Income Management policy.		3 - Amber	Action forwarded to the Head of Finance.	Open
Q1 Strategic Risk Register - Closed Risk Report	Governance & Audit	29/09/23	To seek assurance from Senior Officers relating to the closed escalated risk, at a future Committee meeting.		2 - Green	The closed risk could be considered at the 1st March 2024 GAC meeting, however the Head of Service noted that this may not be necessary if the risk is deescalated before this date.	Open
G&A Committee ToR/Constitution update	Governance & Audit	29/09/23	The Head of Finance would contact the Monitoring Officer to prepare a report for the Democratic Services Committee to consider.		2 - Green	Head of Finance contacted the Head of Legal/Monitoring Officer to draft a report for Democratic Services Committee to consider, which would then need to be formally approved by the County Council.	Open
Commercial Update	Governance & Audit	29/09/23	The Chair requested that the Head of Finance and Professional Lead – Commercial and Procurement, review the risk registers to ensure that there was appropriate coverage of this risk (relating to procurement/contract risks surrounding the Red Dragon council housing project in Newtown).		2 - Green	Assurance update scheduled on the forward work programme for the 8/12/2023 GAC meeting.	Open
Sustainable Powys - Update	Governance & Audit	28/07/23	The Chair recommended that a methodology be developed to enable qualitative and quantitative benefits of Sustainable Powys to be tracked and communicated to all stakeholders.	27/09/23	1 - Blue	Accepted. This can be implemented as Sustainable Powys develops.	Closed
Self-assessment action plan update	Governance & Audit	28/07/23	Recommended that the Chair and Support Officer review: o the approach to public engagement with GAC, o the skills audit, training needs and log for GAC Members.		2 - Green	Training for GAC Members to be scheduled: ICT/Digital training - potentially provided by SWAP. Finance/Risk training - potentially provided by PCC Officers. Public engagement approach to be developed further. Capacity for PCC Comms Team to share webinar links/recordings on PCC social media pages.	Open
Work Programme	Governance & Audit	28/07/23	Noted that the Committee had discussed the issues relating to large agendas, and that the Chair would explore alternative arrangements with Scrutiny Service Officers to reduce agenda and report volume.	26/09/23	1 - Blue	Meeting scheduled with Chair/Head of Finance/Head of DS/Scrutiny Services to review GAC future work programming and frequency of reports. Completed - new format for work programme, commenced agenda setting meeting, pre-meet and post-meeting debrief to keep on track of reports due and any actions/recommendations.	Closed
Q1 Fraud Report	Governance & Audit	28/07/23	The Committee did not agree with the Monitoring Officer's suggestion, and requested the Monitoring Officer to write to the Public Services Ombudsman for Wales, to ask for the Member's Code of Conduct to be strengthened and updated with anti-fraud references.		1 - Blue	Response received from the PSOW confirming that changes to the Model Code of Conduct can only be made by Welsh Government. Monitoring Officer to contact Welsh Government to request the changes be made to the Model Code of Conduct. Response from the PSOW suggested that any changes made to the Council's Constitution outside the scope of the Model Code of Conduct would not be investigated. Monitoring Officer to be requested to share anti-fraud policies with Members. Members Officer shared policies with Councilors on behalf of the G&A Committee. COMPLETED.	Closed
Q1 Fraud Report	Governance & Audit	28/07/23	The Committee requested that a "report fraud" button be implemented into the Staff Intranet as was previously available. Further advice was to be sought from Officers to explain the reasoning as to why this would not be possible.	07/11/23	1 - Blue	Head of Finance contacted senior officers in the IT & Digital Teams to implement 'report fraud' link/button on the staff intranet page, awaiting response. ICT Officer to add 'report fraud' button to the staff intranet page.	Closed
Corporate Complaints Report	Governance & Audit	23/06/23	To consider liaison between the lessons learnt from corporate complaints with the Strategic Risk Officer, to identify any links to strategic risks.		2 - Green	Accepted. Awaiting changes to complaints system to allow lessons learnt to be tracked. Once in place, lessons learnt from corporate complaints will be shared with the Strategic Risk Officer to identify any links with strategic risks.	Open
Recommended that risk management training be made mandatory training for relevant officers	Governance & Audit	23/06/23	Recommended that risk management training be made mandatory training for relevant officers	19/07/23	1 - Blue	Recommendation sent to CEO/EMT to consider.	Closed
SWAP - Review of Housing Voids (Housing Service)	Governance & Audit	23/06/23	Seek assurance from Risk Management if there are any wider Corporate implications in respect of data integrity and data accuracy.	05/10/23	1 - Blue	Recommendation sent to Head of Service for response.	Closed
SWAP - Internal Audit Plan 2023-24	Governance & Audit	23/06/23	Chair, Head of Audit and Head of Finance to finalise the Plan, Protocol and Charter ready for formal approval at the next meeting of the Governance and Audit Committee.	28/07/23	1 - Blue	Completed. GAC formally approved the Internal Audit Plan for 2023/24 at the 28/07/2023 meeting. Follow up work regarding seeking amendment to the ToR/Constitution is ongoing.	Closed
	Governance & Audit	05/05/23	Audit Wales to advise when review completed, and information updated on the Financial Sustainability Data Tool		2 - Green		Open
	Governance & Audit	05/05/23	Audit Wales to advise when review completed, and information updated on the Financial Sustainability Data Tool		2 - Green		Open
Audit Wales Detailed Plan	Governance & Audit	31/03/23	The Audit Wales detailed plan to be added to the Forward Work Programme for July 2023	31/07/23	1 - Blue	Considered by GAC on 28/07/2023.	Closed
Debt Policy	Governance & Audit	31/03/23	Committee to be notified of Sundry Debt policy updates	31/03/24	2 - Green		Open
Decision Tracker	Governance & Audit	09/02/23	Recirculate Working Group Terms of Reference to the Committee	16/02/23	1 - Blue		Closed
Decision Tracker	Governance & Audit	09/02/23	Template for Working Group feedback reports to be devised		1 - Blue		Closed
Strategic Risk Register Report Quarter 2	Governance & Audit	09/02/23	Committee to further consider school budgets for a risk Deep Dive.		2 - Green		Open
Strategic Risk Register Report Quarter 2	Governance & Audit	09/02/23	Chair to write to Cabinet to ask them to consider the accountability and sightedness of de-escalating the two risks if they are included in the overall corporate risk		1 - Blue		Closed
Quarterly Internal Audit Update Report 2022-23 - Quarter 3	Governance & Audit	09/02/23	Head of Finance to progress the outstanding actions record being updated (Page 89 of the agenda pack)		2 - Green		Open
SWAP Report – Deprivation of Liberty Safeguards	Governance & Audit	09/02/23	Assurance to be provided at end of the twelve month period that the actions had been Addressed, if not what were the risk implications for the Council.		2 - Green		Open
Corporate Safeguarding Audit Report	Governance & Audit	09/02/23	Updates from the Director following meetings of the Corporate Safeguarding Board to Scrutiny and Cabinet to be circulated to the Committee as well	31/03/23	1 - Blue	Corporate Safeguarding Board Activity Reports were regularly received by Governance and Audit Committee since March 2023.	Closed
Quarterly Internal Audit Update Report 2022-23 Quarter 3	Governance & Audit	09/02/23	Ukraine - The Assistant Director indicated that he would review how this was detailed in the coverage		2 - Green		Open
5.1 Quarterly Internal Audit Update Report 2022-23 - Quarter 3	Governance & Audit	09/02/23	It would also be helpful if some work was undertaken to identify how audit recommendations were recognised in risk registers.		2 - Green		Open
SWAP Report – Continuing Health Care	Governance & Audit	09/02/23	Director of Social Services name to be added to the SWAP report as responsible for management action		2 - Green		Open
Statement of Accounts	Governance & Audit	20/01/23	Council's Policy regarding deliberate deprivation of assets and how this is mitigated (residential homes) – add to work programme		1 - Blue		Open
Statement of Accounts	Governance & Audit	20/01/23			1 - Blue		Closed
Strategic Risk Register – Quarter 2	Governance & Audit	20/01/23	Care home businesses which are subject to short term tenure – should this be a separate risk in the strategic risk register		1 - Blue	Emailled Director and Head of Service 02-02-2023	Open
Strategic Risk Register – Quarter 2	Governance & Audit	20/01/23	Distinction between risks and issues – is there a need for separation between these items		2 - Green		Open
Strategic Risk Register – Quarter 2	Governance & Audit	20/01/23	Governance and Audit and to be invited to relevant Member Development Sessions		1 - Blue	Emailled support officer 02-02-2023	Open
Strategic Risk Register – Quarter 2	Governance & Audit	20/01/23	Presentation by Audit Wales to the committee on cyber security		2 - Green		Open
Insurance Cover for Members and Officers Serving on Outside Bodies	Governance & Audit	20/01/23	Copy of email to Members to be sent to Lay Members for information	02/02/23	1 - Blue	Emailled to Lay Members	Closed
Insurance Cover for Members and Officers Serving on Outside Bodies	Governance & Audit	20/01/23	Head of Finance to speak to the Head of Legal Services regarding the role of officers on outside bodies		2 - Green		Open
Work Programme	Governance & Audit	20/01/23	Actuaries note in respect of pension contributions to be made available to the Committee	09/02/23	1 - Blue	Confidential item on meeting of Governance and Audit 09-02-2023	Closed
GCRE	Governance & Audit	14/12/22	GCRE - Governance and Risk Assurance Paper (where the Council is involved in complex matters where the Council has a variety of roles and whether there are any conflicts of interest.		2 - Green	Raised at GCRE presentation with the Committee	Open
Minutes	Governance & Audit	24/11/22	Email to Members to check insurance arrangements when they sit as PCC representatives on outside bodies		1 - Blue		Closed
Minutes	Governance & Audit	24/11/22	That clarification be sought from the Housing Service regarding what action the Council could take regarding empty dwellings.	09/01/23	1 - Blue	Email to HOS 30-12-2022. Response emailed to Members 09-01-2023	Closed
Minutes	Governance & Audit	24/11/22	Review of Debt Policy – add to Forward Work programme		1 - Blue		Closed
Annual Governance Statement	Governance & Audit	24/11/22	That a report be presented to the Committee on the revised process for the AGS for 2022-23	20/01/23	1 - Blue	Considered at Committee 20-01-2023	Closed
Corporate Fraud	Governance & Audit	24/11/22	That Heads of Service be asked for an assurance that they were ensuring that staff had read the fraud awareness guidance on netconsent		2 - Green	Email sent to HOS 30-12-2022	Open
Corporate Fraud	Governance & Audit	24/11/22	The Assistant Director (SWAP) to provide an update on the fraud risk assessment for Powys		2 - Green	Email sent 30-12-2022	Open
Working Groups	Governance & Audit	24/11/22	Schedule of initial working group meetings to be prepared	30/08/23	1 - Blue	All arranged except IA Working Group.	Closed
Working Groups	Governance & Audit	24/11/22	Each working group to determine its own work programme at the first meeting	30/08/23	1 - Blue	IA Working Group has now started, next date to be arranged with the Chair.	Open
Working Groups	Governance & Audit	24/11/22	Add details of key contacts to the Terms of Reference		1 - Blue	Working Groups set up and have established a work programme.	Closed
Work Programme	Governance & Audit	24/11/22	Identity of the risks subject to a deep dive to be included in the work programme		1 - Blue		Closed
Work Programme	Governance & Audit	24/11/22	Deep dives 1 and 2 – officers to be contacted about dates as soon as possible		1 - Blue	Scheduled for March 2023	Closed
Work Programme	Governance & Audit	24/11/22	The regulatory tracker be added to the work programme on a quarterly basis		1 - Blue	Confidential Briefing held for the Committee on 20-01-2023	Closed

This page is intentionally left blank

Audit Wales Work Programme and Timetable – Powys County Council

Quarterly Update: 30 September 2023

Annual Audit Summary

Description	Timetable	Status
A report summarising completed audit work since the last Annual Audit Summary, which was issued in March 2023.	March 2023	<u>Issued March 2023</u>

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 statement of accounts	To confirm whether the statement of accounts provides a true and fair view.	Audit Opinion by 30 November 2023	Ongoing
Audit of the Pension Fund's 2022-23 statement of accounts	To confirm whether the statement of accounts provides a true and fair view.	Audit Opinion by 1 December 2023	Ongoing, may not meet the 1 December deadline.

Description	Scope	Timetable	Status
Audit of the Council's 2022-23 Grants and Returns	Certification of grants and returns as required by the terms and conditions of the grants.	In line with the individual deadlines for each grant claim	Audit work to be performed November 2023 to February 2024

Performance Audit work

2021-22 Performance Audit work	Scope	Timetable	Status
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 the Council the project is likely to focus 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 	Complete	<u>Report published April 2023</u>

2021-22 Performance Audit work	Scope	Timetable	Status
Springing Forward – Examining the building blocks for a sustainable future. Asset Management.	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.	Complete	Report Published
Springing Forward – Examining the building blocks for a sustainable future. Workforce Management.	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.	Complete	<u>Report published November 2022</u>
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.	Complete	<u>Report published May 2023</u>

2022-23 Performance Audit work	Scope	Timetable	Status
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 and acting in accordance with the sustainable development principle.</p> <ul style="list-style-type: none"> • Financial position • Capital programme management • Use of performance information – with a focus on service user feedback and outcomes 	<p>Ongoing monitoring of financial position</p> <p>September – December 2023</p> <p>February – September 2023</p>	<p>Ongoing</p> <p>AW will not undertake detailed work at all councils as part of our 2022-23 work programme. We are currently exploring our options for undertaking a detailed piece of work on this topic either in 2023-24 or future years.</p> <p>Drafting</p>

2022-23 Performance Audit work	Scope	Timetable	Status
	<ul style="list-style-type: none"> Setting of well-being objectives 	Complete	Report Published August 2023
Thematic Review – Unscheduled Care	<p>A cross-sector review focusing on the flow of patients out of hospital. This review will consider how the Council is working with its partners to address the risks associated with the provision of social care to support hospital discharge, as well as prevent hospital admission. The work will also consider what steps are being taken to provide medium to longer-term solutions.</p>	August 2022 – July 2023	Fieldwork nearing completion, reporting from September 2023 onward.
Thematic review – Digital	<p>A review of councils’ strategic approach to digital, and the extent to which this has been developed in accordance with the sustainable development principle; and that it will help to secure value for money in the use of councils’ resources.</p>	January – September.	Draft report issued
Scrutiny Follow up	<p>Progress Review. This project will explore whether the recommendations from our previous Scrutiny Follow-up have been implemented.</p>	To be confirmed	Please refer to 2023-24 Corporate Governance Review below

2023-24 Performance Audit work	Scope	Timetable	Status
Assurance and Risk Assessment	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 and acting in accordance with the sustainable development principle.	Ongoing	In progress
Thematic review – Financial Sustainability	A review of councils’ financial sustainability including a focus on the actions, plans and arrangements to bridge funding gaps and address financial pressures over the medium term.	March – June 2024	Scoping
Thematic review – commissioning and contract management	A review focusing on how councils’ arrangements for commissioning, and contract management apply value for money considerations and the sustainable development principle.	January – July 2024	Scoping
Corporate Governance Review	A review focussing on the effectiveness of the Council’s Corporate Governance arrangements. The full scope is yet to be confirmed, however we will look to integrate our planned Scrutiny follow-up review (as set out in our 2022-23 audit plan) with the Corporate Governance Review.	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	To be confirmed

Local government national studies planned/in progress

Study	Scope	Timetable	Status	Fieldwork planned at Powys County Council
Planning for sustainable development – Brownfield regeneration	Review of how local authorities are promoting and enabling better use of vacant non-domestic dwellings and brownfield sites	October 2022 – September 2023	Report drafting – publication due November/December 2023	Yes – interview with nominated officer at seven councils and survey.
Governance of special purpose authorities – National Parks	Review of systems and effectiveness of governance	November 2022 – September 2023	Report drafting – publication due November/December 2023.	No
Corporate Joint Committees (CJCs)	Assessing CJCs' progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration.	September 2022 – August 2023	individual letters have been issued to the four CJCs. National summary report due for publication October/November 2023.	Yes – We explored the Council's perspective via our routine liaison meetings. Fieldwork included interviews with the chief executive, director of finance and chair of each of the four CJCs.

Study	Scope	Timetable	Status	Fieldwork planned at Powys County Council
Governance in Fire and Rescue Authorities	Review of systems and effectiveness of governance	September 2023 – March 2024	Project brief issued	No
Homelessness	Examining how services are working together to progress the response to homelessness.	tbc	Scoping	tbc

Estyn

Our link inspectors are continuing to work with Torfaen as part of our follow-up process for an authority causing significant concern. Wrexham local authority was removed from the causing significant concern category following a monitoring visit in July. We inspected Gwynedd in the week beginning 26 June and Carmarthenshire in the week beginning 10 July. Both reports have been published on our website. We will be inspecting Conwy local government education service on the week beginning 6 November.

Field work being carried out across local authorities during the autumn term includes a focus on attendance, school improvement and the work of the local authority to mitigate the impact of poverty on learners' attainment.

Care Inspectorate Wales (CIW)

CIW planned work 2023-25	Scope	Timetable	Status
Thematic reviews			
CLDT	Working with HIW we will complete a small sample of joint CLDT inspections in 2024. We will use this approach to evaluate and consider our approach to joint inspection.	2024-25	Planning
Deprivation of Liberty Safeguards – 10 years on	We are working in partnership with HIW to consider our approach and follow up on the report: <u>A National Review of the use of Deprivation of Liberty Safeguards (DoLS) in Wales (hiw.org.uk)</u> undertaken in 2014.	2024-25	Scoping
Stroke pathway	Working in collaboration with HIW a <u>National Review of Patient Flow: a journey through the stroke pathway (hiw.org.uk)</u> has recently been published.	Complete	Published

CIW planned work 2023-25	Scope	Timetable	Status
National review of Care Planning for children and young people subject to the Public Law Outline pre-proceedings	<p>Purpose of the review</p> <p>To provide external scrutiny, assurance and to promote improvement regarding the quality of practice in relation to the care planning for children and young people subject to the public law outline pre-proceedings.</p> <p>To consider the extent to which practice has progressed since the publication of both the CIW 'National Review of care planning for children and young people subject to public law outline pre-proceedings' and the publication of the PLO working group report 2021 including best practice guidance.</p>	In progress	Publication November 2023
Deprivation of Liberty Safeguards Annual Monitoring Report for Health and Social Care 2022-23	<p>The <u>2020-21 report</u> was published on 7 February 2021</p> <p>The 2021-2022 report is underway</p>	<p>Published</p> <p>To be confirmed</p>	<p>Published</p> <p>Preparing</p>

CIW planned work 2023-25	Scope	Timetable	Status
<p>Joint Inspection Child Protection Arrangements (JICPA)</p>	<p>We will complete a further two multi-agency joint inspections in total.</p> <p>The findings following Denbighshire County Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Denbighshire 2023 Care Inspectorate Wales</p> <p>The findings following Bridgend County Borough Council have been published - Joint Inspectorate Review of Child Protection Arrangements (JICPA): Bridgend 2023 Care Inspectorate Wales</p> <p>We will publish a national report in late spring 2024.</p>	<p>April 2023 – April 2024</p>	<p>Delivery</p>
<p>Performance review of Local Authorities</p>	<p>We continue to inspect Local Authorities in line with our updated Code of Practice for our local authority inspection activity Care Inspectorate Wales</p> <p>How we inspect local authority services and CAFCASS Cymru</p>	<p>Ongoing</p>	<p>Ongoing</p>

Audit Wales national reports and other outputs published since September 2022

Report title	Publication date and link to report
NHS workforce – data briefing	September 2023
Income Diversification for National Park Authorities in Wales	September 2023
Approaches to achieving net zero across the UK	September 2023
Springing Forward: Lessons learnt from our work on workforce and assets (in local government)	September 2023
Local Government Financial Sustainability Data tool update (further update planned autumn 2023)	September 2023
NHS finances data tool – to 31 March 2023	September 2023
Public interest reports – Ammanford Town Council and Llanferres Community Council	September 2023
Cwm Taf Morgannwg University Health Board - Quality Governance Arrangements Joint Review Follow-up	August 2023
'Cracks in the Foundations' – Building Safety in Wales	August 2023
Maximising EU funding – the Structural Funds Programme and the Rural Development Programme	June 2023
Digital inclusion in Wales (including key questions for public bodies)	March 2023

Report title	Publication date and link to report
Orthopaedic Services in Wales – Tackling the Waiting List Backlog	March 2023
Betsi Cadwaladr University Health Board – Review of Board Effectiveness	February 2023
Welsh Government purchase of Gilestone Farm	January 2023
Together we can – Community resilience and self-reliance	January 2023
A Picture of Flood Risk Management	December 2022
'A missed opportunity' – Social Enterprises	December 2022
Poverty Data Tool	November 2022
'Time for change' – Poverty in Wales	November 2022
Learning from cyber-attacks	October 2022 (distributed privately to audited bodies)
National Fraud Initiative 2020-21	October 2022
COVID-19 business support in 2020-21 – Memorandum for the Public Accounts and Public Administration Committee	October 2022
Payment to the Welsh Government's Former Permanent Secretary on Termination of Employment	September 2022

Report title	Publication date and link to report
Equality Impact Assessments: More than a Tick Box Exercise?	September 2022
Welsh Government – setting of well-being objectives	September 2022
Welsh Government workforce planning and management	September 2022

Audit Wales national reports and other outputs (work in progress / planned)^{1, 2}

Title	Indicative publication date
Covering teachers' absence – follow-up (letter to the Public Accounts and Public Administration Committee)	October 2023
NHS quality governance	October/December 2023
A465 Section 2 – update	November/December 2023
Ukrainian refugee services	December 2023/January 2024

¹ We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to engage with us. Follow up work could also lead to other outputs, as may other local audit work where we consider there is merit in a national summary output of some kind.

² We have also published to our website a paper – [Our work programme for 2023-2026](#) – that provides additional detail about our national work (including local thematic reviews). In addition to new work that we will be taking forward in 2023-24, the paper includes details about indicative topics for work to start in 2024-24 or 2025-26.

Title	Indicative publication date
Local government digital strategy review – national summary	January 2024
Local government use of performance information, outcomes and service user perspective – national summary	November/December 2022
Affordable housing	February/March 2024
Active travel	Spring 2024
Cancer services	To be confirmed (scoping)
Velindre Cancer Centre	To be confirmed (scoping)
Welsh Government capital and infrastructure investment	To be confirmed (scoping)
Addressing biodiversity decline (pan-public sector and at Natural Resources Wales)	R&D work underway September to December 2023. Data gathering with representative groups. Outputs will inform any further audit work.
Further and higher education funding and oversight – Commission for Tertiary Education and Research	To be confirmed (scoping)
The senior public service	To be confirmed (scoping early 2024)
Challenges for the cultural sector	To be confirmed (starting in 2023-24)
Rebalancing care and support	To be confirmed (starting in 2023-24)

Title	Indicative publication date
Tackling NHS waiting lists	To be confirmed (starting in 2023-24)
Access to education for children with Additional Learning Needs	To be confirmed (starting in 2023-24)
Audit Committees. 'What does good look like?'. R&D work to understand the broad audit committee landscape across all sectors in Wales. Outputs to support Good Practice Exchange events and potential future audit work.	R&D work Sept – Dec 2023 Good Practice Event Spring 2024

Good Practice Exchange events and resources

Title	Link to resource
<p>Strategy to Action: How digital makes a difference to everyday lives This event will take a practical and honest view at the digital landscape in Wales and will offer practical ideas for public and third sector organisations which will help them achieve the best value for money.</p>	<p>27 September 2023 09:00 – 13:00 – North Wales – To register for North Wales</p> <p>5 October 2023 09:00 – 13:00 – Cardiff – To register for Cardiff</p>
<p>Working in partnership to improve wellbeing This event will bring together the North Wales Insight Partnership, the Public Service Boards and the C4C community to share wellbeing plans across the North Wales region, as well as sharing the innovative work being undertaken by a range of sectors around wellbeing in our communities. The event will provide opportunities to discuss how we can connect all of this work to deliver real change.</p>	<p>24 October 2023 09:30 – 16:30 To register for North Wales Cardiff date TBC</p>

Title	Link to resource
<p>Integrity in the Public Sector ‘Trust is built and maintained through competence, reliability, and honesty, as well as the building of genuine and sound relationships between the public sector and the public it serves. That means the public sector must be accountable for the management and delivery of public services and outcomes, for the direction and control of the work it does, the resources it manages, and for its behaviour and ethics.’ This event will look at how public services can promote a culture of integrity.</p>	<p>5 December 2023 10:00 – 12:00 Online To register</p>
<p>Podcast: Auditing Community Resilience In this edition of The Exchange, our Local Government team discuss some of the factors that cause poverty in Wales, as well as the value provided by social enterprises, and the importance of keeping wealth in communities.</p>	<p>To listen</p>

Recent Audit Wales blogs

Title	Publication date
<p>Building Safety – Have we learnt from Grenfell?</p>	<p>1 August 2023</p>
<p>Helping people to help themselves</p>	<p>15 February 2023</p>
<p>A perfect storm – the cost of living crisis and domestic abuse</p>	<p>21 November 2022</p>
<p>Tackling poverty means tackling poverty data</p>	<p>11 November 2022</p>
<p>Cost of living and putting away the bayonet</p>	<p>21 September 2022</p>
<p>Heat is on to tackle Climate Change</p>	<p>18 August 2022</p>
<p>Direct Payments in Wales</p>	<p>15 June 2022</p>

Title	Publication date
<u>Unscheduled Care in Wales – a system under real pressure</u>	21 April 2022

Rhaglen Waith ac Amserlen Archwilio Cymru – Cyngor Sir Powys

Diweddariad Chwarterol: 30 Medi 2023

Crynodeb Archwilio Blynyddol

Disgrifiad	Amserlen	Statws
Adroddiad yn crynhoi'r gwaith archwilio a gwblhawyd ers y Crynodeb Archwilio Blynyddol diwethaf, a gyhoeddwyd ym mis Mawrth 2022.	Mawrth 2023	Cyhoeddwyd ym mis Mawrth 2023

Gwaith Archwilio Ariannol

Disgrifiad	Cwmpas	Amserlen	Statws
Archwiliad o ddatganiad cyfrifon 2022-23 y Cyngor	Cadarnhau a yw'r datganiad cyfrifon yn rhoi darlun cywir a theg.	Barn Archwilio erbyn 30 Tachwedd 2023	Mynd rhagddo
Archwiliad o ddatganiad cyfrifon 2022-23 y Gronfa Bensiwn	Cadarnhau a yw'r datganiad cyfrifon yn rhoi darlun cywir a theg.	Barn Archwilio erbyn 1 Rhagfyr 2023	Mynd rhagddo, efallai na fydd yn cael ei gwblhau cyn y dyddiad cau ar 1 Rhagfyr.
Archwiliad o Grantiau a Ffurflenni 2022-23 y Cyngor	Ardystiad o'r grantiau a'r ffurflenni fel sy'n ofynnol gan delerau ac amodau'r grant.	Yn unol â'r dyddiadau cau unigol ar gyfer pob hawliad grant.	Gwaith archwilio i'w gyflawni rhwng Tachwedd 2023 a Chwefror 2024.

Gwaith Archwilio Perfformiad

Gwaith Archwilio Perfformiad 2021-22	Cwmpas	Amserlen	Statws
Sicrwydd ac Asesu Risg	<p>Prosiect i nodi lefel y sicrwydd archwilio a/neu le gallai fod angen gwaith archwilio ychwanegol yn y dyfodol mewn cysylltiad â risgiau i'r Cyngor roi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio adnoddau.</p> <p>Yng Nghyngor mae'r prosiect yn debygol o ganolbwyntio ar:</p> <ul style="list-style-type: none"> • Sefyllfa ariannol • Trefniadau hunanasesu • Cynllunio ar gyfer adfer • Goblygiadau Deddf Llywodraeth Leol ac Etholiadau (Cymru) • Cynlluniau lleihau carbon 	Cwblhawyd	<u>Cyhoeddwyd yr adroddiad ym mis Ebrill 2023</u>
Llamu Ymlaen – Archwilio'r blociau adeiladu ar gyfer dyfodol cynaliadwy. Rheoli Asedau.	<p>Wrth i'r byd fynd yn ei flaen, gan ddysgu o'r pandemig byd-eang, mae'r adolygiad hwn yn edrych ar ba mor effeithiol y mae cynghorau'n cryfhau eu gallu i drawsnewid, addasu a chynnal y broses o ddarparu gwasanaethau, gan gynnwys y rhai a ddarperir mewn partneriaeth â rhanddeiliaid a chymunedau allweddol.</p>	Cwblhawyd	Cyhoeddwyd yr Adroddiad

Gwaith Archwilio Perfformiad 2021-22	Cwmpas	Amserlen	Statws
Llamu Ymlaen – Archwilio'r blociau adeiladu ar gyfer dyfodol cynaliadwy. Rheoli'r Gweithlu.	Wrth i'r byd fynd yn ei flaen, gan ddysgu o'r pandemig byd-eang, mae'r adolygiad hwn yn edrych ar ba mor effeithiol y mae cynghorau'n cryfhau eu gallu i drawsnewid, addasu a chynnal y broses o ddarparu gwasanaethau, gan gynnwys y rhai a ddarperir mewn partneriaeth â rhanddeiliaid a chymunedau allweddol.	Cwblhawyd	Cyhoeddwyd yr adroddiad ym mis Tachwedd 2022
Adolygiad o Wasanaethau Cynllunio	Drwy'r adolygiad byddwn yn ceisio cael cipolwg ar Wasanaeth Cynllunio'r Cyngor. Byddwn yn ystyried economi, effeithlonrwydd ac effeithiolrwydd y Gwasanaeth Cynllunio ac i ba raddau y mae'r Cyngor yn gweithredu yn unol â'r egwyddor datblygu cynaliadwy wrth ddarparu'r Gwasanaeth.	Cwblhawyd	Cyhoeddwyd yr adroddiad ym mis Mai 2023

Gwaith Archwilio Perfformiad 2022-23	Cwmpas	Amserlen	Statws
Sicrwydd ac Asesu Risg	Prosiect i nodi lefel y sicrwydd archwilio a/neu le gallai fod angen gwaith archwilio ychwanegol yn y dyfodol mewn cysylltiad â risgiau i'r Cyngor roi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio adnoddau a gweithredu'n unol â'r egwyddor datblygu cynaliadwy.		

Gwaith Archwilio Perfformiad 2022-23	Cwmpas	Amserlen	Statws
	<ul style="list-style-type: none"> • Sefyllfa ariannol • Rheoli'r rhaglen gyfalaf • Defnyddio gwybodaeth am berfformio – gan ganolbwyntio ar adborth a chanlyniadau defnyddwyr gwasanaethau • Gosod amcanion llesiant 	<p>Monitro'r sefyllfa ariannol yn barhaus</p> <p>Medi – Rhagfyr 2023</p> <p>Chwefror – Medi 2023</p> <p>Cwblhawyd</p>	<p>Mynd rhagddo</p> <p>Ni fydd Archwilio Cymru yn gwneud gwaith manwl ym mhob cyngor fel rhan o'n rhaglen waith 2022-23 Rydym wrthi'n archwilio ein hopsiynau ar gyfer gwneud darn o waith manwl ar y pwnc hwn naill ai yn 2023-24 neu yn y blynyddoedd i ddod.</p> <p>Drafftio</p> <p><u>Cyhoeddwyd yr adroddiad ym mis Awst 2023</u></p>

Gwaith Archwilio Perfformiad 2022-23	Cwmpas	Amserlen	Statws
Adolygiad Thematig – Gofal Heb ei Drefnu	Adolygiad traws-sector sy'n canolbwyntio ar lif cleifion yn allan o'r ysbyty. Bydd yr adolygiad hwn yn ystyried sut mae'r Cyngor yn gweithio gyda'i bartneriaid i fynd i'r afael â'r risgiau sy'n gysylltiedig â darparu gofal cymdeithasol i gefnogi rhyddhau cleifion o'r ysbyty, yn ogystal ag atal derbyniadau i'r ysbyty. Bydd y gwaith hefyd yn ystyried pa gamau sy'n cael eu cymryd i ddarparu atebion tymor canolig i dymor hwy.	Awst 2022 – Gorffennaf 2023	Gwaith maes bron â chael ei gwblhau, adroddiad o fis Medi 2023 ymlaen.
Adolygiad thematig – Digidol	Adolygiad o ddull gweithredu strategol cynghorau o ran digidol, ac i ba raddau y datblygwyd hyn yn unol â'r egwyddor datblygu cynaliadwy; ac y bydd yn helpu sicrhau gwerth am arian wrth ddefnyddio adnoddau cynghorau.	Ionawr – Medi.	Adroddiad drafft wedi'i gyhoeddi
Gwaith Craffu Dilynol	Adolygiad Cynnydd. Bydd y prosiect hwn yn archwilio a yw'r argymhellion o'n Gwaith Craffu Dilynol blaenorol wedi'u gweithredu.	I'w gadarnhau	Cyfeiriwch at Adolygiad Llywodraethiant Corfforaethol 2023-24 isod

Gwaith Archwilio Perfformiad 2023-24	Cwmpas	Amserlen	Statws
Sicrwydd ac Asesu Risg	Prosiect i nodi lefel y sicrwydd archwilio a/neu le gallai fod angen gwaith archwilio ychwanegol yn y dyfodol mewn cysylltiad â risgiau i'r Cyngor roi trefniadau priodol ar waith i sicrhau gwerth am arian wrth ddefnyddio adnoddau a gweithredu'n unol â'r egwyddor datblygu cynaliadwy.	Mynd rhagddo	Ar y gweill
Adolygiad thematig – Cynaliadwyedd Ariannol	Adolygiad o gynaliadwyedd ariannol cyngorau gan gynnwys canolbwyntio ar y gweithredoedd, y cynlluniau a'r trefniadau i bontio bylchau mewn cyllid a mynd i'r afael â phwysau ariannol dros y tymor canolig.	Mawrth – Mehefin 2024	Cwmpasu
Adolygiad thematig – comisiynu a rheoli contractau	Adolygiad sy'n canolbwyntio ar sut mae trefniadau cyngorau ar gyfer comisiynu, a rheoli contractau yn cymhwyso ystyriaethau gwerth am arian a'r egwyddor datblygu cynaliadwy.	Ionawr – Gorffennaf 2024	Cwmpasu
Adolygiad Llywodraethiant Corfforaethol	Adolygiad yn canolbwyntio ar effeithiolrwydd trefniadau Llywodraethu Corfforaethol y Cyngor. Nid yw'r cwmpas llawn wedi'i gadarnhau eto, ond byddwn yn ceisio integreiddio ein hadolygiad Gwaith craffu dilynol arfaethedig (fel y nodir yn ein cynllun archwilio 2022-23) â'r Adolygiad Llywodraethu Corfforaethol.	Trafodir amserlenni ar gyfer prosiectau unigol â chi a manylir arnynt yn y briffiau prosiect penodol a gynhrychir ar gyfer pob archwiliad.	I'w gadarnhau

Astudiaethau cenedlaethol llywodraeth leol wedi'u cynllunio/ar y gweill

Astudiaeth	Cwmpas	Amserlen	Statws	Gwaith maes a gynlluniwyd yng Nghyngor Sir Powys
Cynllunio ar gyfer datblygu cynaliadwy – Adfywio tir llwyd	Adolygiad o sut mae awdurdodau lleol yn hyrwyddo a galluogi defnyddio anheddau annomestig gwag a safleoedd tir llwyd yn well.	Hydref 2022 – Medi 2023	Drafftio'r adroddiad – i'w gyhoeddi ym mis Tachwedd/Rhagfyr 2023	Ie – cyfweiliad gyda swyddog enwebedig mewn saith cyngor ac arolwg.
Llywodraethiant awdurdodau diben arbennig – Parciau Cenedlaethol	Adolygu systemau ac effeithiolrwydd llywodraethiant	Tachwedd 2022 – Medi 2023	Drafftio'r adroddiad – i'w gyhoeddi ym mis Tachwedd/Rhagfyr 2023.	Na
Cyd-bwyllgorau Corfforedig	Asesu cynnydd Cyd-bwyllgorau Corfforedig wrth iddynt ddatblygu eu trefniadau i gyflawni eu rhwymedigaethau statudol a nod Llywodraeth Cymru o gryfhau cydweithio rhanbarthol.	Medi 2022 – Awst 2023	Anfonwyd llythyrau unigol at y pedwar Cyd-bwyllgor Corfforedig. Adroddiad cryno cenedlaethol i'w gyhoeddi ym mis Hydref/Tachwedd 2023.	Ie – Fe wnaethom archwilio safbwynt y Cyngor trwy ein cyfarfodydd cyswllt arferol. Roedd y gwaith maes yn cynnwys cyfweiliadau gyda'r prif weithredwr, cyfarwyddwr cyllid a chadeirydd pob un o'r pedwar Cyd-bwyllgor Corfforedig.

Astudiaeth	Cwmpas	Amserlen	Statws	Gwaith maes a gynlluniwyd yng Nghyngor Sir Powys
Llywodraethu mewn Awdurdodau Tân ac Achub	Adolygu systemau ac effeithiolrwydd llywodraethiant	Medi 2023 – Mawrth 2024	Rhyddhawyd briff y prosiect	Na
Digartrefedd	Archwilio sut mae gwasanaethau'n gweithio gyda'i gilydd i ddatblygu'r ymateb i ddigartrefedd.	I'w gadarnhau	Cwmpasu	I'w gadarnhau

Estyn

Mae ein harolygwyr cyswllt yn parhau i weithio gyda Thorfaen fel rhan o'n proses ddilynol ar gyfer awdurdod sy'n achosi pryder sylweddol. Cafodd awdurdod lleol Wrecsam ei ddileu o'r categori peri pryder sylweddol yn dilyn ymweliad monitro ym mis Gorffennaf. Gwnaethom arolygu Gwynedd yn yr wythnos yn dechrau 26 Mehefin a Sir Gaerfyrddin yn yr wythnos yn dechrau 10 Gorffennaf. Mae'r ddau adroddiad wedi'u cyhoeddi ar ein gwefan. Byddwn yn arolygu gwasanaeth addysg llywodraeth leol Conwy yn yr wythnos yn dechrau 6 Tachwedd.

Mae gwaith maes a wneir ar draws awdurdodau lleol yn ystod tymor yr hydref yn cynnwys ffocws ar bresenoldeb, gwella ysgolion a gwaith yr awdurdod lleol i liniaru effaith tlodi ar gyrhaeddiad dysgwyr.

Arolygiaeth Gofal Cymru (AGC)

Gwaith arfaethedig AGC 2023-25	Cwmpas	Amserlen	Statws
Adolygiadau thematig			
Timau Anabledd Dysgu Cymunedol (CLDT)	Gan weithio gydag AGIC, byddwn yn cwblhau sampl bach o arolygiadau CLDT ar y cyd yn 2024. Byddwn yn defnyddio'r dull hwn i werthuso ac ystyried ein dull o arolygu ar y cyd.	2024-25	Cynllunio
Trefniadau Diogelu rhag Colli Rhyddid – 10 mlynedd yn ddiweddarach	Rydym yn gweithio mewn partneriaeth ag AGIC i ystyried ein dull a'n gwaith dilynol ar yr adroddiad: Adolygiad cenedlaethol o ddefnyddio Trefniadau Diogelu wrth Amddifadu o Ryddid (DoLS) yng Nghymru (agic.org.uk) a wnaed yn 2014.	2024-25	Cwmpasu

Gwaith arfaethedig AGC 2023-25	Cwmpas	Amserlen	Statws
<p>Llwybr strôc</p> <p>Adolygiad cenedlaethol o Gynllunio Gofal ar gyfer plant a phobl ifanc sy'n destun proses cyn-achos yr Amlinelliad Cyfraith Gyhoeddus</p>	<p>Gan weithio ar y cyd ag AGIC, cyhoeddwyd Adolygiad Cenedlaethol o Lif Cleifion: taith drwy'r llwybr strôc (agic.org.uk) yn ddiweddar.</p> <p>Diben yr adolygiad Rhoi proses graffu allanol ar waith, rhoi sicrwydd a hyrwyddo gwelliannau o ran ansawdd arferion mewn cysylltiad â chynllunio gofal ar gyfer plant a phobl ifanc sy'n destun proses cyn-achos yr Amlinelliad Cyfraith Gyhoeddus.</p> <p>I ystyried i ba raddau y mae arferion wedi symud ymlaen ers cyhoeddi 'Adolygiad Cenedlaethol o gynllunio gofal ar gyfer plant a phobl ifanc sy'n destun proses cyn-achos yr amlinelliad cyfraith gyhoeddus' a chyhoeddi adroddiad gweithgor amlinelliad cyfraith gyhoeddus 2021 gan gynnwys canllawiau arferion gorau.</p>	<p>Cwblhawyd</p> <p>Ar y gweill</p>	<p>Wedi'i gyhoeddi</p> <p>Cyhoeddwyd ym mis Tachwedd 2023</p>
<p>Trefniadau Diogelu rhag Colli Rhyddid Adroddiad Monitro Blynyddol ar gyfer lechyd a Gofal Cymdeithasol 2022-23</p>	<p>Cyhoeddwyd adroddiad 2020-21 ar 7 Chwefror 2021</p> <p>Mae adroddiad 2021-2022 ar y gweill</p>	<p>Wedi'i gyhoeddi</p> <p>I'w gadarnhau</p>	<p>Wedi'i gyhoeddi</p> <p>Yn cael ei baratoi</p>

Gwaith arfaethedig AGC 2023-25	Cwmpas	Amserlen	Statws
<p>Arolygiadau ar y Cyd o Drefniadau Amddiffyn Plant (JICPA)</p>	<p>Byddwn yn cwblhau dau arolygiad aml-asiantaeth arall ar y cyd.</p> <p>Mae'r canfyddiadau yn dilyn Cyngor Sir Ddinbych wedi'u cyhoeddi – Adolygiad ar y Cyd gan Arolygiaethau o Drefniadau Amddiffyn Plant (JICPA): Sir Ddinbych 2023 Arolygiaeth Gofal Cymru</p> <p>Mae'r canfyddiadau yn dilyn Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr wedi'u cyhoeddi – Adolygiad ar y Cyd gan Arolygiaethau o Drefniadau Amddiffyn Plant (JICPA): Pen-y-bont ar Ogwr 2023 Arolygiaeth Gofal Cymru</p> <p>Byddwn yn cyhoeddi adroddiad cenedlaethol ddiwedd gwanwyn 2024.</p>	<p>Ebrill 2023 – Ebrill 2024</p>	<p>Cyflawni</p>
<p>Adolygu perfformiad Awdurdodau Lleol</p>	<p>Rydym yn parhau i arolygu Awdurdodau Lleol yn unol â'n Cod Ymarfer wedi'i ddiweddarau ar gyfer ein gweithgarwch arolygu awdurdodau lleol Arolygiaeth Gofal Cymru</p> <p>Sut rydym yn arolygu gwasanaethau awdurdodau lleol a CAFCASS Cymru</p>	<p>Mynd rhagddo</p>	<p>Mynd rhagddo</p>

Adroddiadau cenedlaethol ac allbynnau eraill Archwilio Cymru a gyhoeddwyd ers mis Medi 2022

Teitl yr adroddiad	Dyddiad cyhoeddi a doleri i'r adroddiad
Gweithlu'r GIG – briff ar ddata	Medi 2023
Arallgyfeirio Incwm ar gyfer Awdurdodau Parciau Cenedlaethol yng Nghymru	Medi 2023
Dulliau o sicrhau sero net ledled y DU	Medi 2023
Llamu Ymlaen: Gwersi o'n gwaith ar y gweithlu ac asedau (mewn llywodraeth leol)	Medi 2023
Diweddariad offeryn data Cynaliadwyedd Ariannol Llywodraeth Leol (yn dilyn diweddariad arfaethedig yn hydref 2023)	Medi 2023
Offeryn data cyllido'r GIG – hyd at 31 Mawrth 2023	Medi 2023
Adroddiadau budd y cyhoedd – Cyngor Tref Rhydaman a Chyngor Cymuned Llanferres	Medi 2023
Bwrdd Iechyd Prifysgol Cwm Taf Morgannwg – Gwaith Dilynol ar yr Adolygiad ar y Cyd o Drefniadau Llywodraethu Ansawdd	Awst 2023
'Craciau yn y Sylfeini' – Diogelwch Adeiladau yng Nghymru	Awst 2023
Gwneud y Mwyaf o Arian yr UE – y Rhaglen Cronfeydd Strwythurol a'r Rhaglen Datblygu Gwledig	Mehafin 2023
Cynhwysiant Digidol yng Nghymru (gan gynnwys cwestiynau allweddol i gyrrff cyhoeddus)	Mawrth 2023

Teitl yr adroddiad	Dyddiad cyhoeddi a dolen i'r adroddiad
Gwasanaethau Orthopedig yng Nghymru – Mynd i'r Afael ag Ôl-groniad y Rhestr Aros	Mawrth 2023
Bwrdd Iechyd Prifysgol Betsi Cadwaladr – Adolygiad o Effeithiolrwydd y Bwrdd	Chwefror 2023
Pryniant Llywodraeth Cymru o Fferm Gilestone	Ionawr 2023
Gyda'n gilydd fe allwn ni – Cydnerthedd a hunanddibyniaeth cymunedau	Ionawr 2023
Darlun o Reoli Perygl Llifogydd	Rhagfyr 2022
'Cyfle Wedi'i Gollu' – Mentrau Cymdeithasol	Rhagfyr 2022
Offeryn Data ar Dlodi	Tachwedd 2022
'Amser am newid' – Tlodi yng Nghymru	Tachwedd 2022
Dysgu o ymosodiadau seiber	Hydref 2022 (dosbarthwyd yn breifat i gyrrff archwiliedig)
Y Fenter Twyll Genedlaethol 2020-21	Hydref 2022
Cymorth COVID-19 i fusnesau yn 2020-21 – Memorandwm ar gyfer y Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus	Hydref 2022
Taliad i Gyn-ysgrifennydd Parhaol Llywodraeth Cymru pan Derfynwyd ei Chyflogaeth	Medi 2022

Teitl yr adroddiad	Dyddiad cyhoeddi a dolen i'r adroddiad
Hwyluso Asesiadau o'r Effaith ar Gydraddoldeb: Mwy nag Ymarfer Blwch Ticio?	Medi 2022
Pennu amcanion llesiant – Llywodraeth Cymru	Medi 2022
Cynllunio a rheoli'r gweithlu gan Lywodraeth Cymru	Medi 2022

Adroddiadau cenedlaethol ac allbynnau eraill Archwilio Cymru (gwaith sy'n mynd rhagddo / wedi'i gynllunio)^{1, 2}

Teitl	Dyddiad cyhoeddi disgwylidig
Trefniadau cyflenwi ar gyfer absenoldeb athrawon: dilyniant (llythyr i'r Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus)	Hydref 2023
Llywodraethu ansawdd y GIG	Hydref/Rhagfyr 2023
A465 Adran 2 – diweddariad	Tachwedd/Rhagfyr 2023
Gwasanaethau ffoaduriaid o Wcráin	Rhagfyr 2023/Ionawr 2024

¹ Byddwn yn parhau i adolygu ein cynlluniau'n gyson, gan ystyried yr amgylchedd allanol sy'n esblygu, ein blaenoriaethau archwilio, cyd-destun ein hadnoddau ein hunain a gallu cyrff archwiliedig i ymgysylltu â ni. Gallai gwaith dilynol hefyd arwain at allbynnau eraill, yn ogystal â gwaith archwilio lleol eraill lle rydym o'r farn bod rhagoriaeth mewn allbwn cryno cenedlaethol o ryw fath.

² Rydym hefyd wedi cyhoeddi papur ar ein gwefan – [Ein rhaglen waith ar gyfer 2023-2026](#) – sy'n rhoi manylion ychwanegol am ein gwaith cenedlaethol (gan gynnwys adolygiadau thematig lleol). Yn ogystal â'r gwaith newydd y byddwn yn ei wneud yn 2023-24, mae'r papur yn cynnwys manylion am bynciau dangosol i'r gwaith ddechrau yn 2024-24 neu 2025-26.

Teitl	Dyddiad cyhoeddi disgwyliedig
Adolygiad o strategaeth ddigidol llywodraeth leol – crynodeb cenedlaethol	Ionawr 2024
Defnydd llywodraeth leol o wybodaeth am berfformiad, canlyniadau a phersbectif defnyddwyr gwasanaethau – crynodeb cenedlaethol	Tachwedd/Rhagfyr 2022
Tai fforddiadwy	Chwefror/Mawrth 2024
Teithio llesol	Gwanwyn 2024
Gwasanaethau canser	I'w gadarnhau (cwmpasu)
Canolfan Ganser Felindre	I'w gadarnhau (cwmpasu)
Buddsoddi cyfalaf a seilwaith Llywodraeth Cymru	I'w gadarnhau (cwmpasu)
Mynd i'r afael â dirywiad bioamrywiaeth (y sector cyhoeddus cyfan ac yn Cyfoeth Naturiol Cymru)	Gwaith ymchwil a datblygu yn mynd rhagddo o fis Medi i fis Rhagfyr 2023. Casglu data gyda grwpiau cynrychioliadol. Bydd allbynnau yn llywio unrhyw waith archwilio pellach.
Cyllid a goruchwyliaeth addysg bellach ac uwch – Y Comisiwn Addysg Drydyddol ac Ymchwil	I'w gadarnhau (cwmpasu)
Yr uwch wasanaeth cyhoeddus	I'w gadarnhau (cwmpasu ar ddechrau 2024)
Heriau i'r sector diwylliannol	I'w gadarnhau (yn dechrau yn 2023-24)

Teitl	Dyddiad cyhoeddi disgwyliedig
Ailgydbwysio gofal a chymorth	I'w gadarnhau (yn dechrau yn 2023-24)
Mynd i'r afael â rhestrau aros y GIG	I'w gadarnhau (yn dechrau yn 2023-24)
Mynediad i addysg i blant ag Anghenion Dysgu Ychwanegol	I'w gadarnhau (yn dechrau yn 2023-24)
Pwyllgorau Archwilio. 'Sut beth yw da?'. Gwaith ymchwil a datblygu i ddeall y dirwedd pwyllgorau archwilio eang ar draws pob sector yng Nghymru. Allbynnau i gefnogi digwyddiadau Cyfnewid Arferion Da a gwaith archwilio posibl yn y dyfodol.	Gwaith Ymchwil a Datblygu Medi – Rhagfyr 2023 Digwyddiad Arferion Da Gwanwyn 2024

Digwyddiadau ac adnoddau'r Gyfnewidfa Arfer Da

Teitl	Dolen i'r adnodd
O'r Strategaeth i Fodolaeth Sut mae'r digidol yn gwneud gwahaniaeth i fywydau bob dydd Bydd y digwyddiad hwn yn cymryd golwg ymarferol a gonest ar y dirwedd ddigidol yng Nghymru, a bydd yn cynnig syniadau ymarferol ar gyfer sefydliadau cyhoeddus a thrydydd sector a fydd yn eu helpu i gael y gwerth gorau am arian.	27 Medi 2023 09:00 – 13:00 – Gogledd Cymru – I gofrestru ar gyfer Gogledd Cymru 5 Hydref 2023 09:00 – 13:00 – Caerdydd – I gofrestru ar gyfer Caerdydd
Gweithio mewn partneriaeth i wella llesiant Bydd y digwyddiad hwn yn dod â Phartneriaeth Mewnwelediad Gogledd Cymru, y Byrddau Gwasanaethau Cyhoeddus a chymuned C4C at ei gilydd i rannu cynlluniau llesiant ar draws ardal Gogledd Cymru, yn ogystal â rhannu'r gwaith arloesol sydd yn cael ei wneud gan sawl sector ym maes llesiant yn ein cymunedau. Bydd y digwyddiad yn rhoi cyfleoedd i drafod sut y gellir cysylltu'r gwaith hwn gyda'i gilydd i gyflawni newid gwirioneddol.	24 Hydref 2023 09:30 – 16:30 I gofrestru ar gyfer Gogledd Cymru Dyddiad Caerdydd i'w gadarnhau

Teitl	Dolen i'r adnodd
<p>Gonestrwydd yn y sector cyhoeddus 'Caiff ymddiriedaeth ei meithrin a'i chynnal drwy gymhwysedd, dibynadwyedd a gonestrwydd, yn ogystal â meithrin perthnasoedd dilys a chadarn rhwng y sector cyhoeddus a'r cyhoedd y mae'n eu gwasanaethu. Mae hynny'n golygu bod yn rhaid i'r sector cyhoeddus fod yn atebol am reoli a darparu gwasanaethau a chanlyniadau cyhoeddus, am gyfeiriad a rheolaeth y gwaith y mae'n ei wneud, yr adnoddau y mae'n eu rheoli, ac am ei ymddygiad a'i foeseg.' Bydd y digwyddiad hwn yn edrych ar sut y gall gwasanaethau cyhoeddus hyrwyddo diwylliant o uniondeb.</p>	<p>5 Rhagfyr 2023 10:00 – 12:00 Ar-lein I gofrestru</p>
<p>Podlediad: Archwilio Cydnerthedd Cymunedol Yn rhifyn hwn o'r Gyfnewidfa mae ein tîm Llywodraeth Leol yn trafod rhai o'r ffactorau sy'n achosi tlodi yng Nghymru, yn ogystal â'r gwerth a ddarperir gan fentrau cymdeithasol, a phwysigrwydd cadw cyfoeth mewn cymunedau.</p>	<p>I wrando</p>

Blogiau Diweddar Archwilio Cymru

Teitl	Dyddiau cyhoeddi
Diogelwch Adeiladau – A ydym wedi dysgu o Grenfell?	1 Awst 2023
Helpu pobl i helpu eu hunain	15 Chwefror 2023
Storm berffaith – yr argyfwng costau byw a cham-drin domestig	21 Tachwedd 2022
Mae mynd i'r afael â thlodi yn golygu mynd i'r afael â'r data ar dlodi	11 Tachwedd 2022
Costau byw a rhoi'r fidog i gadw	21 Medi 2022
Mae pethau'n poethi i fynd i'r afael â Newid Hinsawdd	18 Awst 2022
Taliadau Uniongyrchol yng Nghymru	15 Mehefin 2022

Teitl	Dyddiau cyhoeddi
<u>Gofal heb ei drefnu yng Nghymru – system dan bwysau cynyddol</u>	21 Ebrill 2022

5

Powys County Council Governance and Audit Committee Template

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Statement of Accounts 2022/23

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
Jane Thomas	Head of Financial Services

2. Why is the Committee being asked to consider the subject?

To sign off the audited Statement of Accounts

3. Role of the Committee:

The role of the Committee in considering the subject is to:
Approve the final document for publication.

4. Key Questions:

What Key areas should the Committee focus on:
Audit Wales Audit of Accounts Report

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report	✓	Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	
---------------	--	-------------	--

Informing Policy Development		Evidence Gathering	✓
Risk		Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	✓

CYNGOR SIR POWYS COUNTY COUNCIL.

Governance and Audit Committee 24th November 2023

Report Author: Jane Thomas, Head of Financial Services

Report Title: Statement of Accounts 2022/23

Report For: **Decision**

1. Purpose

1.1 To present the audited version of the Statement of Accounts 2022/23 for the approval of the Committee.

1.2 Once approved, this information will be published accordingly.

2. Background

2.1 The draft Statement of Accounts for 2022/23 were signed off by the Head of Finance (Section 151 Officer) on 30th June 2023 as required by Accounts and Audit (Wales) Regulations 2014 (as amended).

2.2 The impact of COVID-19 and infrastructure asset audit issues raised last year has once again meant Welsh Government made provision for a potential delay in completing the accounts, extending the date for the preparation and certification of draft accounts to the 31st July 2023, Audit Wales certification by 30th November 2023 with the publication of final audited accounts extended to the 31st December 2023 for all local government bodies in Wales.

2.3 The Auditor General intends to issue an unqualified opinion on the 2022/23 Accounts of the Authority following receipt of the certified Letter of Representation and the approved Statement of Accounts.

2.4 The Governance & Audit Committee is asked to consider the enclosed Letter of Representation and Powys Pension Fund Accounts and authorise the Chair of the Governance and Audit Committee and the Head of Finance (Section 151 Officer) to sign the documents.

2.4 As part of its role in scrutinising the Council's Statement of Accounts, Governance and Audit Committee will have participated in two Audit seminars. One on 21st July 2023, where they received a presentation on the draft accounts submitted to Audit Wales and another held on the 22nd November 2023 which presented the main changes made since the draft and reviewed the items and issues raised during the audit period. Members of the Committee use this opportunity to review and question the amendments, enabling them to fully understand the reasons for the changes and any impact they have on the accounts.

3. Advice

3.1 All misstatements have been corrected; a list recorded in Appendix 3 of the Auditor General's Report. The adjustments uplifting Council Dwellings was expected as details of the uplift required were not available at the time of the draft accounts.

3.2 Recommendations identified in the Appendix 4 of the Auditor General's report have been accepted in full and the corresponding actions will be addressed and included in the closing timetable process for 2023/24.

3.3 The Governance and Audit Committee are asked to consider the Statement of Accounts documentation, the explanations provided and the advice of Audit Wales in considering the recommendation.

4. Resource Implications

4.1 The Statement of Accounts has been undertaken within existing resources, based upon a range of mechanisms including the Council's current Integrated Business Plans, Corporate Improvement Plan and Medium-Term Financial Strategy. Any actions identified for delivery are to be considered by the organisation, and to be embedded within Service's Integrated Business Plans as part of the Council's strategic planning cycle. Where resources are needed to support future actions, they will be identified as a pressure within the Councils Finance Resource Model.

4.2 The Head of Finance (Section 151 Officer) notes the resource implications above.

5. Legal implications

5.1 The agreement of the Statement of Accounts allows for the Council to meet its obligations as required by Accounts and Audit (Wales) Regulations 2014 (as amended).

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and support the recommendations."

6. Data Protection

6.1 Not applicable

7. Comment from local member(s)

7.1 These reports impact with equal force across the whole County, and therefore comments have not been sought from individual Members.

8. Impact Assessment

8.1 An Impact Assessment (IA) is not required for this report as the report does not include any formal proposals or policy changes.

8.2. All actions within the report will be taken forward by responsible officers as part of the strategic planning process, which will have the relevant Impact Assessments as required as part of this process.

9. Recommendation

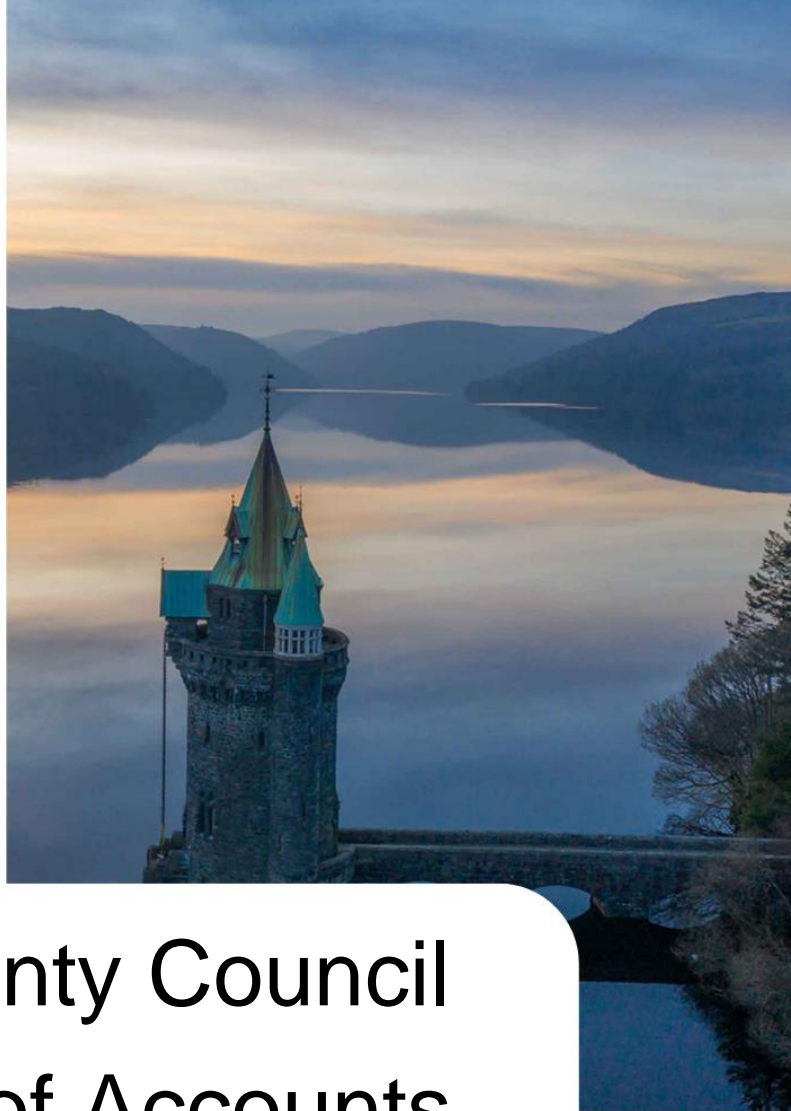
9.1 That the **Committee considers and approves the 2022-23 Statement of Accounts and Letter of Representation. Which can be formally signed by the Chair of the Committee and the Section 151 Officer.** The Statement of Accounts be published as soon as possible but certainly by the 31st December 2023.

Contact Officer:

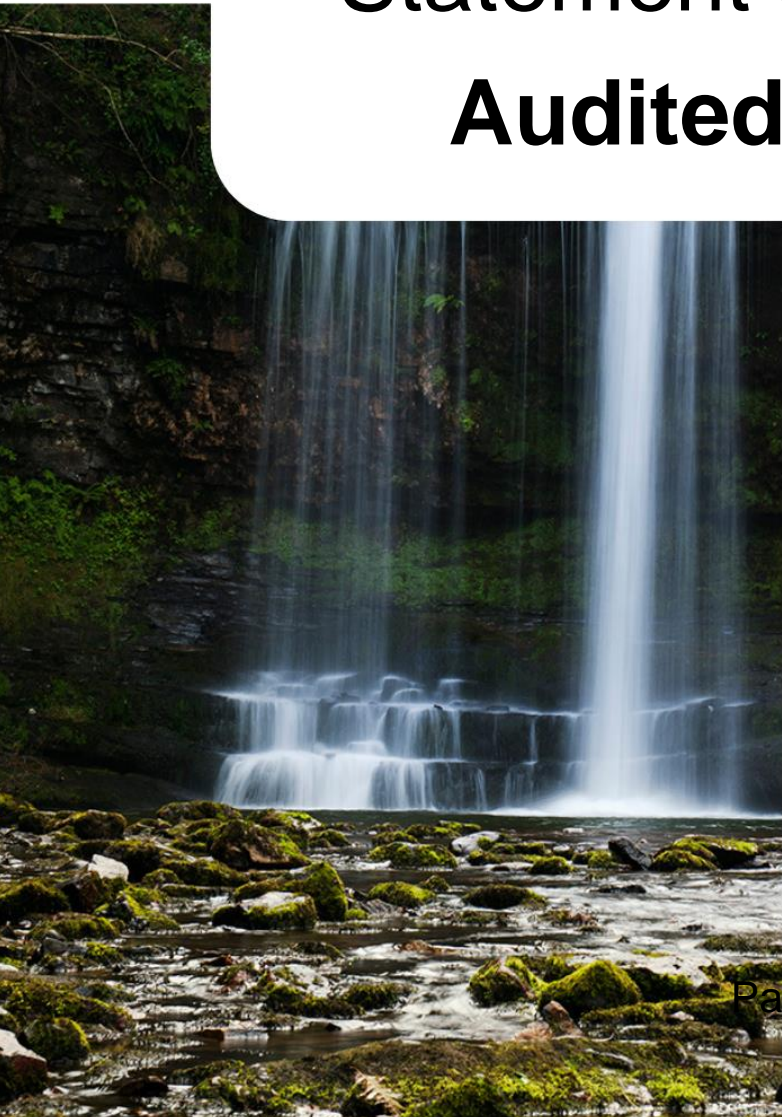
Jane Thomas, Head of Financial Services

Email: jane.thomas@powys.gov.uk

This page is intentionally left blank



Powys County Council
Statement of Accounts
Audited 2022/23



This page is intentionally blank.

Contents

Narrative Report	5
Statement of Responsibilities for the Statement of Accounts	18
The independent auditor’s report of the Auditor General to the members of Powys County Council	19
Movement in Reserves Statement	23
Expenditure and Funding Analysis	24
Comprehensive Income & Expenditure Statement (CIES)	27
Balance Sheet	29
Cash Flow Statement	30
Notes to the Core Financial Statements	31
Note 1: Accounting Policies	31
Note 2: Accounting Standards that have been issued but have not yet been adopted.....	46
Note 3: Critical Judgements in Applying Accounting Policies.....	46
Note 4: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	47
Note 5: Material Items of Income and Expense	48
Note 6: Note to the Expenditure and Funding Analysis	49
Note 7: Adjustments between Accounting Basis and Funding Basis under Regulations.....	52
Note 8: Transfers To/(From) Earmarked Reserves	57
Note 9: Other Operating Expenditure	59
Note 10: Financing and Investment Income and Expenditure	59
Note 11: Taxation and Non-specific Grant Income/Expenditure	59
Note 12: Property, Plant and Equipment	60
Note 13: Investment Properties	65
Note 14: Capital Expenditure and Capital Financing.....	68
Note 15: Financial Instruments	69
Note 16: Short Term Debtors.....	72
Note 17: Cash and Bank Accounts.....	72
Note 18: Creditors.....	72
Note 19: Provisions.....	73
Note 20: Usable Reserves	73
Note 21: Unusable Reserves	74
Note 22: Expenditure and Income Analysed by Nature.....	78
Note 23: Cash Flow Statement – Investing Activities	79
Note 24: Cash Flow Statement – Financing Activities.....	79
Note 25: Cash Flow Statement – Analysis of Government Grants.....	80
Note 26: Trust Funds	81
Note 27: Agency Services.....	82
Note 28: Pooled Budgets and Joint Arrangements.....	84
Note 29: Joint Committees.....	87
Note 30: Members Allowances	87
Note 31: Senior Officers Emoluments	88
Note 32: Audit Costs	91
Note 33: Grant Income.....	91
Note 34: Council Tax	93
Note 35: Related Parties.....	94
Note 36: Leases.....	96
Note 37: Termination Benefits	97
Note 38: Defined Benefit Pension Schemes.....	97
Note 39: Teacher Pension Costs.....	106
Note 40: Contingent Liabilities	106
Note 41: Nature and Extent of Risks Arising from Financial Instruments.....	107
Note 42: Events after the Reporting Period	110
Housing Revenue Accounts	111

POWYS COUNTY COUNCIL	
Income and Expenditure Account	112
Notes to the Housing Revenue Accounts	113
Note 1: Housing Stock	113
Note 2: Arrears and Provision for Housing Bad Debts as at 31 March	113
Note 3: Housing Revenue Account Capital Expenditure	114
Note 4: Housing Revenue Account Capital Receipts	116
Note 5: Adjustments between Accounting Basis and Funding Basis under Statute	116
Note 6: Housing Revenue Account Contributions to the Pension Scheme	117
Glossary of Terms	118

Narrative Report

Powys is the largest county in Wales geographically covering an area of 5,200 square kilometres. It has a population of approximately 133,200 people.

On 31 March 2023 the Council had 68 elected Councillors representing 60 wards. The range of political parties represented was Welsh Liberal Democrats (20), Welsh Conservatives (14), Welsh Labour (9), Independents (8), Independents for Powys (6), Plaid Cymru (3), and non-affiliated members (8).

The Council operates a Leader and Cabinet Model. All Councillors meet together regularly as the Council. Here Councillors decide the overall Policy Framework and set the budget each year. The Council appoints the Leader of the Council, who then decides the size and Membership of the Cabinet.

The makeup of the current cabinet and their portfolio responsibilities is as follows:

Cabinet Member	Portfolio Responsibilities
Leader and Cabinet Member for an Open and Transparent Powys	<ul style="list-style-type: none"> • Public Service Board • Cabinet Business • Corporate Joint Committee • Refugees • Engagement with Town Community Councils & Third Sector • Corporate Performance Management • Member Development and Support • Legal Services • County Farms • Ombudsman, Coroner & Registrar Services
Cabinet Member for a More Prosperous Powys	<ul style="list-style-type: none"> • Economic Development, Strategy and Regeneration, including Mid Wales Growth Deal and the Global Centre for Rail Excellence • Skills & Post-16 Learning, partnerships with HE, FE, WBL & Community-based providers • Regional Skills Partnership • Culture, including Theatres, Libraries, Museums and Archives • Leisure
Cabinet Member for Finance and Corporate Transformation	<ul style="list-style-type: none"> • Finance • Procurement, Income & Awards & Integrated Business Planning • Risk management
Deputy Leader and Cabinet Member for a Fairer Powys	<ul style="list-style-type: none"> • Housing Service, including Gypsies and Travellers • Tackling Poverty including Money Advice Service • Violence Against Women, Domestic Abuse & Sexual Violence, (incl. White Ribbon Pledge) • Equality & Diversity • Armed Forces Partnership and Champion
Cabinet Member for a Caring Powys	<ul style="list-style-type: none"> • Adult Social Care & Commissioning • North Powys Wellbeing Programme • Integration of Care System with Powys Teaching Health Board
Cabinet Member for a Safer Powys	<ul style="list-style-type: none"> • Environmental Health • Trading Standards • Public Protection, Emergency Planning and Community Safety
Cabinet Member for a Learning Powys	<ul style="list-style-type: none"> • Education • Schools' Transformation Programme

POWYS COUNTY COUNCIL

Cabinet Member	Portfolio Responsibilities
Cabinet Member for a Greener Powys	<ul style="list-style-type: none">• Climate Change and decarbonisation• Highways and Recycling• Transport, including home to school transport• Countryside Services• Environmental matters
Cabinet Member for Future Generations	<ul style="list-style-type: none">• Children's Services• Youth Justice• Youth Services• Future Generations Act• Welsh Language
Cabinet Member for a Connected Powys	<ul style="list-style-type: none">• Digital Powys Programme• Planning, incl. Replacement LDP and Strategic Development Plan• Property• Customer Services & Information Governance• Corporate Health & Safety incl. joint Chair of JCNC• Workforce and Organisation Design & Development• Workforce Futures Programme

Alongside the Council and Cabinet sit Scrutiny, Standards, Regulatory and other Committees which provide review and monitoring functions to the Cabinet and Council.

The Councillors are supported by the Chief Executive and the Executive Management team. The reporting structure of the Council can be seen in the outturn table that follows.

Governance

The Annual Governance Statement (AGS) provides an account of the processes, systems and records the council has in place to demonstrate effectiveness of its governance arrangements.

A link to the document can be found here when it has been published.

Financial Performance

Council budget 2022/23

The council's revenue budget is funded from Welsh Government (WG) grants, redistributed business rates, other grants, locally generated income and council tax income. The Welsh Government fund 70% of the council's 2022/23 net revenue budget and is provided in a settlement known as aggregate external finance (AEF). AEF increased across Wales by an average of 9.4%, Powys received a 9.6% increase, Powys ranked 6th in terms of its increase against other local authorities, this position represents a significant improvement for Powys compared to previous years. Our council tax was set at £1,451.86 for properties in valuation Band D (£1,404.26 in 2021/22). We collected £102,420k with a collection rate of 97.18% (97.3% in 2021/22), the collection rate for non-domestic rates was 98.0% (98.5% for 2021/22). Like other councils across Wales, Powys County Council continues to face significant challenges arising from demographic changes, increased service demands, citizen expectations and rising costs. Providing services in a very rural county adds to this challenge.

Council Outturn

This year saw the Council managing its budget in an extremely challenging economic environment. Inflation reached a forty-year high and this together with the continued impact of leaving the European Union, the legacy of the COVID-19 pandemic and the war in Ukraine, all created supply chain issues and rising costs particularly for pay, energy, fuel, contractual and borrowing costs, which created additional financial pressure across the council's services. The council responded quickly and reviewed its plans to manage the budget which were closely monitored and controlled throughout the year with quarterly reports presented to Cabinet.

The council has a robust financial reporting regime, with the budget being closely monitored and controlled during the year with regular reports presented to cabinet. The final outturn produced a net underspend, after contributions to specific reserves, of £6.7 million against the £221.9 million budget a 3.0% variance (excluding schools and the housing revenue account).

Services have managed their expenditure by reducing costs and maximising the use of alternative funding sources to support the improvement in the forecast. Alongside additional grants from Welsh Government, a number of service areas including Education and Planning, Property and Public Protection have been able to utilise UK Government Shared Prosperity Fund – the purpose of the funding is to support the Mid Wales Regional Investment fund, this year, most of the allocation supports council activities and has released some base budgets creating underspends.

POWYS COUNTY COUNCIL

Service Area	Original Budget £'000	Total Working Budget £'000	Net Expenditure Before Reserve Movement £'000	Total Movement to/(from) Reserves £'000	Approved use of Reserves £'000	Service Variance from Budget Under/(Over) spend £'000
Adult Services	78,518	74,716	74,391	325	(461)	786
Childrens Services	30,887	28,587	31,093	(2,506)	(499)	(2,007)
Commissioning	4,055	3,773	2,556	1,217	480	737
Workforce & Organisational Development	197	2,521	2,063	458	-	458
Education	26,154	17,647	15,650	1,997	706	1,291
Highways, Transport & Recycling	40,121	30,833	34,450	(3,617)	(3,404)	(213)
Property, Planning & Public Protection	4,866	5,983	5,885	98	(657)	755
Housing General Fund	8,691	5,878	4,632	1,246	1,317	(71)
Economy & Digital Services	1,960	6,373	5,512	861	558	303
Transformation & Communications	2,651	3,786	3,677	109	(66)	175
Legal & Democratic Services	475	1,434	1,366	68	(70)	138
Finance	4	6,419	6,030	389	272	117
Corporate Activities	21,695	34,036	27,592	6,444	2,194	4,250
Totals	220,274	221,986	214,897	7,089	370	6,719
Housing Revenue Account (HRA)	-	-	156	(156)	(262)	106
Schools Delegated	81,598	79,886	82,635	(2,749)	(5,398)	2,649
Total including Schools & HRA	301,872	301,872	297,688	4,184	(5,290)	9,474

POWYS COUNTY COUNCIL

The improved position will release one-off funding to support the increasing pressure already facing the 2023/24 revenue budget particularly that relating to teachers and staff pay as pay award negotiations create unfunded pressure in next financial year. This goes some way to de-risk the Councils financial position in the short term but does not reduce the ongoing base budget pressure that continues to create a gap in our budget plans for next year and future years.

Cost reductions of £8.1 million were approved as part of the Councils budget for 2022/23. In addition, undelivered savings of £2.8 million from 2021-22 were rolled forward bringing the overall total to be delivered in 2022/23 to £10.9 million. Seventy-eight percent of these were achieved, of the remaining £2.4 million, £1.6 million were deemed undeliverable and written out of the budget. The remaining £0.8 million of the unachieved savings were rolled forward for delivery in 2023/24.

Capital Expenditure

The 2022/23 Capital Programme was approved by Council on 3 March 2022. It included capital schemes totalling £133.9 million, of which £25.6 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects and additional grants received from Welsh Government, resulting in a revised budget of £95.0 million including £20.9 million relating to the HRA.

This expenditure is financed from a combination of capital receipts, grant funding and the council's own financial resources. The use of borrowing to finance the capital spend in year has been minimised to reduce the cost of this borrowing in future revenue budgets.

The capital outturn position for 2022/23 is summarised below.

Service Area	2022/23 £'000
Adult Services	301
Childrens Services	1,184
Education	19,135
Highways, Transport & Recycling	20,138
Property, Planning and Public Protection	2,123
Community Development	1,644
Housing General Fund	1,010
Economy & Digital	4,689
Housing Revenue Account	15,320
Total	65,544

The Capital programme for 2022/23 was financed by:

Funding Source	£'000	%
Grants	34,985	54
Revenue/Reserves	8,797	13
Borrowing	21,653	33
Capital Receipts	109	-
Total	65,544	100

The largest schemes in year saw the delivery of:

POWYS COUNTY COUNCIL

- The completion of 68 new council houses, with a further 18 nearing completion. Works continue to the existing housing stock to ensure it meets the Welsh Housing Quality Standard.
- Schools' transformation continues with the new Ysgol Gymraeg y Trallwng nearing completion ready to open for pupils in May 2023 and construction of the new Cedewain Special School ongoing with the opening due in 2023/24. The rest of the county's schools continue to require significant investment to ensure they are safe, secure, and operational.
- Works continue to improve leisure and social care facilities together with investment in regenerative schemes within the county.
- Improvements to cycle paths, transport management systems, roads, bridges and footpaths continued in year with works carried out across county's extensive infrastructure.

Medium Term Financial Strategy (MTFS) 2023 – 2028

The Medium-Term Financial Strategy sets out the financial strategy for the council for the period 2023 to 2028. The strategy captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach, providing a framework in which the council develops its financial plans. It also incorporates the plan for delivering a balanced budget for 2023/24, and indicative budgets for the following four years to March 2028.

The financial strategy is the link between the organisation's long term service objectives and its financial capacity. It seeks to ensure that the council's strategic objectives can be achieved within the confines of the financial resources available.

The Finance Resource Model (FRM) provides a financial plan for the forthcoming five financial years. The MTFS sets out a budget proposal for the next five years for the council's future years' budgets based on the indicative uplift provided by Welsh Government and making several assumptions about cost drivers such as pay and price inflation and demographic change. The financial modelling assumes an annual council tax increase of 5% from 2024/25 onwards. Welsh Government Settlement funding in Powys has increased by 8.7% after adjusting for transfers; this equates to an additional £18.3 million for 2023/24. WG have also provided the indicative Wales-level core revenue funding allocation for 2024/25, which is £5.7 billion, equating to an uplift of £169.0 million (3.1%).

As Powys is receiving uplifts along the line of the average settlement or above, this uplift has been used in the FRM, with an assumed 2% for the final two years.

STATEMENT OF ACCOUNTS

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Revenue Expenditure					
Base Budget (Prior Year)	301,872	326,554	348,854	363,947	378,648
Pay Award inflation 2022/23 impact	4,750	-	-	-	-
Pay Award inflation 2023/24 onwards	6,135	4,152	3,798	3,873	3,951
Non pay inflation	7,548	1,104	1,130	1,157	1,185
Grant Changes & Transfers into RSG (+)	-	214	-	-	-
Total Covid Pressures to be addressed	958	(207)	(207)	(107)	(107)
Total Demography	306	722	734	734	734
Total Corporate Pressures	1,720	897	922	948	975
Total Service Pressures	21,578	15,656	9,441	8,295	8,947
Schools Reserves and Movements	(3,346)	-	-	-	-
Total Cost Reductions	(16,517)	(690)	(1,358)	(576)	(580)
Undelivered Savings	1,550	(549)	-	-	-
Total Capital Financing	-	1,001	633	377	214
Total FRM Revenue Net Expenditure	326,554	348,854	363,947	378,648	393,967
Gap - each year	24,682	22,300	15,093	14,701	15,319
Additional Funding					
Council Tax	(6,384)	(4,897)	(5,143)	(5,400)	(5,670)
Aggregate External Finance (RSG & NNDR Allocation)	(18,298)	(7,080)	(4,709)	(4,804)	(4,900)
Funding Shortfall - In Year	-	10,323	5,241	4,497	4,749
Funding Shortfall - Cumulative	-	10,323	15,564	20,061	24,810

The Council's medium term financial strategy can be found here: [Agenda for County Council on Thursday, 23rd February, 2023, 10.30 am Cyngor Sir Powys County Council \(moderngov.co.uk\)](#)

The budget approved for 2023/24 recognised the ongoing impact of the current economic situation but significant risk remains and although the rate of inflation has now reduced it still presents a challenge to our assumptions. The budget includes pay award levels of 5.0% to 5.5% but the current negotiations suggest that higher pay awards may be awarded. The Council will need to find an additional £1.5 million for every extra 1% agreed.

Capital 2023-2028

The capital strategy is fundamental to the effective delivery of the council priorities and Vision. It facilitates a seamless interface between business planning within the council and the management of assets and capital resources. This will ensure that the provision of resources and future investment are prioritised. The provision of the right asset in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services. It is aligned to the asset management plan and the major investment plan for Sustainable Communities for Learning Programme (formally 21st century schools), jointly funded with Welsh Government.

The strategy confirms the need to borrow to support the capital programme and continue to be significantly under borrowed. The consequence of which is the reduced cost of borrowing, and the revenue budget model and forecast are revised regularly to assist the budgets.

POWYS COUNTY COUNCIL

The table below summarises the five-year capital expenditure plans and how these plans are being financed through capital or revenue resources. Any shortfall of resources results in a requirement to fund through borrowing, this figure is shown as the net financing need.

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Council Capital Budget	69,806	76,779	39,610	20,068	32,707
Funded By					
Capital Grant & Other Contributions	43,288	47,149	9,964	4,711	11,211
Capital Receipts	4,248	4,248	4,248	4,248	4,248
Revenue Contributions	2,173	5,530	4,159	3,122	5,444
Net Financing Need (Borrowing)	20,097	19,852	21,239	7,987	11,804
HRA Budget	23,482	30,310	34,609	21,907	19,551
Funded By					
Capital Grant & Other Contributions	5,832	5,832	5,832	5,832	5,832
Capital Receipts	1,000	1,000	-	-	-
Revenue Contributions	4,570	5,800	5,800	5,800	5,800
Net Financing Need (Borrowing)	12,080	17,678	22,977	10,275	7,919

Risk

Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the Council has faced and is still facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Stronger, Fairer, Greener: Our Corporate plan, deliver services more efficiently and using innovative and cost-effective means.

At the end of quarter four 2022/23, there are 16 risks on the strategic risk register. Seven of these are considered likely with an impact of major and above. The seven risks are:

- A climate emergency has been declared by Powys County Council. If we experience the extreme consequences of not taking action then we will experience flooding, poor air quality, impact on nature and our communities.
- The Council may be unable to deliver a financially sustainable budget over the short and medium term. The continued impact of COVID coupled with the more recent events around rising inflation, energy costs and the situation in Ukraine impacting on supply chains and prices all increase the risk on the Council financial resilience.
- Impact of nature emergency on our ability to deliver services.
- If the Council has an insufficient level of revenue maintenance and major improvement capital funding, then it is likely to result in unsafe and unfit assets within School properties.
- If the school building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them, then they could become unsafe and not fit for purpose.
- If the Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer term due to an expected long-term decrease in the local working age population.

- If there is insufficient capacity to respond to the longer-term demand in childrens' and adults' services in timely manner

Quarterly progress giving assurance that mitigating actions are being actioned and monitored is reviewed by the relevant Committees.

Performance

Throughout 2022/23, the Council continued to respond to, and recover from, the impacts of the COVID-19 pandemic and provided additional support to the people of Powys to assist in tackling the cost of living and fuel crises.

It is important to note that the performance metrics highlighted below are a small snapshot of the council's activities for the 2022/23 year, which was the final year of Vision 2025: Our Corporate Improvement Plan. Performance information was provided for Cabinet and Scrutiny review on a quarterly basis and was made available to the public through Power BI dashboards.

Further detail will be provided within the self-assessment that is published annually on the council's [website](#).

As at 31 March 2023, the overall performance assessment of the objectives was as follows:

Vision 2025 Wellbeing Objective	Red	Amber	Green	Blue	Grey
We will develop a vibrant economy	2	1	13	-	-
We will lead the way in providing effective, integrated health and care in a rural environment	2	9	6	2	-
We will strengthen learning and skills	-	1	7	-	1
We will support our residents and communities	-	1	4	1	-
Making it Happen	1	2	1	-	-
Total	5	14	31	3	1
Total (%)	(9%)	(26%)	(57%)	(6%)	(2%)

Key

Colour	Meaning
Red	Action is on track, with some major issues
Amber	Action is on track, with some minor issues
Green	Action is on track
Blue	Action is complete
Grey	No data provided, for comment only

The narrative report has focused on the financial aspects of the council in 2022/23, however it is important to reflect on what this funding has achieved and how we have performed as set out below:

POWYS COUNTY COUNCIL

We will develop a vibrant economy

- 68 Council-owned homes were built against a target of 50.
- We were unable to meet our target of providing 23 affordable homes per 10,000 households. Due to delays in the acquisitions process and construction delays, we achieved 16.9 homes per 10,000 households.
- 513 businesses were assisted by the Council's Economic Development Team or referred to partner organisations, which was significantly more than expected. (The target was 60 businesses.)
- The overall mean Gender Pay Gap published reduced from 8.2% to 8.0% (and from 10.7% when reporting started in 2017).
- 1,418 local suppliers engaged in the Council's procurement process, exceeding the 2021/22 achievement of 1,173 suppliers.

We will lead the way in providing effective, integrated health and care in a rural environment

- We were unable to meet our target to deliver aids, adaptations and disabled facility grant funded works within 130 calendar days. Work was completed within 163 days on average.
- 1,834 people received Housing Related Support, such as the Housing Support Grant and Homelessness Prevention Grant.
- We were unable to reduce the number of qualified social worker vacancies compared to 2021-22. There were 45 vacancies against a target of 38.
- 96% of children who the Intervention and Prevention Service worked with around family breakdowns remained with their families safely (against a target of 90%).
- We were unable to reduce admissions into residential care. There were 195 admissions compared to 173 in 2021/22.
- 694 service users no longer required support and/or moved on from their current support services. This significantly exceeded the target of 409 (which was the 2021/22 achievement).

We will strengthen learning and skills

- £407k in Pupil Development Grant Access grants were provided to 1,949 pupils.
- 301 families received financial (debt/budgeting/benefits) advice from the Council.
- 38.1% of learners continued from year 11 into a Powys sixth form, which was below the target of 43.5%.
- 1.9% of Year 11 leavers were NOT in education, employment, or training, which remained below the target of 'less than 2%'.
- We were unable to increase the number of pupils using the School Holiday Enrichment Programme (SHEP) over the summer holidays. 7 schools / 280 children participated in the programme compared to the target of 10 schools / 400 pupils.
- Ysgol Bro Caereinion, the Council's latest all-age school, opened in September 2022.

We will support our residents and communities

- 68.7% of waste was reused, recycled or composted, exceeding the target of 66%.
- There were 232,686 attendances at Powys County Council grant funded arts and cultural events (compared to the target of 150,000 attendances), and attendance and participation (physical and virtual) for libraries, museums and archives was 777,337 (compared to a target of 525,000 attendances/participations).
- There were 44,036 participations in Powys County Council grant funded arts and cultural events, which was more than four times the target of 10,000.
- The greenspace improvement strategy for Housing Services owned sites was further developed, in anticipation of its implementation by 2025.
- We were unable to meet our aim of developing 1 Woodland Management Plan for a Council owned site.
- Four projects were developed to enhance biodiversity on the Council estate, making use of grant funding. This significantly exceeded the target of 1 project.

Making it Happen

- 63,441 people had a My Powys Account, providing them with online access to services like council tax, business rates (and sign up for paperless billing), housing rent statements and commercial recycling accounts.
- 43 processes were automated for our customers against a target of 32. This meant more customers were able to interact with us digitally and intuitively across more processes, including through their My Powys Account, simplifying their journey and reducing phone contacts to services.
- Broadband take-up for fibre to the cabinet (Open Reach telephone exchanges situated on streets and in villages) improved to 78.8% against the target of 70.0%.
- The percentage of staff able to provide a service in Welsh, to help facilitate providing the Active Offer, increased to 12.0% (compared to the target of 7.0%).
- 58 staff undertook Welsh language training courses to develop their Welsh language skills for the workplace. (The target was for 60 staff to participate.)

POWYS COUNTY COUNCIL

Stronger, Fairer, Greener - Our Corporate Plan

Our Corporate and Strategic Equality Plan sets out the council's vision for the future of Powys and includes the well-being objectives we will focus on to help make our vision a reality.

The plan is effective from April 2023 onwards following the local government elections in May 2022. A variety of services and activities are planned to meet our objectives.

Our ambition is that by 2027, we will be:

Stronger

We will become a county that succeeds together, with communities and people that are well connected socially, and are personally and economically resilient.

Fairer

We will be an open, well-run, Council where people's voices are heard and help to shape our work and priorities, with fairer, more equal, access to services and opportunities. We will work to tackle poverty and inequality to support the well-being of the people of Powys.

Greener

We want to ensure a greener future for Powys, where our well-being is linked to that of the natural world, and our response to the climate and nature emergencies is at the heart of everything we do.

To achieve our ambition, we have set the three objectives below that are the core aims of this Corporate and Strategic Equality Plan:

1. We will improve people's awareness of services, and how to access them, so that they can make informed choices.
2. We will support good quality, sustainable, employment, providing training opportunities, and pursuing real living wage employer accreditation.
3. We will work to tackle poverty and inequality to support the well-being of the people of Powys.

Explanation about the accounts

The Statement of Accounts 2022/23 provide details of the council's financial position for the year ended 31 March 2023. The information presented on pages 1 to 119 is in accordance with the requirements of the 2022/23 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) based on International Financial Reporting Standards (IFRSs), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts consist of:

- The **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- The **Expenditure and Funding Analysis** shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The **Comprehensive Income and Expenditure Statement** which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from council tax. The council tax position is shown in the Movement in Reserves Statement.
- The **Balance Sheet** which sets out the financial position of the council as at 31 March 2023.
- The **Cash Flow Statement** which shows the changes in cash and cash equivalents of the council during the financial year.
- The **Notes to the Core Financial Statements** which provide further information to the Core Financial Statements.
- The **Housing Revenue Account (HRA)** and notes which show in more detail the income and expenditure on HRA services included in the Comprehensive Income and Expenditure Account.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signature:

Date:

Governance and Audit Committee Chair

Head of Finance Responsibilities

The Head of Finance is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"). These accounts are required to present a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year.

In preparing this Statement of Accounts, the Head of Finance has:

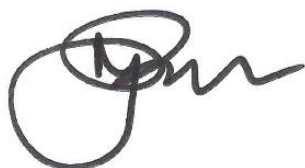
- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Head of Finance has also:

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

Certificate of the Head of Finance on the Accounts of Powys County Council for 2022/23.

I certify that the accounts set out on pages 1 to 119 present a true and fair view of the financial position of Powys County Council as at 31 March 2023 and its income and expenditure for the year then ended.



Signature:

Date: 30 June 2023

J Thomas Head of Finance

The independent auditor's report of the Auditor General to the members of Powys County Council

Opinion on financial statements

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

Powys County Council's financial statements comprise the Movement in Reserves Statement, the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Powys County Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Powys County Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Powys County Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

- Enquiring of management, Powys County Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Powys County Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals
- Obtaining an understanding of Powys County Council's framework of authority as well as other legal and regulatory frameworks that Powys County Council operates in, focusing

POWYS COUNTY COUNCIL

- on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of [name of local government body and group].
- Obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
Xx November 2023

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of Powys County Council's website is the responsibility of the Section 151 Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Movement in Reserves Statement

	Council Fund £'000	Earmarked Reserves (Note 8) £'000	HRA £'000	Capital Receipts £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 21) £'000	Total Authority Reserves £'000
Balance as at 31 March 2021 Carried Forward	13,634	34,142	4,481	11,186	1,079	64,522	(28,909)	35,613
Movement in Reserves During 2021/22								
Surplus or (Deficit) on Provision of Services	(10,476)	-	3,484	-	-	(6,992)	-	(6,992)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	156,683	156,683
Total Comprehensive Income and Expenditure	(10,476)	-	3,484	-	-	(6,992)	156,683	149,691
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	22,240	-	(3,721)	1,256	(593)	19,182	(19,182)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	11,764	-	(237)	1,256	(593)	12,190	137,501	149,691
Transfers To/(From) Earmarked Reserves (Note 8)	(16,063)	16,063	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	(4,299)	16,063	(237)	1,256	(593)	12,190	137,501	149,691
Balance as at 31 March 2022 Carried Forward	9,335	50,205	4,244	12,442	486	76,712	108,592	185,304
Movement in Reserves During 2022/23								
Surplus or (Deficit) on Provision of Services	(19,412)	-	7,977	-	-	(11,435)	-	(11,435)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	320,080	320,080
Total Comprehensive Income and Expenditure	(19,412)	-	7,977	-	-	(11,435)	320,080	308,645
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	23,868	-	(8,263)	3,099	(128)	18,576	(18,576)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	4,456	-	(286)	3,099	(128)	7,141	301,504	308,645
Transfers To/(From) Earmarked Reserves (Note 8)	(4,456)	4,456	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	-	4,456	(286)	3,099	(128)	7,141	301,504	308,645
Balance as at 31 March 2023 Carried Forward	9,335	54,661	3,958	15,541	358	83,853	410,096	493,949

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22 Reclassified	2021/22 Reclassified	2021/22 Reclassified		2022/23	2022/23	2022/23
Net Expenditure Chargeable to the Council Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES) £'000		Net Expenditure Chargeable to the Council Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES) £'000
69,594	3,801	73,395	Adult Services	77,693	3,074	80,767
28,494	2,057	30,551	Childrens' Services	33,514	1,924	35,438
2,636	847	3,483	Commissioning	2,915	712	3,627
246	421	667	Workforce & Organisational Development	156	399	555
16,760	5,182	21,942	Education	16,525	8,034	24,559
32,956	5,974	38,930	Highways Transport & Recycling	36,067	8,622	44,689
2,414	3,682	6,096	Property, Planning & Public Protection	3,605	2,599	6,204
6,719	2,721	9,440	Housing & Community Development	5,884	2,865	8,749
969	1,517	2,486	Economy & Digital Services	1,049	1,976	3,025
2,131	558	2,689	Transformation & Communications	2,555	470	3,025
597	227	824	Legal & Democratic Services	595	173	768
(1,120)	1,284	164	Finance	(212)	1,006	794
18,109	(4,183)	13,926	Corporate Activities	14,416	172	14,588
(3,295)	5,395	2,100	Housing Revenue Account (HRA)	(3,323)	(2,909)	(6,232)

STATEMENT OF ACCOUNTS

73,162	4,315	77,477	Schools Delegated	84,581	3,693	88,274
250,372	33,798	284,170	Net Cost of Services	276,020	32,810	308,830
29,599	10,032	39,631	Other Operating Expenditure	31,279	6,669	37,948
14,209	6,274	20,483	Financing and Investment Income and Expenditure	14,232	6,988	21,220
(305,707)	(31,585)	(337,292)	Taxation and Non Specific Grant Income Operations not Included in Net Cost Of Services	(325,701)	(30,862)	(356,563)
(11,527)	18,519	6,992	Surplus or Deficit	(4,170)	15,605	11,435
(52,257)			Opening Council Fund and HRA Balance at 31 March	63,784		
(11,527)			Add (Surplus)/Deficit on Council Fund and HRA Balance in Year	4,170		
(63,784)			Closing Council Fund and HRA Balance at 31 March	67,954		

POWYS COUNTY COUNCIL

A split of the Council Fund and HRA balances are shown in the Movement in Reserves Statement. The 'Adjustments between the Funding and Accounting Basis' are disclosed in more detail in Note 6.

The Expenditure and Funding Analysis and the Comprehensive Income & Expenditure Statement have been reclassified in 2021/22 to reflect changes made in the council reporting structure.

Service	From	To	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Adjustments between the accounting and funding basis £'000	Net expenditure chargeable to the Council Fund and HRA Balances £'000
Scrutiny & Democratic	Legal & Democratic Services	Transformation & Communications	2,283	(2)	2,281	228	2,053

Comprehensive Income & Expenditure Statement (CIES)

2021/22 Reclassified Gross Exp. £'000	2021/22 Reclassified Gross Inc. £'000	2021/22 Reclassified Net Exp. £'000		2022/23 Gross Exp. £'000	2022/23 Gross Inc. £'000	2022/23 Net Exp. £'000
106,354	(32,959)	73,395	Adult Services	110,451	(29,684)	80,767
34,790	(4,239)	30,551	Childrens' Services	38,351	(2,913)	35,438
17,777	(14,294)	3,483	Commissioning	12,798	(9,171)	3,627
2,110	(1,443)	667	Workforce & Organisational Development	2,250	(1,695)	555
33,300	(11,358)	21,942	Education	36,931	(12,372)	24,559
66,733	(27,803)	38,930	Highways Transport & Recycling	69,760	(25,071)	44,689
12,372	(6,276)	6,096	Property, Planning & Public Protection	13,297	(7,093)	6,204
22,367	(12,927)	9,440	Housing & Community Development	20,129	(11,380)	8,749
8,325	(5,839)	2,486	Economy & Digital Services	9,085	(6,060)	3,025
3,170	(481)	2,689	Transformation & Communications	3,245	(220)	3,025
1,798	(974)	824	Legal & Democratic Services	1,545	(777)	768
3,733	(3,569)	164	Finance	3,861	(3,067)	794
42,915	(28,989)	13,926	Corporate Activities	40,480	(25,892)	14,588
28,996	(26,896)	2,100	Housing Revenue Account (HRA)	21,433	(27,665)	(6,232)
101,409	(23,932)	77,477	Schools Delegated	108,119	(19,845)	88,274
486,149	(201,979)	284,170	Cost of Services	491,735	(182,905)	308,830
		39,631	Other Operating Expenditure (Note 9)			37,948
		20,483	Financing and Investment Income and Expenditure (Note 10)			21,220
		(337,292)	Taxation and Non Specific Grant Income and Expenditure (Note 11)			(356,563)
		6,992	(Surplus)/Deficit on Provision of Services			11,435
		(31,599)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets (Note 21)			(44,654)
		12,536	Impairment losses on Non-current Assets Charged to the Revaluation Reserve (Note 21)			12,054
		(137,620)	Re-measurements of the Net Defined Benefit (Asset)/Liability (Note 21)			(287,480)

POWYS COUNTY COUNCIL

		(156,683)	Other Comprehensive Income and Expenditure			(320,080)
		(149,691)	Total Comprehensive Income and Expenditure			(308,645)

Balance Sheet

Balance as at 31 Mar 22 £'000		Note	Balance as at 31 Mar 23 £'000
876,593	Property, Plant And Equipment	12	937,604
1,211	Heritage Assets		1,211
3,988	Investment Property	13	3,374
1,537	Intangible Assets		1,524
982	Long Term Investments	15	961
2,929	Long Term Debtors	15	2,710
887,240	LONG TERM ASSETS		947,384
33,009	Short Term Investments	15	22,114
2,169	Assets Held for Sale		1,926
1,071	Inventories		905
74,987	Short Term Debtors	16	55,858
5,804	Cash and Cash Equivalents	17	-
117,040	CURRENT ASSETS		80,803
(64,286)	Short Term Borrowing	15	(67,264)
(77,205)	Short Term Creditors	18	(63,152)
(3,885)	Short Term Provision	19	(3,506)
(5,007)	Capital Grant Receipts in Advance	33	(8,158)
-	Cash and Cash Equivalents	17	(2,631)
(150,383)	CURRENT LIABILITIES		(144,711)
(46)	Provisions		(83)
(301,087)	Long Term Borrowing	15	(282,500)
(750)	Long Term Creditors	18	(794)
(366,710)	Liability Related to Defined Benefit Pension	38	(106,150)
(668,593)	LONG TERM LIABILITIES		(389,527)
185,304	NET ASSETS		493,949
76,712	Usable Reserves	20	83,853
108,592	Unusable Reserves	21	410,096
185,304	TOTAL RESERVES		493,949

POWYS COUNTY COUNCIL
Cash Flow Statement

2021/22 £'000		Note	2022/23 £'000
OPERATING ACTIVITIES			
Cash Outflows			
135,280	Cash Paid to and on Behalf of Employees		152,671
57,135	Other Operating Cash Payments		39,920
228,873	Cash Paid to Suppliers of Good and Services		231,036
12,429	Housing Benefit Paid Out		11,771
29,601	Precepts and Levies Paid		31,279
10,910	Interest Paid		10,844
-	Premiums paid on rescheduled debt		1,036
474,228	TOTAL OUTFLOWS		478,557
Cash Inflows			
(16,344)	Rents (After Rebates)		(17,348)
(101,006)	Council Tax Income		(104,624)
(44,985)	National Non-Domestic Rate Receipts from Pool		(48,747)
(146,912)	Revenue Support Grant		(161,515)
(13,327)	DWP Grants for Benefits		(12,558)
(82,879)	Other Government Grants	25	(68,346)
(84,787)	Cash Received for Goods and Services		(90,459)
(17)	Interest Received		(367)
(490,257)	TOTAL INFLOWS		(503,964)
(16,029)	NET CASH OUTFLOW/(INFLOW) FROM OPERATING ACTIVITIES		(25,407)
INVESTING ACTIVITIES			
52,185		23	38,997
FINANCING ACTIVITIES			
(20,579)		24	(5,155)
15,577	DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		8,435
21,381	Cash and Cash Equivalent Balance as at 1 April		5,804
5,804	Cash and Cash Equivalent Balance as at 31 March	17	(2,631)

Notes to the Core Financial Statements

Note 1: Accounting Policies

i. General principles

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

The objective of the accounts is to provide information about the financial position, performance and cash flows in a way that meets the 'common needs of most users'. It will explain the financial facts rather than comment on the policies of the authority and also has the aim of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them.

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

ii. Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

POWYS COUNTY COUNCIL

iii. Cash and cash equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management. No loans, long term deposits or investments have been included in the opening or closing cash balances. These are separately disclosed.

Powys County Council, under its Treasury Management Strategy, can hold fairly substantial amounts in call accounts and Money Market Funds at any one time but not all of this would be to meet short term cash flow requirements. As such, an appropriate split between cash/cash equivalents and investments is made based on short term needs.

iv. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the authority's financial performance.

v. Prior period adjustments, changes in accounting policies and estimates and errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

vi. Charges to revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible non-current assets attributable to the service.

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

The MRP on supported borrowing on Council Fund debt is calculated using the annuity method over 50 years using the authority's average rate of borrowing.

vii. Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of the holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to a corporate service segment line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund balance to be charged with the amount payable by the authority to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement In Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

POWYS COUNTY COUNCIL
Post-Employment Benefits

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

- The Teachers' Pension Scheme administered by the Teachers' Pensions Agency.
- The Local Government Pensions Scheme administered by Powys County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions) earned as employees worked for the authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Schools line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the Powys County Council Pension Fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.7% (based on the indicative rate of return on high quality corporate bond (Aon Single Agency AA Curve)).
- The assets of Powys County Council Pension Fund attributable to the authority are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost compromising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Activities.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement- this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period- taking into account and changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.

- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to Powys County Council Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

The negative balance that arises on the Pensions reserve thereby measures the beneficial impact to the Council Fund of being required to account for the retirement benefits on the basis of cash flows rather than as benefits earned by the employees.

Discretionary Benefits

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

vii. Events after the Balance Sheet date

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

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

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

ix. Interests in companies and other entities

The authority has an interest in the Heart of Wales Property Services Limited, which ended in July 2022, that has the nature of an associate. Due to materiality the entries are included in the single entity accounts and no Group Accounts have been prepared. The accounts have been prepared on the equity method.

x. Long term contracts

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

POWYS COUNTY COUNCIL

xi. Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset investment, properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in The Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xii. Jointly controlled operations and jointly controlled assets

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

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

xiii. Leases

The Council currently have no financial leases.

*The Authority as lessee:***Operating leases**

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

*The Authority as lessor:***Operating leases**

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

xiv. Property, plant, and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant, and equipment.

Capitalisation

All assets falling into the following categories are capitalised:

Intangible assets which can be valued, are capable of being used in the council's activities for more than one year and have a cost equal to or greater than £10,000.

Purchased computer licences are capitalised as intangible non-current assets where expenditure of at least £10,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic life.

Tangible assets which are capable of being used for a period which exceeds one year and provides delivery benefits or service potential which:

- Individually have a cost equal or greater than £10,000
- Collectively have a cost equal or greater than £10,000 and individually have a cost more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- Form part of the initial equipping and setting up cost for a new building irrespective of their individual or collective cost; or
- Form part of an IT network which collectively has a cost of more than £10,000 and individually have a cost of more than £250.
- All vehicles with a registration number, irrespective of value.
- Are part of external financing or contribution.

POWYS COUNTY COUNCIL

Depreciation & Amortisation

All tangible Non-Current assets other than land have been depreciated on a straight line basis using the following methods:

Asset	Years
Operational buildings	Useful life
Garages	20
Mobile offices/portacabins	20
Council dwellings	15 – 30
Vehicles, plant, equipment, and fittings	4, 5, 7, 10, Useful life
Infrastructure	7, 18, 20, 50, Useful life
Surplus	Useful Life
Intangible	4, 7

Depreciation is not charged in the year of acquisition or addition. Depreciation is charged in full following a revaluation.

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

The useful life is determined by the valuer.

Valuation

Intangible non-current assets held for operational use are valued at historical cost. Infrastructure, community assets and assets under construction are measured at historic cost. Assets under construction include any existing land and buildings under the control of a contractor. All other tangible operational non-current assets are measured at current value. If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the depreciated replacement cost approach is used to estimate the fair value, on a modern equivalent basis.

The Council Dwellings are valued on an Existing use – Social Housing basis. The beacon method has been adopted with a 38% of the market value used in the revaluations.

As a temporary relief from the reporting periods commencing 1 April 2021 through to 31 March 2025 local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. This temporary relief is applied from the 2022/23 Code up to and including the 2024/25 Code but may also apply to local authority financial statements before this period where the auditor's opinion on those statements has not been given. This temporary relief has been introduced to the Code because historical information deficits resulting from the reporting requirements mean that this information is unlikely to faithfully represent what it purports to represent.

Impairment

The value of each category of non-current asset is reviewed at the year end to establish if there has been a material change in value during the period. If an impairment loss on a fixed asset occurs it will be recognised and treated in accordance to the treatment prescribed by the Code of Practice. This treatment is:

- Where there is a balance of revaluation gains on the Revaluation Reserve for the relevant asset, the impairment loss is charged against that balance until it is used up. The loss debited to the Revaluation Reserve is recognised in Other Comprehensive Income and Expenditure as a reduction in the net worth of the authority and is presented in the Comprehensive Income and Expenditure Statement.
- Thereafter, or if there is no balance of revaluation gain (i.e. the asset is being carried at depreciated historical cost), the impairment loss is charged against the relevant service line(s) in the Surplus or Deficit on the provision of Services in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Land and building are separate assets and will always be accounted for separately, even when they are acquired together. Three factors will be taken into account to determine whether a separate valuation of components is to be recognised in the accounts.

1. Materiality with regards to the council's financial statements:

Componentisation will only be considered for individual non-land assets that represent more than 1% of the opening gross book value of total non-current assets.

2. Significance of component:

For individual assets meeting the above threshold, where services within a building (boilers / heating / lighting / ventilation etc.) or items of fixed equipment (kitchens / cupboards) is a material component of the cost of that asset (greater than 50%) then those services / equipment will be valued separately on a component basis.

3. Difference in rate or method of depreciation compared to the overall asset:

Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that fall below the de-minimis levels and tests above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

Where assets are material and to be reviewed for significant components, it is recommended that the minimum level of apportionment for the non-land element of assets (that are not classified as social housing) is:

- Plant and equipment and engineering services.
- Structure.

POWYS COUNTY COUNCIL

Professional judgement will be used in establishing materiality levels: The significance of components, useful lives, depreciation methods and apportioning asset values over recognised components.

Revaluations of the council's property assets will continue to be undertaken on a 5 yearly rolling programme basis, at which point the revaluation takes into account the value and condition of the assets, relevant components and also de-recognition where relevant. Where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision to the useful life. Where it is not current practice, individual buildings and material facilities on a site will be valued separately and depreciated based on their advised useful average life, rather than aggregating values for properties on a single site. Such a useful life will need to take into account the estimated life and condition of major components based on professional judgement. These actions will assist in providing an accurate depreciation charge.

Adopted roads

Adopted roads are infrastructure assets and are valued at historic cost and therefore have a nil value in line with the Code of Practice.

xv. Provisions, contingent liabilities, and contingent assets

Provisions

Provisions are made where an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

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

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

xvi. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xvii. Overhead and support services

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice. The total absorption costing principle is used and the full cost of overheads and support services are shared between users in proportion to the benefits received.

xviii. Reserves

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

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

xix. Financial assets

To meet code requirements Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

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

POWYS COUNTY COUNCIL

Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

xx. Provision for repayment of external loans

The council is not required to raise council tax or housing rents to cover depreciation, impairment losses or amortisations but it is required to make provision from revenue for the repayment of debt as measured by the Capital Financing Requirement. The only requirement of the regulations is that the provision is prudent. There is a required minimum of 2% of outstanding debt in respect of council housing and 2% in respect of other debt (the minimum revenue provision). The authority met this requirement.

xxi. Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for the interest payable are based on the carrying amount of the liability, multiplied by the effective rate for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instruments to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the Council Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

xxii. Calculating fair value for financial instruments

The fair value of an instrument is determined by calculating the net present value (NPV) of future cash flows which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, the prevailing rate of a similar instrument with a published market rate would be used as the discount factor.

Complexities of the NPV calculation

It is unlikely that the future cash instalments of an instrument will fall in equal time periods from the date of valuation, and there is likely to be a "broken" period from the valuation date to the next instalment. This means that an adjustment needs to be made to each discount factor in order to take account of the timing inequality.

Evaluation of PWLB debt

We have used the new borrowing rate, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. LAAP 73 states that PWLB will be using the premature repayment rate in their calculations. It is at the authority's own discretion which set of values it chooses to disclose.

Inclusion of accrued interest

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation. This figure will be calculated up to and including the valuation date.

Discount rates used in NPV calculation

The rates used were obtained by our advisors, Link Group, from the market on 31 March 2023 using bid prices where applicable.

Assumptions

The following assumptions are made but do not have a material effect on the fair value of the instrument:

- Interest is calculated using the most common market convention, ACT/365.
- For fixed term deposits it is assumed that interest is received annually or on maturity if duration is less than one year.

xxiii. Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

POWYS COUNTY COUNCIL

xxiv. Grants, contributions, and donated assets

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

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

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

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

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

xxv. Schools

The Code confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the council's financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

With regards to Non-Current Assets the authority records only those assets it owns. In the case of Voluntary Aided and Faith Schools ownership is with the diocese. The authority does not have control of these schools and so omits on the authority Balance Sheet.

xxv. Fair Value measurement

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

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows.

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities that the authority can assess at the measurement date.
- Level 2:** Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Unobservable inputs for the asset or liability.

xxvi. Council Tax and Non-domestic Rates (NDR)

NDR

As a billing authority, the council collects NDR on behalf of the Welsh Government and pays the money collected from local business into the Welsh Government National Pool. The Welsh Government redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population. The authority's share of NDR Pool is reported in the Comprehensive Income and Expenditure Statement. NDR debtor and creditor balances with taxpayers and the impairment allowance for doubtful debts are not assets and liabilities of the council and are not recognised in the Balance Sheet.

Council Tax

Council tax income is included in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. Council tax debtors or creditors and impairment allowance for doubtful debts are included in the Balance Sheet.

Note 2: Accounting Standards that have been issued but have not yet been adopted

The Code of Practice requires that the authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2023 for 2022/2023).

None of the standards introduced in the 2023/24 code are expected to have a material impact on the financial statements.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The IAS 19 pension cost calculations in Note 38 involve placing present values on future benefit payments to individuals many years into the future. These benefits will be linked to pay increases whilst individuals are active members of the Fund and will be linked to statutory pension increase orders (inflation) in deferment and in retirement. Assumptions are made for the rates at which the benefits will increase in the future (inflation and salary increases) and the rate at which these future cashflows will be discounted to a present value at the accounting date to arrive at the present value of the defined benefit obligation. The resulting position will therefore be sensitive to the assumptions used. The present value of defined benefit obligations is linked to yields of high-quality corporate bonds whereas, for the LGPS funded arrangements, the majority of the assets of the fund are usually invested in equities or other real assets. Fluctuations in investment markets in conjunction with discount rate volatility will lead to volatility in the funded status of the fund and thus to volatility in the net pension asset on the Balance Sheet and in other Comprehensive Income and Expenditure. To a lesser extent this will also lead to volatility in the pension expense in the surplus or deficit on the provision of services.
- Provisions are made when clear and accurate information is available to do so. In the absence of this, creating a provision may be misleading and could have significant financial implications.

Note 4: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the authority's balance sheet as at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item Uncertainty	Property Valuations
	<p>Asset valuations are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 1 April 2022 for its investment properties, surplus assets and approximately 20% of its operational portfolio. The valuations provided to the Council by its valuers this year recognises that there are factors continuing to affect economies and real estate markets globally. In relation to the 2022/23 accounts, an additional change in asset valuations was actioned using indices for specific operational assets and council dwellings to recognise the recent inflationary increases. These indices were applied to certain specified asset valuations and were in addition to the normal annual review. It is further recognised that there is potential for market conditions to move rapidly in response to environmental and economic changes and therefore highlight the increased importance of the valuation date.</p>
Effect if assumptions differ from actual	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. A 1% change in the asset values of the classes mentioned would result in an estimated change of £6,992k.</p>
Item Uncertainty	Property, Plant and Equipment
	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>
Effect if assumptions differ from actual	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings within Land and Buildings would increase by £783k for every year that useful lives had to be reduced.</p>

Item Uncertainty	Pension Liability
Effect if assumptions differ from actual	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.</p> <p>The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £13,010k. However, the assumptions interact in complex ways. During 2022/23, the authority's actuaries advised that the net pension's liability had increased by £65,550k as a result of estimates being corrected as a result of experience. There was an increase attributable to updating the demographic assumptions £10,310k and a decrease of £411,430k attributable to financial assumptions. A sensitivity analysis of a change in various assumptions can be seen in Note 38 Defined Benefit Pension Schemes.</p>

Item Uncertainty	Arrears
Effect if assumptions differ from actual	<p>As at 31 March 2023, the authority had a balance of sundry debtors of £56,048k. A review of significant balances suggested that an impairment of doubtful debts of £6,052k was appropriate. Housing Rent arrears had a balance of £1,862k and council tax arrears £6,436k as at 31 March 2023. A review of significant balances suggested that an impairment of doubtful debts of £1,467k for Housing Rent arrears and £999k for council tax arrears was appropriate based on the stage the arrears are within the recovery process. However, in the current economic climate it is not certain that such an allowance would be sufficient. The economic impact of COVID-19 and the cost of living has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and their ability to settle their debts.</p> <p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £8,518k to be set aside as an allowance. However, very little debt is historically written off as disclosed in note 41.</p>

Note 5: Material Items of Income and Expense

The Council does not have any items of income and expenditure to report that require further information.

POWYS COUNTY COUNCIL

Note 6: Note to the Expenditure and Funding Analysis

Please note that the explanation for the meaning of the column headings can be found after the table.

2021/22 Reclassified	2021/22 Reclassified	2021/22 Reclassified	2021/22		2022/23	2022/23	2022/23	2022/23
Adjustments for Capital Purposes £'000	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000	Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
(1,064)	(2,798)	61	(3,801)	Adult Services	(740)	(2,297)	(37)	(3,074)
(39)	(2,060)	42	(2,057)	Childrens' Services	(61)	(1,789)	(74)	(1,924)
-	(884)	37	(847)	Commissioning	-	(714)	2	(712)
-	(436)	15	(421)	Workforce & Organisational Development	-	(388)	(11)	(399)
(5,103)	(63)	(16)	(5,182)	Education	(8,076)	53	(11)	(8,034)
(2,522)	(3,593)	141	(5,974)	Highways Transport & Recycling	(5,472)	(3,072)	(78)	(8,622)
(2,624)	(1,099)	41	(3,682)	Property, Planning & Public Protection	(1,459)	(1,100)	(40)	(2,599)
(1,212)	(1,589)	80	(2,721)	Housing & Community Development	(1,435)	(1,379)	(51)	(2,865)
(649)	(881)	13	(1,517)	Economy & Digital Services	(1,114)	(827)	(35)	(1,976)
-	(570)	12	(558)	Transformation & Communications	(4)	(438)	(28)	(470)
-	(237)	10	(227)	Legal & Democratic Services	-	(191)	18	(173)
(84)	(1,334)	134	(1,284)	Finance	(68)	(943)	5	(1,006)
5,096	(804)	(109)	4,183	Corporate Activities	-	(248)	76	(172)
(4,776)	(664)	45	(5,395)	Housing Revenue Account (HRA)	3,813	(840)	(64)	2,909
45	(3,945)	(415)	(4,315)	Schools Delegated	83	(3,197)	(579)	(3,693)
(12,932)	(20,957)	91	(33,798)	Net Cost of Services	(14,533)	(17,370)	(907)	(32,810)
(323)	(9,710)	1	(10,032)	Other Operating Expenditure	(6,669)	-	-	(6,669)
(6,345)	-	71	(6,274)	Financing and Investment Income and Expenditure	3,537	(9,550)	(975)	(6,988)
31,585	-	-	31,585	Taxation and Non-specific Grant Income and Expenditure	30,862	-	-	30,862

POWYS COUNTY COUNCIL

11,985	(30,667)	163	(18,519)	Difference between Council Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	13,197	(26,920)	(1,882)	(15,605)
--------	----------	-----	----------	--	--------	----------	---------	----------

Adjustments for Capital Purposes

Adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services this represents adjustments made for accumulated absences.
- For Financing and investment income and expenditure the other differences column recognises adjustments to the Council Fund for the timing differences for premiums and discounts.

This page is intentionally blank.

POWYS COUNTY COUNCIL

Note 7: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2022/23 TRANSACTIONS	Usable Reserves Council Fund Balance £'000	Usable Reserves Housing Revenue Account £'000	Usable Reserves Capital Receipts Reserve £'000	Usable Reserves Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(21,421)	(6,403)	-	-	27,824
Amortisation of intangible assets	(298)	(19)	-	-	317
Capital grants and contributions applied	28,932	5,751	-	-	(34,683)
Revenue expenditure funded from capital under statute	(4,890)	-	-	-	4,890
Revaluation gain/loss on property plant and equipment	1,280	3,456	-	-	(4,736)
Change in market value investment property	(25)	-	-	-	25
Loss on derecognition of assets	(5,832)	-	-	-	5,832
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(3,482)	(386)	-	-	3,868
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	3,562	970	-	-	(4,532)
Capital expenditure charged against the council fund and HRA balances	2,988	5,809	-	-	(8,797)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	175	-	-	128	(303)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	2,602	389	(2,991)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	109	-	(109)

STATEMENT OF ACCOUNTS

Deferred capital receipts upon receipt of cash	-	-	(217)	-	217
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	39	-	-	-	(39)
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	(975)	-	-	-	975
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see Note 38)	(49,989)	(2,311)	-	-	52,300
Employer's pensions contributions and direct payments to pensioners payable in the year	24,309	1,071	-	-	(25,380)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(843)	(64)	-	-	907
Total adjustments	(23,868)	8,263	(3,099)	128	18,576

2021/22 TRANSACTIONS	Usable Reserves Council Fund Balance £'000	Usable Reserves Housing Revenue Account £'000	Usable Reserves Capital Receipts Reserve £'000	Usable Reserves Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(20,503)	(6,651)	-	-	27,154
Amortisation of intangible assets	(222)	-	-	-	222
Capital grants and contributions applied	32,326	9,391	-	(22)	(41,695)
Revenue expenditure funded from capital under statute	(10,463)	-	-	-	10,463
Revaluation gain/loss on property plant and equipment	1,800	(5,869)	-	-	4,069
Change in market value investment property	28	-	-	-	(28)
Loss on derecognition of assets	(6,399)	-	-	-	6,399
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(4,934)	-	-	-	4,934
Incorporation of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	3,337	910	-	-	(4,247)
Capital expenditure charged against the council fund and HRA balances	10,717	6,831	-	-	(17,548)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	387	-	-	615	(1,002)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,274	3	(1,277)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	256	-	(256)
Deferred capital receipts upon receipt of cash	-	-	(235)	-	235
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	26	-	-	-	(26)
Adjustments primarily involving the Financial Instruments Adjustment Account:					

STATEMENT OF ACCOUNTS

Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	67	-	-	-	(67)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see Note 38)	(52,205)	(1,585)	-	-	53,790
Employer's pensions contributions and direct payments to pensioners payable in the year	22,475	645	-	-	(23,120)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	49	46	-	-	(95)
Total adjustments	(22,240)	3,721	(1,256)	593	19,182

POWYS COUNTY COUNCIL

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

Council Fund Balance

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

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of the income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Note 8: Transfers To/(From) Earmarked Reserves

Reserve Name	Bal as at 31 Mar 21 £'000	Movement £'000	Bal as at 31 Mar 22 £'000	Movement £'000	Bal as at 31 Mar 23 £'000
Schools Reserve	2,879	5,731	8,610	(2,316)	6,294
Insurance Reserve	88	72	160	905	1,065
Corporate Initiative Reserve	399	(154)	245	468	713
Revenue Grants Unapplied	3,858	2,375	6,233	1,156	7,389
Transport Reserve	11,281	(2,438)	8,843	616	9,459
Invest to Save	1,718	(54)	1,664	164	1,828
21st Century Schools	679	-	679	-	679
Budget Management Reserve	4,330	(746)	3,584	-	3,584
Pension ERs Reserve	986	898	1,884	-	1,884
Powys Recovery Fund	1,800	(415)	1,385	(422)	963
Remedial Repairs Reserve	1,850	(631)	1,219	(588)	631
Non Recurrent Demand	-	976	976	-	976
Match Fund Levelling Up	-	1,000	1,000	300	1,300
Capital Financing Reserve	-	2,241	2,241	2,345	4,586
COVID-19 Admin Grant Finance	-	1,243	1,243	-	1,243
Funding for Potential Pay Award	-	1,200	1,200	3,369	4,569
Other Specific Reserves	4,274	4,765	9,039	(1,541)	7,498
Total Earmarked	34,142	16,063	50,205	4,456	54,661

The table has been reclassified to give more detail of material reserves.

Reserve Name	Description
Schools Reserve	Total representing the funds available and ring-fenced to schools.
Insurance Reserve	To mitigate the effect of large claims against the authority
Corporate Initiative Reserve	Balance of unspent money for specific initiatives and one-off authority wide projects and costs.
Revenue Grants Unapplied	Grants received but that have not been utilised that do not have to be repaid to the Grantor. Expenditure not yet applied.
Transport Reserve	Used to fund vehicle, plant, and equipment (VPE) replacements. Services are charged a real depreciation amount which is transferred to the reserve annually and new VPE is purchased when the assets life has expired.
Invest to Save Reserve	Funds can be borrowed by departments to fund money saving schemes or transformation activity.
21 st Century Schools Reserve	Initially set aside to finance the Schools Modernisation Programme, the reserve was redirected to support the overall budget plan including the investment of social services in 2018/19.
Budget Management Reserve	Reserve set aside to manage in-year budget pressures as required.

POWYS COUNTY COUNCIL

Reserve Name	Description
Pension ERs reserve	Accumulation of balances of employer contributions above the lump sum deficit payment required. To be considered as alongside actuarial valuations.
Powys Recovery Fund	This fund will support Communities and Council Services.
Remedial Repairs Fund	To fund both revenue and capital essential remedial work to minimise the level of risk that the Council would be placed under.
Non recurrent demand	Set aside to assist council services with COVID-19 recovery. Services will draw upon this support through the submission and approval of a business case clearly demonstrating need and the benefits to our residents.
Match Fund Levelling Up	The council is able to draw the support of the Levelling Up Fund using this reserve for match funding purposes.
Capital Financing Reserve	To support the Council Capital Programme, reducing the Councils borrowing requirements and easing the pressure on the revenue budget.
COVID Admin Grant Finance	Reserve set aside to support additional staffing to manage the administration of COVID-19 and Cost of Living grants and to support the finance transformation project.
Funding for potential Pay Award	Set up to Fund the difference in the budgeted pay based on assumptions at the time and the final pay award.
Other Specific Reserves	Includes service specific reserves set aside to manage projected pressures. It also includes a number of smaller reserves.

Note 9: Other Operating Expenditure

2021/22 £'000		2022/23 £'000
Precepts		
4,177	Community Council Precepts	4,513
17,246	Dyfed Powys Police Precept	18,301
Levies		
7,525	Mid and West Wales Fire Authority	7,812
609	Bannau Brycheiniog National Park	609
44	Powys Land Drainage Board	44
3,657	(Gain)/Loss on the Disposal of Non-current Assets	876
6,399	Non-enhancing Expenditure	5,832
(26)	Transfer to Deferred Credits - Landlord Loans	(39)
39,631		37,948

Note 10: Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
11,025	Interest Payable and Similar Charges	12,174
9,710	Net Interest on the Defined Liability (Asset)	9,550
(76)	Interest Receivable and Similar Income	(401)
(176)	Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (Note 13)	(103)
20,483		21,220

Note 11: Taxation and Non-specific Grant Income/Expenditure

2021/22 £'000		2022/23 £'000
111,192	Council Tax income (Note 34)	115,439
44,985	Non-domestic Rates	48,747
149,530	Non-ringfenced Government Grants	161,515
31,585	Capital Grants and Contributions	30,862
337,292		356,563

POWYS COUNTY COUNCIL

Note 12: Property, Plant and Equipment

The non-current assets below do not include the 15 controlled faith schools or the 8 aided faith schools as the ownership of the assets does not reside with the Council.

In accordance with the temporary relief offered by the update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Movement In 2022/23 Cost or Valuation	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
As at 1 April 22	235,231	430,159	39,519		1,340	822	36,561	743,632
Additions	8,966	7,239	6,713	15,554	199	-	21,673	60,344
Revaluation increases/(decreases) recognised in the revaluation reserve	3,965	10,977	-	-	-	687	-	15,629
Revaluation increases/(decreases) recognised in the surplus on the provision of services	3,456	1,468	-	-	-	(188)	-	4,736
Derecognition – disposals	-	(1,699)	(1,987)	-	-	(423)	(2)	(4,111)
Derecognition – Non-enhancing expenditure	-	(5,832)	-	-	-	-	-	(5,832)
Reclassification from/(to) held for sale	-	(1,519)	-	-	-	(140)	-	(1,659)
Reclassification from/(to) Investment Properties	-	-	-	-	-	589	-	589
Other movements	10,465	1,119	2	207	52	203	(12,048)	-
As at 31 March 23	262,083	441,912	44,247		1,591	1,550	46,184	797,567

Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 22	(2,406)	(6,246)	(16,314)		(1)	(41)	(2)	(25,010)
Depreciation charge	(6,338)	(12,094)	(4,798)	(4,584)	(2)	(7)	-	(27,823)
Depreciation written out to the revaluation reserve	5,366	11,739	-	-	-	64	-	17,169
Depreciation written out to the deficit on the provision of services	-	-	-	-	-	-	-	-
Derecognition - disposals depreciation	-	428	1,726	-	-	-	-	2,154
Reclassified (from)/to held for sale	-	-	-	-	-	(9)	-	(9)

STATEMENT OF ACCOUNTS

Other movements	15	20	-	37	(18)	(13)	(39)	2
As at 31 March 23	(3,363)	(6,153)	(19,386)		(21)	(6)	(41)	(28,970)

Accumulated Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 22	-	(59)	3		-	-	-	(56)
Impairment (reversals)/losses recognised in the revaluation reserve	-	(178)	-	-	-	-	-	(178)
As at 31 March 23	-	(237)	3		-	-	-	(234)

Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 23	258,720	435,522	24,864	169,241	1,570	1,544	46,143	937,604
As at 31 March 22	232,825	423,854	23,208	158,027	1,339	781	36,559	876,593

To enable the users of these financial statements to take economic or other decisions, a change of 1% of the net book value of the infrastructure assets is £1,692k.

POWYS COUNTY COUNCIL
Comparative Movements in 2021/22:

Movement In 2021/22 Cost or Valuation	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
As at 1 April 21	241,898	445,138	74,743		1,273	1,579	31,655	796,286
Additions	9,320	10,448	7,018	16,213	120	-	18,261	61,380
Revaluation increases/(decreases) recognised in the revaluation reserve	(16,183)	(21,696)	-	-	-	(48)	(142)	(38,069)
Revaluation increases/(decreases) recognised in the surplus on the provision of services	(5,869)	1,800	-	-	-	-	-	(4,069)
Derecognition – disposals	-	(2,627)	(42,716)	(1)	-	(187)	(1,315)	(46,846)
Derecognition – Non-enhancing expenditure	-	(6,349)	(43)	-	-	-	(6)	(6,398)
Reclassification from/(to) held for sale	-	(308)	-	-	(14)	(1,137)	-	(1,459)
Reclassification from/(to) Investment Properties	-	(250)	-	-	-	-	-	(250)
Other movements	6,065	4,003	517	727	(39)	615	(11,892)	(4)
As at 31 March 22	235,231	430,159	39,519		1,340	822	36,561	743,632

Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 21	(17,286)	(30,943)	(54,530)		-	(93)	(338)	(103,190)
Depreciation charge	(6,594)	(11,377)	(4,137)	(5,023)	(1)	(22)	-	(27,154)
Depreciation written out to the revaluation reserve	21,472	35,301	-	-	-	2	334	57,109
Derecognition - disposals depreciation	-	750	42,355	1	-	44	-	43,150
Reclassified (from)/to held for sale	-	-	-	-	-	37	-	37
Reclassified (from)/to investment properties	-	15	-	-	-	-	-	15
Other movements	2	8	(2)	-	-	(9)	2	1
As at 31 March 22	(2,406)	(6,246)	(16,314)		(1)	(41)	(2)	(25,010)

Accumulated Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 21	-	(59)	(14)		-	-	-	(73)
Derecognition - disposals impairment	-	-	17	-	-	-	-	17
As at 31 March 22	-	(59)	3		-	-	-	(56)

STATEMENT OF ACCOUNTS

Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 22	232,825	423,854	23,208	158,027	1,339	781	36,559	876,593
As at 31 March 21	224,612	414,136	20,199	146,110	1,273	1,486	31,317	839,133

The fair values of Property, Plant and Equipment:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Intangible £'000	Total £'000
Historical cost	26,897	11,791	45,506	223,993	1,591	-	46,564	8,020	364,362
Valued at fair value:									
31 Mar 2023	-	107,679	-	-	-	1,548	-	-	109,227
31 Mar 2022	168,090	168,503	-	-	-	-	463	-	337,056
31 Mar 2021	-	20,670	-	-	-	-	26	-	20,696
31 Mar 2020	-	32,990	-	-	-	-	-	-	32,990
31 Mar 2019	58,800	89,754	-	-	-	-	-	-	148,554
	253,787	431,387	45,506	223,993	1,591	1,548	47,053	8,020	1,012,885

POWYS COUNTY COUNCIL

Capital Commitments

As at 31 March 2023, the authority has entered into a number of contracts for the construction or enhancement of property, plant, and equipment in 2022/23 and future years budgeted to cost £34,421k. Similar commitments as at 31 March 2022 were £23,863k.

Included within the £38,256k was an outstanding Revenue Expenditure Funded from Capital Under Statute (REFFCUS) commitment of £14,095 (£1,844k as at 31 March 2022).

Revaluations

The authority carries out a rolling programme that ensures that all property, plant, and equipment required to be measured at fair value is revalued at least every five years. All valuations undertaken this year were carried out by external valuers.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Assets valued in 2022/23 were revalued at 1 April 2022.

The Council Dwellings are valued on an Existing use – Social Housing basis. The beacon method was adopted with a 38% of the market value used in the revaluations.

Assets valued using the Depreciated Replacement Cost (DRC) method have been uplifted by 8.6% and Council Dwellings by 4.61% to reflect the increase in construction costs and house values since the last valuation date.

Valuations of vehicles, plant, furniture, and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

POWYS COUNTY COUNCIL

Note 13: Investment Properties

The following items of income and expense have been accounted for in the finance and investment income and expenditure line in the Comprehensive Income and Expenditure Statement:

2021/22		2022/23
£'000		£'000
(178)	Rental income	(178)
29	Direct operating expense	50
(149)		(128)

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

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

2021/22		2022/23
£'000		£'000
3,701	Balance as at 1 April	3,988
37	Change in fair value	(25)
	Transfers:	
235	(To)/From Property, Plant & Equipment	(589)
15	Other Changes	-
3,988	Balance as at 31 March	3,374

POWYS COUNTY COUNCIL

Fair Value Measurement

The table below provides an analysis of the fair values of non-current assets grouped into levels one to three, based on the level to which the inputs to the measurement of fair value are observable. There are no movements between valuations levels 1 and 2.

2021/22 Level 1: Quoted Market Price £'000	2021/22 Level 2: Observable Inputs £'000	2021/22 Level 3: Unobservable Inputs £'000	Total as at 31 March 2021 £'000		2022/23 Level 1: Quoted Market Price £'000	2022/23 Level 2: Observable Inputs £'000	2022/23 Level 3: Unobservable Inputs £'000	Total as at 31 March 2022 £'000
Recurring fair value measurements:								
-	2,805	1,182	3,987	Investment property	-	2,782	590	3,372
Non-recurring fair value measurements:								
-	1,560	115	1,675	Assets held for sale	-	1,838	108	1,946
-	650	62	712	Surplus assets	-	1,504	37	1,541

The table below shows a reconciliation of fair value valuations and the balance sheet figures.

2021/22 Fair Value £'000	2021/22 Balance Sheet £'000	2021/22 Variance £'000		2022/23 Fair Value £'000	2022/23 Balance Sheet £'000	2022/23 Variance £'000
3,987	3,988	1	Investment Property	3,372	3,374	2
1,675	2,169	494	Assets held for sale	1,946	1,926	(20)
712	781	69	Surplus Assets	1,541	1,544	3

Fair valuation of assets held for sale varies from the balance sheet figure because the valuation of assets held for sale reflect the accounting policy of reporting the lower of fair valuation or carrying value.

POWYS COUNTY COUNCIL

Valuation Techniques Used to Determine Level 2 Fair Values

The fair value for assets held for sale has been based on the market approach using prices and other relevant information generated by market transactions involving comparable properties. Market conditions are such that similar properties are actively purchased and sold, and the level of observable inputs are significant, leading to the properties being categorised as Level 2.

Highest and Best Use

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

For recurring valuations of investment property any gains or losses are recognised in the Comprehensive Income and Expenditure Statement within the line for income and expenditure related to investment properties. For the valuation of surplus assets, the gain or loss has been recognised in the non-distributed costs.

Sensitivity to Changes in Significant Unobservable Inputs

Significant changes in rental yield and vacancy levels or discount rate will result in a significantly lower or higher fair value.

POWYS COUNTY COUNCIL

Note 14: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

2021/22 £'000		2022/23 £'000
398,413	Opening Capital Financing Requirement	406,261
Capital Investment:		
61,380	Property, Plant and Equipment	60,344
38	Assets held for sale	4
714	Intangible Assets	305
10,463	REFFCUS	4,890
Less Sources of Finance:		
256	Capital Receipts	109
42,696	Government Grants and Other Contributions	34,985
Sums Set Aside from Revenue:		
17,548	Direct Revenue Contributions	8,797
4,247	Minimum Revenue Provision (MRP)	4,532
406,261	Closing Capital Financing Requirement	423,381
Explanation of Movement in Year:		
4,281	Increase/(Decrease) in Underlying Need to Borrow (Supported by Government Financial Assistance)	2,679
3,567	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	14,441
7,848	Increase/(Decrease) in Capital Financing Requirement	17,120

Note 15: Financial Instruments

The authority had the following categories of financial instruments in the Balance Sheet:

Financial Assets

31 Mar 22 Long Term £'000	31 Mar 22 Short Term £'000		31 Mar 23 Long Term £'000	31 Mar 23 Short Term £'000
982	33,009	Investments – Amortised Cost	961	22,114
2,929	74,987	Debtors – Amortised Cost	2,710	55,858

Financial Liabilities

31 Mar 22 Long Term £'000	31 Mar 22 Short Term £'000		31 Mar 23 Long Term £'000	31 Mar 23 Short Term £'000
301,087	64,286	Borrowings – Amortised Cost	282,500	67,264
750	77,205	Creditors – Amortised Cost	794	63,152

Included in short term borrowing is £17,400k received from Welsh Government in respect of the Global Centre of Rail Excellence (GCRE) project. In May 2019, Powys County Council, Neath Port Talbot CBC and Welsh Government entered a Joint Venture Agreement to work together to provide structure, direction and guidance to bring forward the development of the GCRE, a rail testing and storage facility to support the rail industry and the wider supply chain in the UK and internationally. In October 2022 the council returned £15,600k of the £33,000k it held on the balance sheet as at 31 March 2022. The Council had until 31 March 2023 to progress to the full business case position. However, correspondence with Welsh Government highlighted that the Council would like to return the remaining £17,400k as it feels the circumstances of the original agreement have changed significantly. In August 2023, post year-end, this was returned to Welsh Government on their request.

With the rising gilt rates throughout 2022/23, the opportunity to restructure some of the council's debt was explored. This led to the early repayment of four Lenders Option, Borrowers Option (LOBO) loans which totalled £17,000k.

POWYS COUNTY COUNCIL
Income, Expense, Gains and Losses

2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000		Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000
Net Gains/Losses on:						
825	-	825	Impairment loss	1,999	-	1,999
825	-	825	Total Net Gains/Losses	1,999	-	1,999
Interest Revenue:						
(76)	-	(76)	Financial Assets Measured at Amortised Cost	(401)	-	(401)
(76)	-	(76)	Total Interest Revenue	(401)	-	(401)
11,025	-	11,025	Interest Expense	12,174	-	12,174

POWYS COUNTY COUNCIL

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated ranges of interest rates as at 31 March 2023 of 4.24% to 4.78% for loans from the PWLB and 4.48% to 4.75% for LOBO's and 4.34% to 4.83% for other loans receivable and payable, based on new lending rates for equivalent loans at that date.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Accrued interest has been included in the fair value calculation since it is included in the carrying value of loans in the Balance Sheet.

The fair values calculated are as follows:

31 Mar 22 Carrying Amount £'000	31 Mar 22 Fair Value £'000		31 Mar 23 Carrying Amount £'000	31 Mar 23 Fair Value £'000
365,373	415,880	Financial Liabilities	349,764	317,591
750	750	Long Term Creditors	794	794

The fair value of the liabilities is lower than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date.

31 Mar 22 Carrying Amount £'000	31 Mar 22 Fair Value £'000		31 Mar 23 Carrying Amount £'000	31 Mar 23 Fair Value £'000
33,991	33,991	Loans and Receivables	23,075	23,075
2,929	2,929	Long Term Debtors	2,710	2,710

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

POWYS COUNTY COUNCIL

Note 16: Short Term Debtors

Short term debtors are amounts owed to the authority that are due for collection within one year from 31 March and shown net of provisions for bad debts.

31 Mar 22		31 Mar 23
£'000		£'000
19,168	Trade Debtors	18,901
52,988	Other Debtors	34,635
2,831	Payments in Advance	2,322
74,987		55,858

Note 17: Cash and Bank Accounts

Cash was held in the following categories as at 31 March:

31 Mar 22		31 Mar 23
£'000		£'000
10,683	Cash Held by the Authority	465
(4,879)	Bank Current Accounts	(3,096)
5,804		(2,631)

In addition to the above, as at 31 March 2023 the Council held £1,627k (£1,483k as at 31 March 2022) on behalf of third parties, in relation to Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

Note 18: Creditors

Short Term Creditors

Short term creditors are amounts owed by the authority that are due for payments within one year from 31 March:

31 Mar 22		31 Mar 23
£'000		£'000
(48,321)	Trade Payables	(38,281)
(15,524)	Other Payables	(9,537)
(13,360)	Accruals and Deferred Income	(15,334)
(77,205)		(63,152)

Long Term Creditors

31 Mar 22		31 Mar 23
£'000		£'000
(750)	Receipts in Advance	(794)
(750)		(794)

Note 19: Provisions

Short Term Provisions

	As at 1 Apr 22 £'000	Increase in Provision £'000	Amounts Paid £'000	As at 31 Mar 23 £'000
Insurance	(3,225)	(149)	595	(2,779)
Other	(660)	(67)	-	(727)
	(3,885)	(216)	595	(3,506)

Insurance A provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements, this includes employer and public liability.

Other Included in Other are Equal Pay claims still to be settled.

Note 20: Usable Reserves

Movements in the authority's usable reserves are detailed in the movement in reserves statement, including the Council Fund and HRA. The usable capital receipts table which follows provides further information of movement on that reserve.

Usable Capital Receipts

2021/22 £'000		2022/23 £'000
11,186	Balance as at 1 April	12,442
1,512	Gross capital receipts	3,208
(181)	Financing fixed assets	(19)
(75)	Financing REFFCUS	(90)
12,442	Balance as at 31 March	15,541

POWYS COUNTY COUNCIL
Note 21: Unusable Reserves

31 Mar 22 £'000		31 Mar 23 £'000
290,909	Revaluation reserve	313,864
187,217	Capital adjustment account	207,265
(1,147)	Financial instruments adjustment account	(2,122)
(366,710)	Pensions reserve	(106,150)
3,172	Deferred capital receipts	2,994
(4,849)	Accumulated absences account	(5,755)
108,592		410,096

Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000
	280,425	Balance as at 1 April		290,909
31,599		Upwards revaluation of assets	44,654	
(12,536)		Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(12,054)	
	19,063	Surplus or deficit on the revaluation of non-current assets not posted to the surplus/deficit on the provision of services		32,600
(6,728)		Difference between fair value depreciation and historical cost depreciation	(7,413)	
(1,851)		Accumulated gains on assets sold or scrapped	(2,232)	
	(8,579)	Amount written off to the capital adjustment account		(9,645)
	290,909	Balance as at 31 March		313,864

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions.

2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000
	167,104	Balance as at 1 April		187,217
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
(27,154)		Charges for depreciation of non-current assets	(27,824)	
(222)		Amortisation of Intangible Assets	(317)	
(4,069)		Revaluation gain/(loss) on Property, Plant and Equipment	4,736	
(10,463)		Revenue expenditure funded from capital under statute	(4,890)	
(6,399)		Loss on derecognition of Assets	(5,832)	
(4,934)	(53,241)	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,846)	(37,973)
	8,579	Adjusting amounts written out of the Revaluation Reserve		9,645
	(44,662)	Net written out of the cost of non-current assets consumed in the year		(28,328)
Capital Financing applied in the year				
256		Use of the Capital Receipts Reserve to finance new capital expenditure	109	
41,695		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	34,683	
1,001		Application of grants to capital financing from the Capital Grants Unapplied Account	302	
17,548		Capital expenditure charged against the Council Fund and HRA balances	8,797	
4,247	64,747	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	4,532	48,423
	28	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(25)
	-	Available for Sale Assets		(22)
	187,217	Balance as at 31 March		207,265

The account is debited with the cost of acquisition, construction, or enhancement as depreciation. Impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

POWYS COUNTY COUNCIL

The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction, and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Financials Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses, relating to certain financial instruments and for bearing losses, or benefiting from gains, per statutory provisions. The authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the Council Fund Balance to the account in the movement in reserves statement.

Over time the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account as at 31 March will be charged to the Council Fund over the remaining life of repaid loans.

2021/22 £'000		2022/23 £'000
(1,215)	Balance as at 1 April	(1,147)
(8)	Discounts paid from rescheduling of debt	(8)
31	Soft loans adjustment	15
45	Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	54
-	Early Repayment of LOBOs	(1,036)
(1,147)	Balance as at 31 March	(2,122)

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed, as the authority makes employer's contributions to Pension Funds or eventually pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £'000		2022/23 £'000
(473,660)	Balance as at 1 April	(366,710)
137,620	Actuarial gains or (losses) on pensions assets and liabilities	287,480
(53,790)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income And Expenditure Statement	(52,300)
23,120	Employer's pensions contributions	25,380
(366,710)	Balance as at 31 March	(106,150)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2020/21 £'000		2022/23 £'000
3,381	Balance as at 1 April	3,172
26	Landlord Loans	39
(235)	Transfer to the Capital Receipts Reserve upon receipt of cash	(217)
3,172	Balance as at 31 March	2,994

POWYS COUNTY COUNCIL

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward as at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the account.

2021/22 £'000		2022/23 £'000
(4,944)	Balance as at 1 April	(4,849)
4,944	Settlement or cancellation of accrual made at the end of the preceding year	4,849
(4,849)	Amounts accrued at the end of the current year	(5,755)
(4,849)	Balance as at 31 March	(5,755)

Note 22: Expenditure and Income Analysed by Nature

2021/22 Reclassified £'000	Per the (surplus)/deficit from the provision of services	2022/23 £'000
210,802	Employee Costs	226,014
25,580	Premises related expenditure	18,771
16,204	Transport related expenditure	17,240
31,233	Supplies and Services	35,686
31,418	Depreciation and Impairment losses	23,430
10,463	REFFCUS	4,890
112,265	Third Party Payments	118,353
29,601	Precepts and Levies (see note 9)	31,279
47,986	Transfer Payments	47,554
11,104	Capital financing costs (Interest and Similar Charges)	12,307
9,710	Pension Interest Costs	9,550
120	IAS 19 Past Service Costs	80
6,399	Non-Enhancing Expenditure	5,832
3,657	Loss on Disposal of Asset	877
546,542	Total Expenditure	551,863
(153,553)	Grants, reimbursements and contributions (see note 33)	(136,496)
(69,670)	Customer and client income	(73,794)
(26)	Transfer to deferred credits - landlord loans (see note 9)	(39)
(76)	Interest received and similar income	(401)
(10,518)	REFFCUS	(3,996)
(21,422)	Precepts	(22,814)
(89,770)	Council Tax	(92,626)
(44,985)	Non Domestic Rates	(48,747)
(149,530)	Revenue Support Grant	(161,515)
(539,550)	Total Income	(540,428)
6,992	Net Expenditure/(Income)	11,435

Reconciliation to the report to Cabinet (see Narrative Report)

2021/22 £'000		2022/23 £'000
6,992	(Surplus)/Deficit on the Provision of Services (see CIES)	11,435
89,770	Council Tax	92,626
(1,859)	Council Tax Surplus	(1,016)
44,985	Non-Domestic Rates	48,747
146,912	Revenue Support Grant	161,515
Items not reported to management		
(18,519)	Adjustments made between Accounting Basis and Funding Basis Under Regulations (see Expenditure and Funding Analysis)	(15,605)
-	Adjustment impacting Outturn after cabinet report	(14)
268,281	Net Expenditure/(Income) as per Narrative Report	297,688

2021/22 has been reclassified to reflect £15,674k of costs to supplies and services that were attributed to employee costs (£6,104k), premises related expenditure (£108k), transport related expenditure (£690k) and third-party payments (£8,752k). The adjustment has been made to correct an apportionment of internal charges to capital.

Note 23: Cash Flow Statement – Investing Activities

2021/22 £'000		2022/23 £'000
52,950	Purchase of property, plant and equipment, investment property and intangible assets	55,939
200,815	Purchase of short and long term investments	422,230
(765)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,050)
(200,815)	Proceeds from the sale of short and long term investments	(436,122)
52,185	Net cash flows from investing activities	38,997

Note 24: Cash Flow Statement – Financing Activities

2021/22 £'000		2022/23 £'000
(43,396)	Cash receipts of short and long term borrowing	(45,000)
(31,166)	Other receipts from financing activities	(29,046)
49,777	Repayments of short and long term borrowing	66,521
4,206	Other payments for financing activities	2,370
(20,579)	Net cash flows from financing activities	(5,155)

Note 25: Cash Flow Statement – Analysis of Government Grants

2021/22 £'000		2022/23 £'000
9,966	Housing Grants	9,531
5,627	Other Social Services (Primarily Mental Handicap Strategy)	6,925
6,521	Supporting People	6,936
1,529	Other Transport Grants	1,390
1,597	Waste Disposal And Recycling Grants	1,142
26,270	Education Grants	22,613
2,402	Concessionary Travel	2,621
8,523	Miscellaneous	4,337
826	Emergency Financial Assistance	557
16,992	COVID-19	8,270
493	Communities First	323
1,634	REFFCUS	3,214
484	Sports Council	449
15	Arts Council of Wales	38
82,879		68,346

Note 26: Trust Funds

The authority remains sole trustee for the Welsh Church Acts Fund and Rhayader Leisure Centre. Their unaudited accounts are summarised over the next two pages and do not form part of the authority's accounts.

The Charities Act 1993 requires there to be an independent audit of the Statement of Accounts of the following two trust funds. The 2022/23 results below had not been audited by the time Powys County Council's audit was complete and the Audit Report included with this Statement of Accounts does not relate to these Trust Funds.

Welsh Church Acts Fund

The Welsh Church Acts Fund was established under the Welsh Church Act of 1914 and is administered by the County Council. Grants are made from the Fund to individuals and organisations with charitable status. The unaudited 2022/23 accounts of the Welsh Church Acts Fund are set out below whereas the 2021/22 figures have been restated to reflect the audited accounts from that year. These accounts do not form part of the authority's consolidated accounts.

Restated 2021/22 £'000	Revenue Account Income	2022/23 £'000
(120)	Investment Income	(94)
(3)	Other income	(3)
(212)	Gains on Investment Assets	-
(335)	Total Income	(97)
	Expenditure	
42	Raising Funds	41
77	Charitable Activities	53
-	(Losses) on Investment Assets	132
119	Total Expenditure	226
(216)	Deficit/(Surplus) for the year	129
(3,035)	Fund Balance Brought Forward	(3,251)
(3,251)	Fund Balance Carried Forward	(3,122)

Restated 31 March 22 £'000	Balance Sheet Non-current Assets	31 March 23 £'000
205	Land and Buildings	205
3,042	Investments	2,910
3,247	Total Non-current Assets	3,115
4	Net Current Assets	7
3,251	Net Assets	3,122
3,251	Fund Surplus	3,122

POWYS COUNTY COUNCIL

Rhayader Leisure Centre Trust Fund

Rhayader Leisure and Community Centre was established as a charitable trust on 1 March 1994. The full annual report and accounts are published separately, and copies are available from the Finance department. These draft accounts do not form part of the authority's consolidated accounts.

2021/22 £'000	Revenue Account	2022/23 £'000
(405)	Income	(485)
405	Expenditure	485
-	Deficit/(Surplus) for the year	-
(4)	Fund Balance Brought Forward	(4)
(4)	Fund Balance Carried Forward	(4)

31 March 22 £'000	Balance Sheet	31 March 23 £'000
4	Net Current Assets	4
4	Net Assets	4
4	Fund Surplus	4

Note 27: Agency Services

The Council acts as an agent for various schemes on behalf of the Welsh and UK Government. The amounts are excluded from the authority's income and expenditure. The significant agency services provided were as below.

Cost of Living Grant

Payments of £5,036k were paid to households eligible for a £150 cost of living support payment. The Council recorded a £5,619k Welsh Government debtor and an equivalent creditor to pay eligible households a £150 cost of living support payment as at 31 March 2022. Of the remaining balance, £395k was transferred to the discretionary Cost of Living Grant and £188k was allocated to administrative purposes as per the terms of the grant. Both items are included in the Authority's income and expenditure.

COVID-19 Business Grants

Grants of £460k were paid to eligible businesses in 2022/23 (£3,675k in 2021/22). The creditor of £3,529k held on the balance sheet as at 31 March 2022 was repaid to Welsh Government in year.

Houses into Homes

Loans are made available to bring long-term empty residential properties or commercial buildings back into use as homes for rent or sale. Since inception in 2013/14 £1,000k funding has been provided by Welsh Government, the balance available for new loans as at 31 March 2023 was £709k (£531k as at 31 March 2022).

Home Improvement Loans

Loans made available to help homeowners improve the condition of their residential property. Since inception in 2014/15 £2,150k funding has been provided by Welsh Government, the balance available for new loans as at 31 March 2023 was £0k (£0k as at 31 March 2022).

NDR Rate Relief Grants

£3,599k was paid to eligible Companies in 2022/23 (£10,413k in 2021/22). A debtor of £108k was held on the balance sheet as at 31 March 2023 (£183k debtor as at 31 March 2022).

Self-Isolation Payments (SIPS)

Payments totalling £220k were made to eligible individuals who had to self-isolate in 2022/23 (£1,103 in 2021/22).

Social care £735 bonus scheme

The debtor balance of £3,688k held on the balance sheet as at 31 March 2022 was received from Welsh Government in 2022/23.

SSP Enhancement

Top up payments to full salary of £132k were paid where employees only receive statutory sick pay when off sick with COVID-19 or having to self-isolate as an infection control measure in 2022/23 (£172k in 2021/22).

Viable and Vibrant Places

Loans are made available focusing on regeneration activity in town centres, with an emphasis on improvement to the housing supply. Since inception in 2014/15 £4,850k funding has been provided by Welsh Government, the balance available for new loans as at 31 March 2023 was £719k (£592k as at 31 March 2022).

Unpaid Carers Grant - WG

Payments totalling £571k were made to eligible individuals, unpaid carers who were receiving Carer's Allowance on March 31 2022.

Fuel Support Scheme – WG

Payments totalling £1,698k were made to support eligible households who can claim a one-off £200 payment to provide support towards paying their fuel costs.

Energy Bills Support Scheme Alternative Funding

Payments totalling £173k were made to eligible households who have not received the main EBSS payment to help with their energy bills between 1 October 2022 and 31 March 2023, but who are still facing increased energy costs. A creditor of £498k was recorded as at 31 March for this UK government scheme.

Alternative Fuel Payment

The Council has received £309k from the UK Government, to support eligible households that heat their homes using alternative energy sources, such as oil, coal, liquified petroleum gas. A creditor of the same amount is recorded on the balance sheet as at 31 March 2023.

Ukraine Host Payments – UK Government

Payments totalling £233k were made to support hosts of Ukrainian family units. A debtor of £114k has been recorded on the balance sheet as at 31 March 2023.

POWYS COUNTY COUNCIL

Note 28: Pooled Budgets and Joint Arrangements

Funded Nursing Care Pooled Budget (Section 31 Health Act 1999)

Powys Teaching Health Board (PTHB) and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999. The health-related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under Section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. (Circular 12/2003).

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Assembly Government Guidance NHS Funded Nursing Care 2004. The allocation received for 2022/23 for Free Nursing care was £2,108k (£2,108k in 2021/22) which is now within the PTHB base allocation from WG.

2021/22 £'000		2022/23 £'000
Gross Funding		
-	Powys County Council	-
2,108	Powys Teaching Health Board	2,108
2,108	Total funding	2,108
Expenditure		
1,960	Monies spent in accordance with Pooled Budget arrangement	2,131
1,960	Total expenditure	2,131
148	Net under/(over) spend	(23)
Net under/(over) spend - held		
148	Powys County Council	(23)
-	Powys Teaching Health Board	-

STATEMENT OF ACCOUNTS

Community Equipment Store (CES) Pooled Budgets (Section 33)

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The purpose of the agreement is to facilitate the provision of a community equipment service and development within Powys.

2021/22 £'000		2022/23 £'000
Gross Funding		
521	Powys County Council	675
521	Powys Teaching Health Board	675
1,042	Total funding	1,350
Expenditure		
1,202	Monies spent in accordance with Pooled Budget arrangement	1,300
1,202	Total expenditure	1,300
(160)	Net under/(over) spend	50
Net under/(over) spend - held		
(80)	Powys County Council	25
(80)	Powys Teaching Health Board	25

Integrated Health and Social Care Centre, Glan Irfon, Builth Wells Pooled Budget (Section 33)

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations.

The purpose of the agreement is to facilitate the provision of person-centred care at Glan Irfon, for 12 residents within the short stay shared care reablement unit with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

2021/22 £'000		2022/23 £'000
Gross Funding		
252	Powys County Council	273
252	Powys Teaching Health Board	273
504	Total funding	546
Expenditure		
504	Monies spent in accordance with Pooled Budget arrangement	546
504	Total expenditure	546
-	Net under/(over) spend	-

POWYS COUNTY COUNCIL

Reablement Service Section 33 Joint Arrangement

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

The gross funding agreed by both parties is detailed below:

2021/22 £'000		2022/23 £'000
Gross Funding		
413	Powys County Council	413
828	Powys Teaching Health Board	828
1,241	Total funding	1,241
Expenditure		
	Monies spent in accordance with Pooled Budget arrangement	
775	Powys County Council	805
510	Powys Teaching Health Board	541
1,285	Total expenditure	1,346
(44)	Net under/(over) spend	(105)
Net under/(over) spend - held		
(44)	Powys County Council	(73)
-	Powys Teaching Health Board	(32)

Substance Misuse Services Section 33 Joint Arrangement

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

The purpose of the agreement is to provide a Tier 2 and 3 service provision for drug and alcohol users and their concerned others.

2021/22 £'000		2022/23 £'000
Gross Funding		
673	Powys County Council	748
122	Powys Teaching Health Board	122
795	Total funding	870
Expenditure		
795	Monies spent in accordance with Pooled Budget arrangement	870
795	Total expenditure	870
-	Net under/(over) spend	-

ICT Service

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. The purpose of the agreement is to pool ICT funds from both partners so as to enhance the ICT service in both organisations due to finite resources.

2021/22 £'000		2022/23 £'000
Gross Funding		
1,234	Powys County Council	1,412
829	Powys Teaching Health Board	840
523	Other income	465
2,586	Total funding	2,717
Expenditure		
2,503	Monies spent in accordance with Pooled Budget arrangement	2,638
2,503	Total expenditure	2,638
83	Net under/(over) spend	79
Net under/(over) spend - held		
82	Powys County Council	65
1	Powys Teaching Health Board	14

Note 29: Joint Committees

Powys County Council and Ceredigion County Council are members of the Growing Mid Wales Board which was established in 2021/22. The Board provides leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. Expenditure included in these accounts total £190k (£188k in 2021/22) and income £34k.

The Council, Ceredigion County Council and Bannau Brycheiniog National Park are members of the Mid Wales Corporate Joint Committee which was established in 2021/22. The Committee is tasked with the development of regional transport, strategic development plans and improving economic wellbeing. Expenditure included in these accounts total £198k (£154k in 2021/22) and income £71k (£154k in 2021/22).

Note 30: Members Allowances

A total of £1,401k was paid to Councillors in basic and special responsibility allowances (£1,291k in 2021/22). Excluded from this amount is a payment equivalent to a special responsibility allowance paid to the Chair of the Pension and Investment Committee (£8.8k, £5k in 2021/22), which is funded from the Pension Fund. Councillors were also reimbursed travel, working expenses and subsistence expenses in accordance with regulations amounting to £9k (£3k in 2021/22).

POWYS COUNTY COUNCIL

Note 31: Senior Officers Emoluments

The remuneration ratio of the Chief Executive during the year of the accounts to the amount of the median remuneration (£24,948 in 2022/23, £23,023 in 2021/22) of the Authorities employees was 5.97 (6.38 in 2021/22). Please note that these calculations are based on contracted salaries and so excludes non-contracted payments. The ratio is based on the annualised salary of the Chief Executive in post as at 31 March.

The following number of higher paid officers, excluding senior officers, of the County Council were on full time equivalents salaries in excess of £60,000 in the year. Remuneration bands exclude employer's pension contributions.

Reclassified 2021/22 School Staff	Reclassified 2021/22 Other Staff	Reclassified 2021/22 Total Staff	Remuneration Band	2022/23 School Staff	2022/23 Other Staff	2022/23 Total Staff
29	17	46	£60,000 - £64,999	40	12	52
12	16	28	£65,000 - £69,999	28	18	46
8	2	10	£70,000 - £74,999	9	4	13
6	-	6	£75,000 - £79,999	4	1	5
3	1	4	£80,000 - £84,999	3	3	6
3	7	10	£85,000 - £89,999	2	4	6
3	-	3	£90,000 - £94,999	1	-	1
1	-	1	£95,000 - £99,999	2	-	2
-	-	-	£100,000 - £104,999	1	-	1
1	-	1	£105,000 - £109,999	-	-	-
-	-	-	£110,000 - £114,999	-	-	-
-	-	-	£115,000 - £119,999	1	-	1

Those officers in statutory roles or reporting directly to the Chief Executive who attracted remuneration of at least £60k are shown in the 2022/23 disclosure on the next page.

Note 37 details termination benefits.

Post Title 2022/23	Salary (inc. fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution ¹	Total Remuneration including Pension Contribution
	£'000	£'000	£'000	£'000	£'000	£'000
	Chief Executive	149	-	-	149	38
Executive Director (People and Organisational Development) ²	29	1	-	30	8	38
Director of Social Service and Housing (Interim) ³	74	-	-	74	19	93
Executive Director (Economy and Environment)	113	-	-	113	29	142
Head of Transformation and Communications ⁴	19	-	-	19	5	24
Director of Corporate Services (Interim) ⁴	77	-	-	77	20	97
Head of Finance (S.151 Officer)	90	-	-	90	23	113
Head of Legal and Monitoring Officer ⁵	86	3	-	89	23	112
Director of Education and Childrens ⁶	97	-	-	97	25	122
Strategic Lead for Education (Interim) ⁷	-	-	-	-	-	-

Notes to the 2022/23 structure

- Pension Contribution is 26.20% of pensionable pay, of which 21.80% relates to employer's future service costs while 4.40% is deficit funding relating to the shortfall concerning past service liabilities.
- The post holder left of their own accord at the end of June 2022.
- Filled on an interim basis between July 2022 to July 2023 inclusive. This was further extended by 12 months in May 2023 to July 2024. The post holder did not hold a senior position prior to this.
- The Head of Transformation and Communications was seconded as Director of Corporate Services on an interim basis between June 2022 to July 2023 inclusive and further extended by 12 months in May 2023 to July 2024.
- The title of Head of Legal and Democratic Services was updated to Head of Legal and Monitoring Officer.
- The Director of Education became Director of Education and Children on an interim basis between July 2022 to July 2023 inclusive. This was further extended by 12 months in May 2023 to July 2024.
- The post holder had been paid by claim on an off-contract basis and as such no termination benefits were due when the position was removed from the structure in July 2022.

POWYS COUNTY COUNCIL

Post Title 2021/22	Salary (inc. fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution ¹	Total Remuneration including Pension Contribution
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	147	-	-	147	39	186
Executive Director ² (People and Organisational Development)	115	-	-	115	30	145
Executive Director ² (Economy and Environment)	109	3	-	112	29	141
Head of Finance (S.151 Officer)	88	-	-	88	23	111
Head of Legal and Democratic Services	87	3	-	90	23	113
Head of Transformation and Communication	88	-	-	88	23	111
Director of Education ³	87	-	-	87	23	110
Strategic Lead for Education (Interim)	62	-	-	62	-	62

Notes to the 2021/22 structure

1. Pension Contribution is 26.20% of pensionable pay, of which 21.80% relates to employer's future service costs while 4.40% is deficit funding relating to the shortfall concerning past service liabilities.
2. The positions of Corporate Directors were renamed as Executive Directors as of 15th July 2021. At this time, the grade of Executive Director for Economy and Environment was also increased from Director 1 to Strategic Director to match their contemporary in Children and Adults (2021/22) now titled People and Organisational Development. Included in the Salary of the Executive Director (People and Organisational Development) is a £735 Social Care Bonus payment.
3. The Interim Chief Education Officer was appointed as the permanent Director of Education effective 27 Sep 2021. This removes the need for an interim position.

Note 32: Audit Costs

The authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the authority's external auditors.

2021/22 £'000		2022/23 £'000
215	Accounts	246
114	Performance audit	120
44	Grant claims	51
373		417

Note 33: Grant Income

NNDR (National Non-Domestic Rates) is organised on a national basis. The Welsh Government (WG) specifies an amount for the rate 53.5p in 2022/23 (53.5p in 2021/22) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by this amount. The total rateable value as at 31 March 2023 was £85,153k (£84,918k as at 31 March 2022). The Council pays the rates it collects to a pool administered by Welsh Government. Welsh Government redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population.

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

2021/22 £'000	Grants, Reimbursements and Contributions	2022/23 £'000
825	21st Century School Transformation	791
2,390	Accelerated Learning	1,701
4,107	AHW Social Services Support	1,847
326	ALN New System	53
115	Animal Health Welfare Grant	154
304	Benefit Administration Grant	303
2,368	Bus Revenue Support (Traws Cymru)	978
318	Child Development Fund	313
3,631	Children & Communities Grant	3,757
998	Concessionary Travel	1,035
250	Corporate Joint Committees	71
924	Cost of Living Grant	559
1,283	COVID-19 Bus Emergency Scheme	-
573	COVID-19 Council Tax Collection	-
87	COVID-19 Discharge to Assess (D2RA)	-
11,120	COVID-19 Hardship – Cost	1,205
627	COVID-19 Hardship – Income	-
287	COVID-19 Job Retention	-
10	COVID-19 Lost Income	12
104	COVID-19 Misc	-
4,549	COVID-19 Track and Trace	1,929
359	Care Support Worker (CSW) Development	381
6,271	Regional Consortia School Improvement Grant (RCSIG)	5,545

POWYS COUNTY COUNCIL

-	Eliminating Profit from Care	150
826	Emergency Financial Assistance Scheme	557
738	European Agricultural Fund for Rural Development	560
677	Foundation Phase	214
87	Home Grown Homes Grant	36
9,966	Housing Benefit Subsidy	9,690
219	Housing Support Grant	553
114	Innovation Funding (Homelessness Prevention)	311
2,433	Integrated Care Fund	2,494
4,946	Joint Finance – Area Health	5,623
1,429	LA Education	3,066
1,141	Levelling Up	1,325
3,229	Local Health Boards	3,406
374	NNDR Collection Grant	372
-	No One Left Out	320
157	Newly Qualified Teachers (NQTs)	75
1,426	Professional Learning Grant	1,265
3,265	Pupil Development Grant	3,350
-	Refugees (Ukrainian)	2,607
180	Regional Skills Partnership	365
1,184	Regional Transport Service Grant	1,184
12,063	Rent Allowance Grant	11,359
121	Respite for Unpaid Carers	12
1,807	Revenue Maintenance Funding	-
76	School Milk	77
306	Self Improving System	18
-	Shared Prosperity Fund	3,160
1,735	Single Revenue Grant	1,272
4,692	Sixth Form Grant	5,697
2,440	Social Care Recovery Grant	-
443	Sports Council	490
1,196	Substance Abuse Action Plan	1,469
174	Summer of Fun	222
6,690	Supporting People	6,383
256	Teaching Workforce Issues	1,194
176	Transition Funding (Years 11 – 13)	-
107	Trochi Welsh Medium Immersion	118
435	Winter of Wellbeing	23
133	Winter Resilience	-
1,890	Youth Concessionary Fares	1,499
31,585	Capital Grants	30,862
5,627	Other Government Grants	6,165
1,633	Other Non-Government Grants	1,502
6,324	Other	6,817
154,126		136,496

Taxation and non-specific grant income can be seen in note 11. The COVID-19 Council Tax Collection Grant included in 2021/22 is reported in Council Tax in Note 22.

STATEMENT OF ACCOUNTS

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the grantor. The balances at the year-end are as follows:

2021/22 £'000	Capital grants received in advance	2022/23 £'000
10,832	Balance as at 1 April	5,007
1,822	Grants Received	6,097
(7,647)	Transfer to Income and Expenditure Account	(2,946)
5,007	Balance as at 31 March	8,158

Note 34: Council Tax

Council tax income derives from charges raised according to the value of residential properties which have been classified into ten valuation bands based on the draft valuation list prepared by the Valuation Office that came into effect 1 April 2006. Charges are calculated by taking the amount of council tax income required by the county council, Dyfed Powys Police and community councils for the forthcoming year and dividing this amount by the council tax base. The council tax base is the number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts. The tax base used for the calculation of council tax in 2022/23 was £63,072 (£62,584 in 2021/22).

The basic charge of £1,451.86 for a Band D property in 2022/23 for county council purposes is multiplied by the proportion specified for the particular band to give the amount due for each individual property. A similar exercise is done for Dyfed Powys Police Authority and community council purposes to arrive at the total council tax charge per property.

Council tax bills were based on the following multipliers for bands A to I.

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Properties	6	3,280	6,170	10,229	9,592	13,864	12,778	6,425	1,107	390

2021/22 £'000		2022/23 £'000
111,465	Council Tax Income	115,687
(273)	Miscellaneous Write Offs	(248)
111,192	Net Proceeds from Council Tax	115,439

Council Tax income for 2021/22 includes the COVID 19 Council Tax Collection grant of £573k.

POWYS COUNTY COUNCIL

Note 35: Related Parties

The authority is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

Central Government

Central Government have effective control over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 22 on reporting for resources allocation decisions.

Chief and Senior Officers and their Close Families

Senior Officers of the Council maintain a register of gifts received and are asked annually to declare any relevant interests.

No other material transactions took place in 2022/23.

Joint Venture

Heart of Wales Property Services Limited (HOWPS) was a joint venture company between Powys County Council and Kier Facilities Services Limited (Kier). Incorporated on 3 July 2017, the company delivered repairs and maintenance, minor / major works / consultancy / advice, and statutory testing for Council Housing and for the Council's public and commercial buildings. The company ceased trading on 4 July 2022 following the council's decision in June 2021 to trigger a break clause in the contract and bring the service back in house.

The Company had eight directors, four appointed by Powys Council (two Officers and two members) and four by Kier, the Chair appointed by Kier having the deciding vote save in respect of a list of Reserved Matters set out in the Shareholders' Agreement.

HOWPS accounting period was 30 June. Profits and losses were shared equally between the shareholders.

The Council expenditure with the Company in 2022/23 was £2,268k (£12,993k in 2021/22). A £300k capital injection was made to HOWPS matched by Kier to support the company's cashflow position and meet the final deficit position for the Company.

Precepts

Details of precepts collected on behalf of other organisations by the Council can be found in Note 9 Other Operating Expenditure.

Other Public Bodies (Subject to Common Control by Central Government)

The authority has seven pooled budget arrangements with Powys Teaching Health Board for the provision of health services. Transactions and balances outstanding are detailed in Note 28.

The Powys Pension Fund

As well as making employer contributions to the Fund the County Council also provides administrative services for the fund. In 2022/23 the Council was paid £1,185k for these services (£1,118k in 2021/22).

Members

As required by law the authority holds a Register of Members' Interests which Members are required to maintain. In addition, Members declare interests where they are involved in authority decisions affecting that interest. Note 30 shows the allowances paid to members.

The following table is a summary of all transactions recorded in relation to declared relationships which were controlled by a member and in total aggregate to £10k and above.

Note that these figures do not include any COVID-19 related grants issued by the council on behalf of Welsh Government as mentioned in note 27.

Body	Relationships	In Year Exp. £'000	O/S Exp. £'000	In Year Inc. £'000	O/S Inc. £'000
Bettws Lifehouse	1x Director	44	-	2	-
Brecknock Federation of Young Farmers	1x Trustee	19	-	-	-
Bannau Brycheiniog National Park	1x Deputy Chair / Member 1x Member - Sustainability Development Grant Advisory Panel 1x Member	902	195	78	86
Brecon Town Council	3x Members 1x Appointee	5	-	43	2
Broddyfi Advice Centre (now known as Advice Mid Wales)	1x Trustee	14	-	-	-
Celf Llandrindod	1x Trustee	17	-	-	-
Cultivate (Cwm Harry) Co-operative	1x Director	101	-	1	-
Cwm Harry Land Trust Ltd	1x Trustee	51	-	-	-
Dyfed Powys Police and Crime Panel	1x Member	18,301	-	84	1
East Radnor Day Centre	1x Chief Officer	168	-	-	-
Llanfair Caereinion Town Council	1x Member	7	5	8	27
Machynlleth Care Centre	1x Trustee	29	1	-	-
Menter Iaith Maldwyn	1x Chief Officer	18	-	1	1
Mid and West Wales Fire and Rescue Service	1x Council Representative 1x Councillor 1x Member	7,812	-	19	7
Newtown Town Council	2x Member 1x Councillor	-	-	11	1
NPTC Group of Colleges	1x Governor - Corporation Board	1,087	26	47	4
PAVO	2x Trustees 1x Family Member CEO	428	-	1	-
Powys Community Health Council	1x Board Member 1x Committee member 1x Member	-	-	28	1
Powys Teaching Health Board	1x Mental Health Act Manager 1x Member	2,050	663	13,898	2,485
Theatr Brycheiniog	2x Board Members	19	-	-	-
Welshpool Town Council	1x Councillor 1x Councillor, Deputy Mayor	23	-	5	-
Wyeside Arts Centre	2x Trustees	25	-	-	-

POWYS COUNTY COUNCIL

Note 36: Leases

Authority as a Lessee

Operating Leases

Numerous services use assets financed by operating lease. The lease costs form part of each service's revenue expenditure. Total operating lease rentals paid in the year were £673k (£744k in 2021/22) and the total outstanding commitment on operating leases as at 31 March 2023 was £1,742k (£1,692k as at 31 March 2022).

31 March 22 £'000	Minimum lease payments	31 March 23 £'000
662	No later than one year	696
688	Later than one but no later than five years	720
342	Later than five years	326
1,692		1,742

Finance Leases

The authority has no finance leases.

Authority as a Lessor

Operating Leases

The authority leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The increase in the minimum lease payments receivable under non-cancellable leases in future years below is because of the inclusion of more arrangements in the calculation, not because new ones have been signed:

31 March 22 £'000	Minimum lease payments	31 March 23 £'000
944	No later than one year	1,258
1,725	Later than one but no later than five years	1,652
2,139	Later than five years	1,967
4,808		4,877

Finance Leases

The authority as a lessor has not issued any finance leases.

Note 37: Termination Benefits

The authority had the following termination costs.

2021/22 Staff	2021/22 £'000	Bands	2022/23 Staff	2022/23 £'000
62	233	£0 - £20,000	36	113
6	177	£20,001 - £40,000	6	171
-	-	£40,001 - £60,000	1	45
1	70	£60,001 - £80,000	2	142
69	480		45	471

2021/22 £'000	Element	2022/23 £'000
300	Redundancy	255
114	Pension strain	149
44	Loss of office	14
22	Payment in lieu of notice or holidays	53
480		471

Note 38: Defined Benefit Pension Schemes**Participation in Pension Schemes**

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

The authority participates in the Local Government Pension Scheme administered by Powys County Council, who are responsible for the governance of the Fund. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. Benefits earned up to 31 March 2014 are linked to final salary, benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in the 'Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Funds Rates and Adjustment Certificate.

POWYS COUNTY COUNCIL

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the Council Fund (and Housing Revenue Account) via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund balance via the Movement in Reserves during the year.

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000		Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
		Service cost comprising:		
43,960	-	· Current service cost	42,670	-
110	10	· Past service costs	80	-
Financing and Investment Income and Expenditure:				
9,130	580	· Net interest expense	8,860	690
53,200	590	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	51,610	690
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
		Remeasurement of the net defined benefit liability comprising:		
(57,990)	-	· Return on plan assets (excluding the amount included in the net interest expense)	51,650	-
(71,020)	(840)	· Actuarial (gains)/losses arising on changes in financial assumptions	(411,430)	(5,630)
(11,090)	(350)	· Actuarial (gains)/losses arising on changes in demographic assumptions	10,310	(260)
3,560	110	· Actuarial (gains)/losses arising on liability experience	65,550	2,330
(83,340)	(490)	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(232,310)	(2,870)
Movement in Reserves Statement				
(53,200)	(590)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for postemployment benefits in accordance with the Code	(51,610)	(690)
Actual amount charged against the General Fund Balance for pensions in the year:				
(21,650)		· Employers' contributions payable to scheme	(23,910)	
	(1,470)	· Retirement benefits payable to pensioners		(1,470)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefits plans is as follows.

STATEMENT OF ACCOUNTS

31 Mar 22	31 Mar 22		31 Mar 23	31 Mar 23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000		Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
757,990	-	Fair value of assets	728,710	-
1,098,330	26,370	Present value of defined benefit obligation	812,830	22,030
(340,340)	(26,370)	Net liability arising from defined benefit obligation	(84,120)	(22,030)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000	Pension Scheme Assets	Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
684,260	-	Brought forward 1 April	757,990	-
14,390	-	Interest Income on Assets	20,510	-
57,990	-	Remeasurement gains/(losses) on assets	(51,650)	-
21,650	1,470	Contributions by the employer	23,910	1,470
5,330	-	Contributions by participants	5,830	-
(25,630)	(1,470)	Net benefits paid out	(27,880)	(1,470)
757,990	-	Carried Forward 31 March	728,710	-

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000	Actual Return on Assets	Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
14,390	-	Interest Income on Assets	20,510	-
57,990	-	Remeasurement gains/(losses) on assets	(51,650)	-
72,380	-	Actual Return on Assets	(31,140)	-

POWYS COUNTY COUNCIL

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

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme Funded	Discretionary Benefits Arrangements Funded	Pension Scheme Liabilities	Local Government Pension Scheme Funded	Discretionary Benefits Arrangements Funded
£'000	£'000		£'000	£'000
1,129,590	28,330	Brought forward 1 April	1,098,330	26,370
43,960	-	Current service cost	42,670	-
23,520	580	Interest expense on defined benefit obligation	29,370	690
5,330	-	Contributions by participants	5,830	-
(71,020)	(840)	Actuarial (gains)/losses on liabilities – financial assumptions	(411,430)	(5,630)
(11,090)	(350)	Actuarial (gains)/losses on liabilities – demographic assumptions	10,310	(260)
3,560	110	Actuarial (gains)/losses on liabilities – experience	65,550	2,330
(25,630)	(1,470)	Net benefits paid out	(27,880)	(1,470)
110	10	Past service cost	80	-
1,098,330	26,370	Carried Forward 31 March	812,830	22,030

Local Government Pension Scheme Assets Comprised

Assets in the Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories by proportion of total assets held by the fund:

% of Assets (Quoted) 31 Mar 22	% of Assets (Unquoted) 31 Mar 22	Total Assets 31 Mar 22		% of Assets (Quoted) 31 Mar 23	% of Assets (Unquoted) 31 Mar 23	Total Assets 31 Mar 23
42.1	7.2	49.3	Equity Investments	41.4	7.7	49.1
8.6	-	8.6	Property	6.9	-	6.9
10.9	-	10.9	Government Bonds	8.7	-	8.7
11.6	-	11.6	Multi Asset Credit	7.2	-	7.2
1.7	-	1.7	Cash	1.3	-	1.3
18.9	(1.0)	17.9	Other	26.5	0.3	26.8
93.8	6.2	100.0		92.0	8.0	100.0

Other holdings include hedge funds, currency holdings, asset allocation futures and other financial instruments. The actuary assumed these will get a return in line with equities.

POWYS COUNTY COUNCIL

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The valuations have been carried out as of 31 March 2022 and updated for following years by Aon, the independent Actuaries to the fund. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement (for schemes where the age profile of the active membership is significantly rising).

The following are the main assumptions used by the Actuaries in their calculations to 31 March:

2022		2023
%		%
3.0	Inflation – CPI	2.7
4.5	Rate of general increase in salaries	4.2
3.0	Rate of increase to pensions in payment	2.7
3.0	Rate of increase to deferred pensions	2.7
2.7	Discount rate	4.7

The Principal Demographic Assumptions are:

31 Mar 22	Post Retirement Mortality	31 Mar 23
Males		
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S3N tables
108%	Scaling to the above table - current pensioners	105%
113%	Scaling to the above table - future pensioners	115%
CMI 2018 projections (Sk 7.5, A0.0)	Cohort improvement factors to base table	CMI 2021 projections (Sk 7.0, A0.5)
1.5%	Minimum underpin to improvement factors	1.5%
21.8	Future lifetime from age 65 (currently aged 65)	22.6
23.2	Future lifetime from age 65 (currently aged 45)	23.5
Females		
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S3N tables
93%	Scaling to the above table - current pensioners	105%
98%	Scaling to the above table - future pensioners	110%
CMI 2018 projections (Sk 7.5, A0.0)	Cohort improvement factors to base table	CMI 2021 projections (Sk 7.0, A0.5)
1.5%	Minimum underpin to improvement factors	1.5%
25.0	Future lifetime from age 65 (currently aged 65)	25.0
26.4	Future lifetime from age 65 (currently aged 45)	26.3

STATEMENT OF ACCOUNTS

	31 Mar 22	31 Mar 23
Commutation	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 80% of the permitted maximum.

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

POWYS COUNTY COUNCIL
Funded LGPS Benefits

Assumptions	Increase	Decrease
Discount Rate		
Experience gains / (losses) on liabilities	+0.1% p.a.	-0.1% p.a.
Present value of total obligations (£'000s)	799,820	826,650
% change in present value of total obligation	-1.6	1.7
Projected service cost (£'000s)	19,840	21,480
Approximate % change in projected service cost	-3.9	4.0
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value to total obligation (£'000s)	813,614	812.02
% change in present value of total obligation	0.1	-0.1
Projected service cost (£'000s)	20,650	20,650
Approximate % change in projected service cost	0	0
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	825,020	800,640
% change in present value of total obligation	1.5	-1.5
Projected service cost (£'000s)	21,480	19,840
Approximate % change in projected service cost	4.0	-3.9
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumptions	+1 year	-1 year
Present value of total obligation (£'000s)	833,960	791,700
% change in present value of total obligation	2.60%	-2.60%
Projected service cost (£'000s)	21.37	19.93
Approximate % change in projected service cost	3.5	-3.5

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. At the last valuation the County Council agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 13 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on March 2022.

The Council anticipates paying £23,270k regular contributions to the scheme in 2023/24.

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:



The weighted average duration of the defined benefit obligation for scheme members is 16.6 years in 2022/23 (20.0 years 2021/22).

Risks Associated with the Fund in Relation to Accounting

Asset Volatility

The assets used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation Risk

The majority of the pension liabilities are linked to either pay or inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that the increase in inflation will increase the deficit.

Life Expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting Employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

Note 39: Teacher Pension Costs

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of this Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the County Council paid £11,236k to the Department for Education in respect of teacher's pension costs which represented 23.68% of teacher's pensionable pay (£10,630k in 2021/22). These contributions are set in relation to the current period only. In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with an actuarially calculated percentage of any early retirements awarded after 1 September 1998. It is also responsible for any related increases on these awards. In 2022/23 payments made in relation to added years amounted to £1,478k, representing 3.11% of pensionable pay (£1,474k, 3.28% in 2021/22). Estimated employer contributions for 2023/24 are £11,835k.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 38.

Note 40: Contingent Liabilities

Planning permission for extension to the Nant Helen Surface Mine was granted in March 2012 subject to a Section 106 agreement. This agreement required quarterly payments to be made to the Council into a Restoration Escrow Account from March 2012 until September 2017 until a total of £30,280k was reached. It also required 7 annual payments of £100k as contribution to a Communities Facilities Fund. In March 2016 Celtic Energy suspended these payments, the result of which was that £19,500k was held in the Restoration Escrow Account and £500k in the Communities Facilities Fund. Advice was sought and offered the view that an acceptable restoration scheme would be achievable with the £19,500k already held in the Escrow account. Coal extraction at Nant Helen ceased in 2021 and restoration works are ongoing in line with the amended and approved restoration scheme. Repayments from the Escrow account have commenced, reducing the balance to £4,242k (£9,499k as at 31 March 2022). Full planning permission has been granted on part of the former Open Cast Coal Site for a complementary earthworks project and outline planning permission has also been granted for a proposed Global Centre for Rail Excellence (GCRE), both of which cover a wider area extending into Neath Port Talbot. A final amended restoration scheme is expected during 2023 to align with the GCRE proposal and the contingent liability is noted to reflect any shortfall that may arise in restoring the site.

Note 41: Nature and Extent of Risks Arising from Financial Instruments

The authority's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the authority.
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments.
- Re-financing and maturity risk – the possibility that the authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in measures such as interest rates and stock market movements.

The authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team under policies approved by Full Council in the Treasury Management Policy Statement, the annual Treasury Management Strategy Statement and Annual Investment Strategy.

The Policy and Strategy provide written principles for areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. The authority has an investment list of banks and other financial institutions which is based on current credit ratings, credit default swap data and other relevant financial information. The ratings determine the maximum amount that can be invested with a particular institution and the length of time for which it may be invested. The authority has a policy of not lending more than £30,000k of its surplus balances to one institution at any one time.

Customers are not currently assessed for their creditworthiness or individual credit limits set. No financial assets have had their terms renegotiated that would otherwise have been past due or impaired. The analysis below summarises the authority's potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions:

	Amount at 31 Mar 23 £'000	Actual provision for bad debts made £'000	Bad debt written off in year £'000
Deposits with banks and financial institutions	23,075		
Customers			
Council Tax	6,436	(999)	204
Housing rents	1,862	(1,467)	22
Sundry debtors	56,078	(6,052)	283
	64,376	(8,518)	509

No collateral is held as security on Financial Assets.

POWYS COUNTY COUNCIL

The authority does not generally allow credit for Customers. The aged debt over 3 months on Debtors Ledger Control and over one year for council tax can be analysed by age as follows:

	3 to 6 Months £'000	6 to 9 Months £'000	Over 9 Months £'000	Total £'000
Debtors Ledger	1,315	1,163	6,418	8,896

	1 to 2 Years £'000	2 to 5 Years £'000	Over 5 Years £'000	Total £'000
Council Tax	4,788	1,410	238	6,436

Amounts Arising from Expected Credit Losses

We have concluded that the expected credit loss on short and long term investments is not material therefore no allowances have been made for these classifications. The increase in impairments of debtors excluding council tax and NDR in 2022/23 is £1,999k (£825k in 2021/22). The age of the debt, past experience and other factors are taken into consideration in the calculation of the impairment.

Liquidity Risk

The authority manages its liquidity position through the risk management procedures of the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports, as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available if and when needed. The authority has ready access to borrowings from the money markets to cover any day-to-day cash flow need and from the Public Works Loans Board (PWLB) and money markets for access to longer term funds. The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities in cash terms is as follows:

31 Mar 22 £'000		31 Mar 23 £'000
61,552	Within a year	64,661
16,546	Between 1 to 2 years	15,145
38,211	Between 2 to 5 years	31,289
46,804	Between 5 to 10 years	41,517
199,272	Over 10 years	194,645
362,385		347,257

Refinancing and Maturity Risk

The authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures mentioned above are considered against the refinancing risk procedures, longer-term risk to the authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The following approved treasury indicators are the key parameters used to address this risk.

The upper and lower limits for the maturity structure of borrowings are as follows:

	Lower limit	Upper limit
Under 1 year	0%	40%
1 to 2 years	0%	40%
2 to 5 years	0%	40%
5 to 10 years	0%	40%
10 to 20 years	0%	40%
20 to 30 years	0%	40%
30 to 40 years	0%	40%
40 to 50 years	0%	40%

The maximum principal sum invested for periods longer than 364 days is £10,000k.

Market Risk

Interest Rate Risk

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

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

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

The authority has a number of strategies for managing interest rate risk. As stated in the prudential indicators report, it is policy to aim to keep a maximum of 60% of net outstanding principals in variable rate exposures. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

POWYS COUNTY COUNCIL

The Treasury Management Team actively assesses interest rate exposure and feeds the projected figures for interest payable and receivable into the annual and quarterly budgets. This allows variances to be accommodated. The team also advises whether new borrowing is taken out and whether it should be fixed or variable.

To highlight the sensitivity of rises, if interest rates had been 1% higher during 2022/23 with all other variables constant, the financial effect would be:

	£'000
Increase in Interest Payable on Variable Rate Borrowings	80
Increase in Interest Receivable on Variable Rate Investments	(353)
Increase in Surplus of Income and Expenditure Account	(273)
Share of Overall Impact Debited to the HRA	-

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

Price Risk

The authority only holds equity instruments in respect of the Pension Fund. It is therefore exposed to an element of risk in relation to movements in the price of equities. This is mitigated by investing in a diverse portfolio.

Note 42: Events after the Reporting Period

The statement of accounts was authorised for issue by the Head of Finance on 30 June 2023. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2023, the financial statements and notes have been adjusted in all material respects to reflect the impact of this.

The detailed extent and condition of the Powys County Council buildings identified as having Reinforced Autoclaved Aerated Concrete (RAAC), has yet to be fully completed. A number of small roof areas require further investigation to determine the construction detail. This work is being undertaken at present which will enable such an assessment for those buildings to be made for the 23-24 financial year.

Housing Revenue Accounts

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Income and Expenditure Account

2021/22 £'000		2022/23 £'000
Expenditure		
4,568	Supervision and management	7,695
11,440	Repairs and maintenance	10,304
125	Rents and rates	137
286	Movement in allowance for bad and doubtful debts	274
12,520	Depreciation, impairment and revaluation of noncurrent assets	2,966
57	Debt management expenses	57
28,996	Total service expenditure	21,433
Income		
(25,405)	Dwelling rents	(25,957)
(759)	Non dwelling rents	(720)
(432)	Other charges for services and facilities	(703)
(10)	Contributions towards expenditure	(47)
(290)	Housing Grant	(238)
(26,896)	Total service income	(27,665)
2,100	Net cost of services as included in the Comprehensive income and expenditure account	(6,232)
20	HRA services share of corporate and democratic core	19
2,120	Net cost of HRA services	(6,213)
HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement		
(3)	(Gain)/loss on sale of HRA noncurrent assets	(3)
3,518	Interest payable and similar charges	3,593
272	Net interest on the net defined benefit liability	397
(9,391)	Capital grants and contributions applied	(5,751)
(3,484)	(Surplus)/deficit for the year on HRA services	(7,977)

Movement on Housing Revenue Account Statement:

2021/22 £'000		2022/23 £'000
4,481	Balance as at 1 April	4,244
3,484	Surplus/(deficit) for the year on the HRA	7,977
(3,721)	Adjustments between accounting basis and funding basis under statute (Note 5)	(8,263)
(237)	Increase/(decrease) in the HRA balance before transfers to or from reserves	(286)
(237)	Increase/(decrease) in the HRA balance	(286)
4,244	Balance as at 31 March	3,958

Notes to the Housing Revenue Accounts

Note 1: Housing Stock

2021/22									2022/23
Total	Property Type	0 Bed	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	6 Bed	Total
72	Detached house / bungalow	-	6	52	15	9	1	-	83
2,118	Semidetached house / bungalow	-	263	840	989	44	4	-	2,140
2,132	Terraced house	-	201	750	1,092	80	3	3	2,129
1,097	Flats	-	392	690	51	-	-	-	1,133
17	Bedsits	-	16	1	-	-	-	-	17
5,436	Total	-	878	2,333	2,147	133	8	3	5,502

Note 2: Arrears and Provision for Housing Bad Debts as at 31 March

31 Mar 22		31 Mar 23
£'000		£'000
427	Current tenant arrears	549
1,097	Former tenant arrears	1,313
1,524	Total arrears	1,862
33	Bad debts	22
1,211	Provision for bad debt	1,467

POWYS COUNTY COUNCIL

Note 3: Housing Revenue Account Capital Expenditure

During the year, the authority incurred the following expenditure on Housing Revenue Assets:

2022/23 Capital Expenditure	Total £'000	Dwellings £'000	Intangible £'000	Other Land & Buildings £'000	Infrastructure £'000	Equipment £'000	Non- operational £'000
Enhancing Costs	15,319	8,966	196	-	1,659	1,359	3,139
Total Expenditure	15,319	8,966	196	-	1,659	1,359	3,139
Impairment/revaluation	-	-	-	-	-	-	-
Depreciation	6,422	6,338	19	10	41	14	-

The capital expenditure was financed as follows:

Financed by	2022/23 £'000
Capital Grants and Contributions	5,751
Direct Revenue Contributions and Reserves	5,809
Prudential Borrowing	3,759
	15,319

Previous year's comparator:

2021/22 Capital Expenditure	Total £'000	Dwellings £'000	Intangible £'000	Other Land & Buildings £'000	Infrastructure £'000	Equipment £'000	Non- operational £'000
Enhancing Costs	19,783	9,320	133	-	2,146	7	8,177
Total Expenditure	19,783	9,320	133	-	2,146	7	8,177
Impairment/revaluation	5,869	5,869	-	-	-	-	-
Depreciation	6,650	6,594	6	4	40	6	-

The capital expenditure was financed as follows:

Financed by	2021/22 £'000
Capital Grants and Contributions	9,391
Direct Revenue Contributions and Reserves	6,831
Prudential Borrowing	3,561
	19,783

POWYS COUNTY COUNCIL

Note 4: Housing Revenue Account Capital Receipts

The following amounts were received during the year:

2021/22 £'000		2022/23 £'000
3	Other Land & Buildings	389
3		389

Note 5: Adjustments between Accounting Basis and Funding Basis under Statute

2021/22 £'000		2022/23 £'000
Items included in the HRA Income and Expenditure Account but excluded from the HRA Balance for the year		
(940)	Net charges made for retirement benefits in accordance with IAS19	(1,240)
3	Gain/(loss) on sale of HRA non-current assets	3
Adjustments primarily involving the Capital Adjustment Account		
(12,520)	Depreciation, impairment and revaluation of non-current assets	(2,966)
910	HRA Minimum Revenue Provision	970
9,391	Capital Grants and Contributions Applied	5,751
6,831	Capital Expenditure Funded by HRA	5,809
Adjustments primarily involving the Accumulated Balances Account		
46	Holiday accrual	(64)
3,721	Net additional amount required by statute to be debited to the HRA Balance for the year	8,263

Note 6: Housing Revenue Account Contributions to the Pension Scheme

The net contribution to the Pension Reserve relating to the Housing Revenue Account was:

2021/22 £'000		2022/23 £'000
645	Employer contributions actually paid	1,071
(3)	Past Service Costs	(4)
(1,309)	Current cost of employees	(1,911)
(272)	Net Interest on the net defined benefit/(liability)	(397)
(939)	Contribution to/(from) reserve	(1,241)

Glossary of Terms

Accrual

An accrual is a sum (provision) shown in the accounts to cover income or expenditure for the accounting period but which was not actually paid or received as at the date of the Balance Sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Actuarial Valuation

This is when an actuary checks what the pension scheme assets are worth and compares them with the scheme's liabilities. They then work out how much the contributions from employers and members must be so that there will be enough money in the scheme when people receive their pensions.

Audit

An audit is an independent examination of the Council's activities.

Balance Sheet

This is a statement of our assets, liabilities, and other balances at the date of the Balance Sheet.

Contingent Liabilities

Contingent liabilities exist where it is probable that a future event will result in a material cost to the Council and can be estimated with reasonable accuracy.

Creditor

A Creditor is someone we owed money to at the date of the Balance Sheet for work done, goods received or services rendered.

Current Asset

These are short-term assets that are available for use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Current Service Costs (Pension)

The increase in the liability of a defined benefit pensions scheme as a result of employee's service in the current period.

Debtor

A debtor is an organisation/individual that owes the Council money at the Balance Sheet date.

Equities - Pooled

The Pension Fund invests in equities through unit Trusts. It has no direct investments in equities.

Financial Reporting Standards (FRS's)

Financial regulations to be followed as set by the Accounting Standards Board.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and ends on the 31 March in the following year.

Gilt Edged Stocks

These are investments in government or local authority stocks. They are regarded as risk-free.

IAS

International Accounting Standard – The standard by which the authority must record financial information. If followed by a number (e.g. IAS 19), this references a particular accounting standard.

IFRS

International Financial Reporting Standard – The standard by which the authority must present financial information. If followed by a number (e.g. IFRS 11), this references a particular reporting standard.

Liability

A liability is an amount payable at some time in the future.

Past Service Costs (Pension)

For a defined benefit pension scheme, this is the extra cost resulting from changes or improvements to the proportion of retirement benefit that relates to an employees past service.

Post Balance Sheet Events

Post Balance Sheet events are items that have arisen after the Balance Sheet date. The items did not occur at the time the Balance Sheet was prepared but have subsequently been discovered. To give a fair representation they may need to be disclosed.

PWLB

Public Works Loan Board.

REFFCUS

Revenue Expenditure Funded from Capital Under Statute.

This page is intentionally left blank

Audit of Accounts Report – Powys County Council

Audit year: 2022-23

Date issued: November 2023

Document reference: 3925A2023

Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

Handling prior to publication

This document and the copyright comprised therein is and remains the property of the Auditor General for Wales. It contains information which has been obtained by the Auditor General and the Wales Audit Office under statutory functions solely to discharge statutory functions and has been prepared as the basis for an official document that may be issued or published in due course. It may also contain information the unauthorised disclosure of which may be an offence under section 54 of the Public Audit (Wales) Act 2004. Except as expressly permitted by law, neither the document nor any of its content may be reproduced, stored in a retrieval system and/or transmitted in any form or by any means, or disclosed to any person other than the original recipient without the prior written permission of the Wales Audit Office. It must be safeguarded at all times to prevent publication or other improper use of its content. Unauthorised use or disclosure may result in legal proceedings. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

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

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

Contents

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

Audit of Accounts Report

Introduction	4
Proposed audit opinion	4
Significant issues arising from the audit	5
Recommendations	5
Appendices	
Appendix 1 – Final Letter of Representation	6
Appendix 2 – Proposed Audit Report	9
Appendix 3 – Summary of Corrections Made	14
Appendix 4 – Recommendations	16

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 Statement of Accounts in this report.
- 2 We have already discussed these issues with the Section 151 Officer.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £5.56 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
 - Related Party transactions (with individuals) £10,000
 - Senior officer remuneration £1,000
- 6 We have now substantially completed this year's audit / but the following work is outstanding:
 - IAS19 Assurance work to support the Liability related to the Defined Benefit Scheme
 - Payroll testing
 - Completion of review of our audit work
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Proposed audit opinion

- 8 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 9 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise, we issue an unqualified opinion.
- 10 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 11 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

12 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

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

Other significant issues arising from the audit

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

Recommendations

15 The recommendation arising from our audit is set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit.

Appendix 1

Final Letter of Representation

Audited body's letterhead

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

Xx November 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Powys County Council and its group for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

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

Financial statement representations

- All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
- All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The financial statements are free of material misstatements, including omissions.

Representations by Powys County Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council's Governance and Audit Committee on xx/xx/xx

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

Signed by:

Signed by:

Chief Finance Officer (S151 Officer)

Chair of the Governance and Audit Committee – signed on behalf of those charged with governance

Date:

Date:

Appendix 2

Proposed Audit Report

The report of the Auditor General for Wales to the members of Powys County Council

Opinion on financial statements

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

Powys County Council's financial statements comprise the Movement in Reserves Statement, the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Powys County Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Powys County Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Powys County Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Enquiring of management, Powys County Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Powys County Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals
- Obtaining an understanding of Powys County Council's framework of authority as well as other legal and regulatory frameworks that Powys County Council operates in, focusing
- on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of [name of local government body and group.
- Obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

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

Adrian Crompton

Auditor General for Wales

28 November 2023

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

Appendix 3

Summary of Corrections Made

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

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£12.787m	Council Dwellings in Note 12 were revalued using indices to bring their value up to date as at 31 March 2023	Suitable indices were not available from the valuers at the time the draft accounts were prepared.
£3.834m	Capital Commitments disclosed in Note 12 (page 61) were reduced	The capital commitment figure was reduced from £38.256m as the figure included the value of creditors already included in the accounts so overstating the commitments being met from future years' budgets.
£1.096m	Increase in Property, Plant and Equipment (Note 12) and reduction in Non-enhancing expenditure in Note 9	Expenditure on enhancing facilities at Llanfyllin Leisure Centre erroneously treated as non-enhancing.
£0.87m	Assets under construction in Note 12 decreased and Council Dwellings increased	Council Dwelling completed and brought into use in Llanigon had not been transferred out of assets under construction.
Various	Changes made to senior officer emoluments disclosures in Note 31	Corrections made to the Chief Executive and Head of Legal and Monitoring Office salary disclosures. Also, some changes to correct the factual accuracy of narrative footnotes.

Value of correction	Nature of correction	Reason for correction
Various	Additional disclosures added to the related parties note (Note 35)	Additional disclosures relating to members' interests relating to those members who left following the local elections in May 2022.
Narrative note	Note 42 Events after the reporting period to be amended to include reference to the Council's current position identifying buildings containing RAAC	To provide information to the reader on how RAAC may impact on Powys' assets.
Narrative within note 38	Note 38 Defined Benefit Pension Schemes to be amended to reflect the correct valuation year as per the actuarial (IAS19) report.	Reference was made to estimating assets and liabilities on the 2019 valuation within the note, however on reading the actuarial (IAS19) report the asset and liabilities valuation was based on the 2022 valuation.
Narrative, presentational & minor amendments	To ensure that all disclosures are accurately presented.	Several narrative, presentational and minor amendments were made to supporting notes throughout the final financial statements.

Appendix 4

Recommendations

We set out one the recommendation arising from our audit with management’s response to them. We will follow up this next year and include any outstanding issues in next year’s audit report:

Exhibit 4: matter arising 1

Matter arising 1: Non-enhancing Expenditure	
Findings	<p>Our audit testing identified that a 3G pitch in Llanfyllin, had not been capitalised when it should have been. It had been treated as non-enhancing expenditure. This is not the first time that the Council has incorrectly identified expenditure as non-enhancing, an issue was also raised in the 2021-22 audit.</p> <p>The misclassification led to the audit team completing additional testing of non-enhancing expenditure to ensure that the balance was not materially misstated.</p>
Priority	High
Recommendation	The council should ensure that checks of non-enhancing expenditure are undertaken before preparing the financial statements to ensure that misclassification is limited.
Benefits of implementing the recommendation	The audit of non-enhancing expenditure is more efficient, as additional testing is not required.
Accepted in full by management	Yes
Management response	As per recommendation

Implementation date

30 June 2024



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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

Jane Thomas
Head of Financial Services/
Pennaeth Gwasanaethau Ariannol

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

County Hall / Neuadd y Sir,
Llandrindod Wells,
Powys.
LD1 5LG
If calling please ask for / Os yn galw gofynnwch am
Jane Thomas

Tel / Ffôn (01597) 826 789
Email /Ebost: jane.thomas@powys.gov.uk
Your ref / Eich cyf:
Our ref / Ein cyf:
Date / Dyddiad: 24th November 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Powys County Council and its group for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys County Council and its group and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

- All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
- All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The financial statements are free of material misstatements, including omissions.

Representations by Powys County Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council's Governance and Audit Committee on 24 November 2023

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

Signed by:

Signed by:

Chief Finance Officer (S151 Officer)

Chair of the Governance and Audit
Committee – signed on behalf of those
charged with governance

Date:

Date:

This page is intentionally left blank

6

Powys County Council Governance and Audit Committee Template

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Pension Fund Accounts 2022/23

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
Jane Thomas	Head of Financial Services

2. Why is the Committee being asked to consider the subject?

To sign off the audited Pension Fund Accounts

3. Role of the Committee:

<p>The role of the Committee in considering the subject is to:</p> <p>Approve the final document for publication.</p>
--

4. Key Questions:

<p>What Key areas should the Committee focus on:</p> <p>Audit Wales Audit of Accounts Report</p>

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report	✓	Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	
---------------	--	-------------	--

Informing Policy Development		Evidence Gathering	✓
Risk		Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	✓

CYNGOR SIR POWYS COUNTY COUNCIL.

Governance and Audit Committee 24th November 2023

Report Author: Jane Thomas, Head of Financial Services

Report Title: Pension Fund Accounts 2022/23

Report For: **Decision**

1. Purpose

1.1 To present the audited version of the Pension Fund Accounts 2022/23 for the approval of the Committee.

1.2 Once approved, this information will be published accordingly.

2. Background

2.1 The approval of the Powys Pension Fund accounts is delegated to the Governance & Audit Committee.

2.2 The draft Pension Fund Accounts for 2022/23 were signed off by the Head of Finance (Section 151 Officer) on 30th June 2023.

2.3 The Auditor General intends to issue an unqualified report in respect of the 2022/23 Pension Fund Accounts, following receipt of the certified Letter of Representation and the approved Pension Fund Accounts.

2.4 The Governance & Audit Committee is asked to consider the enclosed Letter of Representation and Powys Pension Fund Accounts and authorise the Chair of the Governance and Audit Committee and the Head of Finance (Section 151 Officer) to sign the documents.

2.5 As part of its role in scrutinising the Pension Fund Accounts, Governance and Audit Committee will have participated in two seminars. One on 21st July 2023, where they received a presentation on the draft accounts, and another held on 22nd November 2023 which presented the main changes made since the draft and reviewed the items and issues raised during the audit period. Members of the Committee will have used this opportunity to review and question the amendments, enabling them to fully understand the reasons for the changes and any impact they have on the accounts.

2.6 The approved accounts form part of the Pension Fund Annual Report which will be considered by the Pensions and Investment Committee on 29th November, with the intention to publish the Annual Report prior to the Local Government Pension Scheme Regulations 2013 deadline of 1 December.

3. Advice

3.1 There is one uncorrected misstatement concerning Private Equity valuations. Revised valuations were received after the approval of the draft accounts. The value of which is considered immaterial to the value of the accounts overall. All other misstatements have been corrected; a list recorded in Appendix 3 of the Auditor General's Report.

3.2 The Governance and Audit Committee are asked to consider the Pension Fund Accounts documentation, the explanations provided and the advice of Audit Wales in considering the recommendation.

4. Resource Implications

4.1 The Pension Fund Accounts have been undertaken within existing resources, based upon a range of mechanisms including the Council's current Integrated Business Plans, Corporate Improvement Plan and Medium-Term Financial Strategy. Any actions identified for delivery are to be considered by the organisation, and to be embedded within Service's Integrated Business Plans as part of the Council's strategic planning cycle. Where resources are needed to support future actions, they will be identified as a pressure within the Councils Finance Resource Model.

4.2 The Head of Finance (Section 151 Officer) notes the resource implications above.

5. Legal implications

5.1 The agreement of the Pension Fund Accounts allows for the Council to meet its obligations as required by the Local Government Pension Scheme Regulations 2013.

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and support the recommendations."

6. Data Protection

6.1 Not applicable

7. Comment from local member(s)

7.1 These reports impact with equal force across the whole County, and therefore comments have not been sought from individual Members.

8. Impact Assessment

8.1 An Impact Assessment (IA) is not required for this report as the report does not include any formal proposals or policy changes.

8.2. All actions within the report will be taken forward by responsible officers as part of the strategic planning process, which will have the relevant Impact Assessments as required as part of this process.

9. Recommendation

9.1 That the **Committee considers and approves the 2022-23 Pension Fund Accounts and Letter of Representation. Which can be formally signed by Chair of the Committee and the Section 151 Officer.**

Contact Officer:
Jane Thomas, Head of Financial Services

Email: jane.thomas@powys.gov.uk

This page is intentionally left blank



Pension Fund Annual Report & Accounts 2022/23



Contents

Chairman’s Statement.....	1
Scheme Management and Advisors	3
Risk Management	4
Financial Performance	4
Fund Administration Report.....	5
Scheme Statistics and Performance	9
Investment Policy and Performance Report.....	15
Wales Pension Partnership (WPP).....	16
Pension Board Report.....	24
Statement of Responsibilities for the Pension Fund Accounts.....	31
Scheme Statistics and Performance	32
Investment Policy and Performance Report.....	34
Net Assets Statement.....	36
Pension Fund Account.....	36
Notes to the Pension Accounts	37
The report of the Auditor General for Wales to the members of Powys County Council as administering authority for Powys Pension Fund	58
Statement of the Actuary for the Year Ended 31 March 2023	62
Appendix 1: Pension Board.....	64
Appendix 2: Key Documents	65
Appendix 3: Pensions and Investment Committee.....	66
Appendix 4: Fund Employers	67
Glossary of Terms	68

Annual Report 2022/23

Chairman's Statement

I am pleased once again to be able to present to you the Annual Report of the Powys Pension Fund. This report covers the 12 months ending on the 31st of March 2023.

May 2022 saw local government elections take place in Wales, which has meant many changes to Councillor membership within the Councils in Wales, but also on Pension Fund Committees. The Powys Fund also saw some changes and I am pleased to have again been elected as Chair of the Pensions and Investment Committee. I would also like to take this opportunity to thank those Committee members who have moved on for their efforts over recent years and welcome those new and returning members to the Committee and I look forward to working with them.

2022 was a challenging year for many asset classes in the investment universe. Performance dragged through much of the calendar year but started to pick up towards the end of the year. The Fund has adopted several strategies to help mitigate against poor performance in the markets, through diversification of investments across multiple asset classes, but also via its equity protection strategy.

The fund has again taken the decision to continue with the equity protection that it put in place ahead of the valuation at 31st March 2022. This strategy has helped the fund manage fluctuations in the stock market, whilst still maintaining a desired rate of return for the fund as set within the Investment Strategy Statement.

Once again, a significant focus for the fund this year has been on Responsible Investment and Climate Change. Work has continued on preparation for the Taskforce for Climate Related Financial Disclosures (TCFD). I am pleased that the WPP has now become a [signatory](#) to the UK Stewardship Code, which demonstrates our commitment to this journey into a lower carbon economy.

The Fund continues to take its Environmental, Social and Governance (ESG) responsibilities seriously and decided in 2022 to restructure its equity portfolio to take advantage of the Wales Pension Partnership Sustainable Active Equity sub-fund that will launch in 2023. At the same time, the equity allocation is being adjusted to reduce carbon exposure as the economy moves towards a net-zero goal. The Fund will continue to monitor progress and developments in this area closely.

The Powys Pension Fund has continued to work alongside the other Welsh LGPS Funds as part of the Wales Pension Partnership (WPP) and has currently pooled approximately 70% of assets within pooled investment vehicles. We look forward to working with the WPP on the next set of asset classes that will become available.

I am pleased to say that the triennial valuation exercise was completed on time and returned a positive result, with an increase in funding level to 99.4% from 93% at the 2019 valuation. The final valuation report can be seen on the Fund's website together with the revised Funding Strategy Statement.

As we look forward into the next year, we are expecting to take advantage of new sub funds being made available at the Wales Pension Partnership and increase focus on climate change at responsible investment.

Annual Report 2022/23

I trust that you will find this year's report interesting and informative. Should you have any comments on this report or any aspect of the Pension Fund or the Local Government Pension Scheme, see Appendix 4 for details of how to contact us.

Cllr Peter Lewis

Chair of the Pensions and Investment Committee

Annual Report 2022/23

Scheme Management and Advisors

The Pensions & Investment Committee is the principal decision-making body for the Pension Fund responsible for management, investment and administration issues. The Committee is governed by its constitution which sets out the Committee's authority, its membership and its overall mode of operation.

Members of the Committee are drawn from Powys County Council as the administering authority with the addition of two further (non-voting) members representing Fund Employers and Scheme Members. The Committee receives advice and guidance from both officers of Powys County Council and external professional advisers.

From May 2022 the membership of the Committee was as follows:

County Councillor P Lewis (Chair)
County Councillor E A Jones (Vice Chair)
County Councillor A Kennerley
County Councillor C Kenyon-Wade
County Councillor H Williams
County Councillor D Thomas
T Fretten (Fund Employers)
Vacant (Scheme Members)

Over the year the Committee met on 6 occasions. Dates of which can be seen [here](#).
Member attendance can be viewed [here](#).

During the 2022/23 year, members of the Committee have also taken part in various Pension Fund training and attended relevant online seminars, webinars and conferences, covering a wide range of topics such as investments, governance, responsible investment, Climate change and specific asset classes.

Officers:

Mrs J Thomas (s.151 Officer and Head of Finance)
Mr C Hurst (Pension Fund Manager)
Mr D Paley (Financial Reporting and Policy Accountant)

External Parties:

Actuary	AoN Solutions
Asset pool	Wales Pension Partnership (Link Fund Solutions)
Auditor	Audit Wales
AVC providers	Prudential, Standard Life & Utmost Life and Pensions
Bank	HSBC
Investment advisor	AoN Solutions
Legal advisor	Burges Salmon
Scheme administrator	Powys County Council
Internal Audit	SWAP Internal Audit Services

Risk Management

The Fund uses a risk register to identify, manage and monitor risks to the Fund. The risk register can be found under the heading Governance and Policies, with the following link.

<https://www.powyspensionfund.org/forms-and-publications/>

The Investment Strategy Statement highlights the Funds approach to risk, the assessment of risks and how they are managed. The Funding Strategy Statement which can be viewed [here](#) includes the key risks and controls in place to mitigate them.

At year end investment managers are requested to provide SSAE16/70 or equivalent type reports for review. Our Investment Advisors provide quarterly reports in line with Committee meetings to update on investment activity and performance over the period.

Financial Performance

The main movements between years can be attributed to increases in the market value of the investments. The movements in non-investments assets and liabilities can be found in Note 13: Current Assets and Liabilities of the accounts. The Fund's return for the year to 31 March 2023 was -4.7%

At the last valuation it was determined that the aggregate Employer total contribution rate required to restore the funding ratio to 100% using a recovery period of 13 years from 1 April 2023 is 23.2% of pensionable pay. In 2022-23, 88.5% of contributions & 83.1% of contributions data were received in timely manner.

Annual Report 2022/23

Fund Administration Report

Scheme Details

Powys County Council is the Administering Authority for the Powys Pension Fund. The Pension Fund provides pension entitlements under the Local Government Pension Scheme (“LGPS”) to all eligible employees of Powys County Council and other participating bodies. Membership of the LGPS is not mandatory and excludes teachers, police officers and fire fighters, for whom specific separate pension schemes are available. The LGPS is a statutory public service defined benefit pension scheme based on final salary for benefits accrued up to 31 March 2014 and career average revalued earnings (“CARE”) for benefits accrued from 1 April 2014. Contributions payable by employees and the benefits due to them are prescribed by the Local Government Pension Scheme Regulations.

Additional Voluntary Contribution (AVC) Scheme

Since 6 April 1988, it has been a legal requirement for all pension schemes to provide members with access to an in-house AVC Scheme. The Powys Pension Fund’s appointed providers are the Standard Life Assurance Company, Prudential PLC and the Equitable Life Assurance Society, who transferred their business over to Utmost Life and Pensions. Members are able to pay contributions into a variety of AVC arrangements offered by the providers, to secure additional pension benefits. The AVC investments are excluded from the Pension Fund Accounts.

Annual Governance Statement

The Annual Governance Statement for Powys County Council can be viewed [here](#)

Changes to Scheme Rules

During 2022/23 there has been one statutory instrument (SI) issued that changed the rules governing the LGPS. This is SI2023-279. More information on that Statutory Instrument and the changes it introduced can be found [here](#).

The Pensions Regulator

In April 2015 the Pensions Regulator published the Code of Practice no. 14: Governance and Administration of Public Service Pension Schemes. The Code applies to all schemes established under the Public Service Pensions Act 2013 and is directed at scheme managers and members of pension boards of public service schemes. The Code currently contains four parts, although the Regulator launched a consultation in May 2021 on a consolidated code, which the Powys Pension Fund responded to. In its current form the code is broken down as follows:

- Governing your scheme
- Managing risks
- Administration
- Resolving issues

Pension Fund officers and the Powys Pension Board will continue to oversee and monitor the performance of the Powys Pension Fund against the Code.

The Fund is required to complete an annual return to The Pensions Regulator and include scores on the quality of the Common and Scheme Specific Data, measured against the

regulator's specified criteria. In the latest return, the scores for the quality of Common Data was 98.30% and the Scheme Specific Data was 91.95%.

The fund maintains a data improvement plan which can be viewed [here](#) and cleanses data annually.

Altair

Since January 2011 the Pensions Team's main administration system has been Altair, provided by Heywood. This system is used for holding membership data, the calculation of pension benefits, the generation of scheme documents and the data extracts required at each actuarial valuation. Workflow is now monitored through Altair and makes use of the Insights reporting software, also provided by Heywood.

A member self-service portal is also provided for scheme members use, enabling 24/7 access for scheme members to their Powys Pension Fund pension benefits.

The address for this facility is www.mypowyspension.co.uk.

More detail on the online facility is included in the "My Powys Pension Engagement" section of this report.

Performance Standards

The Pensions Team has a number of service standards that it seeks to meet in order to ensure that it is providing an efficient and timely service to members of the LGPS. The standards are:

New Active Members

Membership Certificate: We aim to issue a Membership Certificate to a new member within one month of receiving a completed notification from the member's employer.

Transfers In: We aim to acknowledge the member's request for transfer details and calculate the estimated benefits that a transfer value will buy and issue a quotation within 20 days of receiving details from the previous scheme and any additional essential information required from Her Majesty's Revenue & Customs. We aim to request payment of the transfer value within 10 days of receiving confirmation from the member that the transfer is to proceed. We aim to confirm the actual benefits purchased by the transfer value within 10 days of receiving payment from the previous scheme.

Annual Report 2022/23

Existing Active Members

Annual Benefit Statements: Provided pay details are received from employers promptly after the year end and provided we hold all of the relevant information, we will make available by 31st August each year, an Annual Benefit Statement to each member showing the estimated current value of accrued benefits, the value of prospective benefits at normal retirement age, the estimated current value of death-in-service benefits and, for tax purposes the amount of Annual Allowance used by the change in benefit value since the previous year.

Paying Extra Contributions: We aim to provide information within 10 days of receiving a request from a member wishing to pay extra contributions.

Retirements: We aim to send details of the benefits payable and pay the member's tax-free cash lump sum within 20 days of receiving all the information required from the member's employer and/or the member.

Deaths: We aim to send details of the benefits payable within 20 days of receiving all the information required from the late member's employer and we will pay the lump sum death grant within 20 days of receiving Grant of Probate (or other appropriate documentation) or authorisation from two delegated officers.

Early Leavers: We aim to send details of the benefit options available within 2 months of receiving all the information required from the employer.

Refunds: We aim to pay a refund by the end of the month following receipt of the member's formal request for payment.

Transfers Out: We aim to issue a quotation, guaranteed for 3 months, within 20 days of receiving the member's request and confirmation of the member's contracted-out rights from Her Majesty's Revenue & Customs (where appropriate). We aim to pay a transfer value within 10 days of receiving confirmation from the member that the transfer is to be made and all the information we require to make payment.

Deferred Members

Annual Benefit Statements: We aim to make available to each deferred member a Benefit Statement by 31 August annually, showing the current value of the member's preserved benefits.

Deferred Benefits into Payment: Provided we hold an address which has been confirmed we will write to the member setting out the benefit options available to them, at least 30 days prior to the date benefits become payable.

Communications

An effective communications strategy is vital for any organisation that strives to provide a high quality and consistent service to its customers. The complexity of pensions in general and the LGPS in particular, places communications at the heart of a high quality service provision. Communication material is produced locally and on an all Wales basis in collaboration with the 7 other Welsh LGPS Pension Funds.

Powys Pension Fund communicates with all stakeholders, as defined in specific legislation. Communications are increasingly distributed via electronic means, with all documents available on the Pension Fund website: www.powyspensionfund.org, whilst Pension Team staff can be contacted via email at pensions@powys.gov.uk.

A named Pension Technician is allocated to each member of the Scheme.

The Communications Policy was reviewed in 2022 and is available on the Fund's website [here](#).

Appropriately qualified members of staff from the Pension Team or external advisers will deliver presentations to groups of stakeholders and conduct individual meetings as required. The Pension Fund's objective in respect of communication is to comply with relevant legislation and ensure that individual members and employers receive accurate and timely information about their pension arrangements.

Value for money statement

The Fund constantly considers value for money and seeks efficiencies where possible through automation, workflow developments and utilising new technologies when available. Where required, the Fund will use the national LGPS Framework for procurement, which complies with the relevant procurement legislation and will save time and money by allowing a quicker, more efficient procurement process.

Annual Report 2022/23

Scheme Statistics and Performance

Details of new pensioners

Total Retirements in 2022-23	
Ill Health	5
Early Retirements	176
Normal Retirements	49

Financial Indicators

	2022-23 Total Expenses £'000	2022-23 Cost per member £
Administration expenses	1,420	78
Investment management expenses	4,332	239
Oversight and governance costs	185	10
Total Management Expenses	5,937	327

Process	2018/19	2019/20	2020/21	2021/22	2022/23
Investment Management Expenses					
Total Cost (£'000)	2,432	2,778	3,575	3,348	4,332
Total Membership (number)	16,601	16,655	16,911	17,910	18,142
Sub Cost per Membership (£)	146.50	166.80	211.40	186.93	238.78
Administration Costs					
Total Cost (£'000)	1,019	1,073	1,118	1,261	1,420
Total Membership (number)	16,601	16,655	16,911	17,910	18,142
Sub Cost per Membership (£)	61.38	64.43	66.11	70.41	78.27
Oversight and Governance Costs					
Total Cost (£'000)	151	126	126	125	185
Total Membership (number)	16,601	16,655	16,911	17,910	18,142
Sub Cost per Membership (£)	9.10	7.57	7.45	6.98	10.20
Total Cost per Member	216.98	238.80	284.96	264.32	327.25

The Fund participates in the National Fraud Initiative, a data matching exercise to detect and prevent fraud and overpayments. The initiative, which is organised by the Audit Commission, requires the provision of details of pensioners to compare against data provided by other public bodies to ensure:

- Pensions are not paid to persons who are deceased or no longer entitled to them
- Occupational pension income is declared when any benefits are applied for.

Participation in the latest exercise revealed no cases of overpayments as a result of fraud.

Staffing

There are 13.8 (FTE) members of staff in the Pension Administration section. Of their work 10.7 FTE equivalents would be performing purely pension administration tasks. This calculates to a ratio of 1,696 members per member of staff performing purely pension administration tasks.

Employers in the Fund

Employer Data	Active	Ceased	Total
Scheduled Bodies	11	2	13
Admitted Bodies	9	17	26
Total	20	19	39

Further details of Fund Employers can be found in Appendix 4.

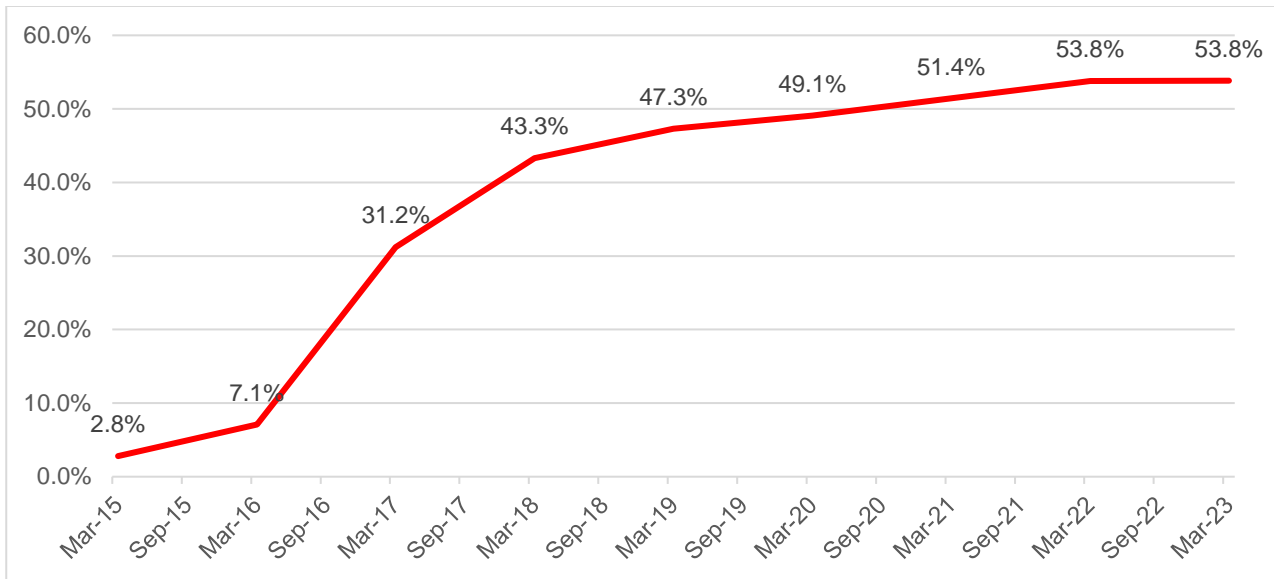
Annual Report 2022/23

Contributions received by employers and employees

2022/23	No of Contributors as at 31 Mar	Employers	Employers	Members	Total
		Normal	Additional	Normal	
		£	£	£	£
<u>Scheduled Bodies</u>					
Brecon Beacons Nat. Pk.	112	628,184	-	196,516	824,700
Brecon Town Council	7	30,467	2,900	7,810	41,177
Llandrindod Wells Town Council	1	8,463	-	2,489	10,952
Llanidloes Burial Joint Cttee	1	4,216	1,400	978	6,594
Llanidloes Town Council	1	8,010	220	2,197	10,427
Machynlleth Town Council	8	33,247	-	8,443	41,690
Newtown Town Council	10	64,779	-	18,634	83,413
Powys County Council	5,182	20,435,908	3,542,596	5,832,043	29,810,547
Welshpool Town Council	1	3,940	11,900	914	16,754
Ystradfellte Community Council	1	563	157	135	855
Ystradgynlais Town Council	2	13,553	3,300	3,341	20,194
Total	5,326	21,231,330	3,562,473	6,073,500	30,867,303
<u>Admitted Bodies</u>					
Adapt Business Services	7	12,279	-	2,957	15,236
Adapt Fire Stations	4	2,951	-	570	3,521
Careers Wales	17	138,008	-	51,398	189,406
Freedom Leisure (Ex Pcc)	114	187,880	-	75,593	263,473
Freedom Leisure (Post PCC)	40	48,417	-	18,973	67,390
Heart Of Wales Property Services	-	32,830	-	27,462	60,292
Menter Maldwyn	3	16,032	-	4,147	20,179
Mirus-Wales Ltd	4	22,592	-	6,072	28,664
P.A.V.O. (Former P.R.C.)	3	19,085	-	4,969	24,054
Powys Dance	-	-	-	-	-
Shaw Health Care (Group)	17	98,121	-	20,963	119,084
Shaw Healthcare Brynhyfrydd	-	1,824	-	329	2,153
Solo Service Group	-	-	-	-	-
Theatr Brycheiniog	1	4,731	-	1,959	6,690
Ystradgynlais Miners Welfare & Com Hall Trust Ltd	1	10,073	-	2,598	12,671
Total	211	594,823	-	217,990	812,813
Total	5,537	21,826,153	3,562,473	6,291,490	31,680,116

My Powys Pension Engagement

My Powys Pension was launched at the end of February 2015 as the new way for scheme members to monitor and engage with their pension. Below is a chart which shows the percentage of scheme members (excluding councillors) who have registered to this service since it was launched.



Website traffic

The hosts of our websites are able to track how many visits they receive, including new visitors and how many webpages have been viewed. Below is a summary of their data over each financial year.

Financial Year	Visits	New Visits	Page Views	Avg. Pages per Visit
2019/20	3,186	2,464	5,650	1.77
2020/21	2,639	2,154	4,793	1.81
2021/22	2,648	2,026	4,674	1.77
2022/23	6,178	4,741	13,428	2.17

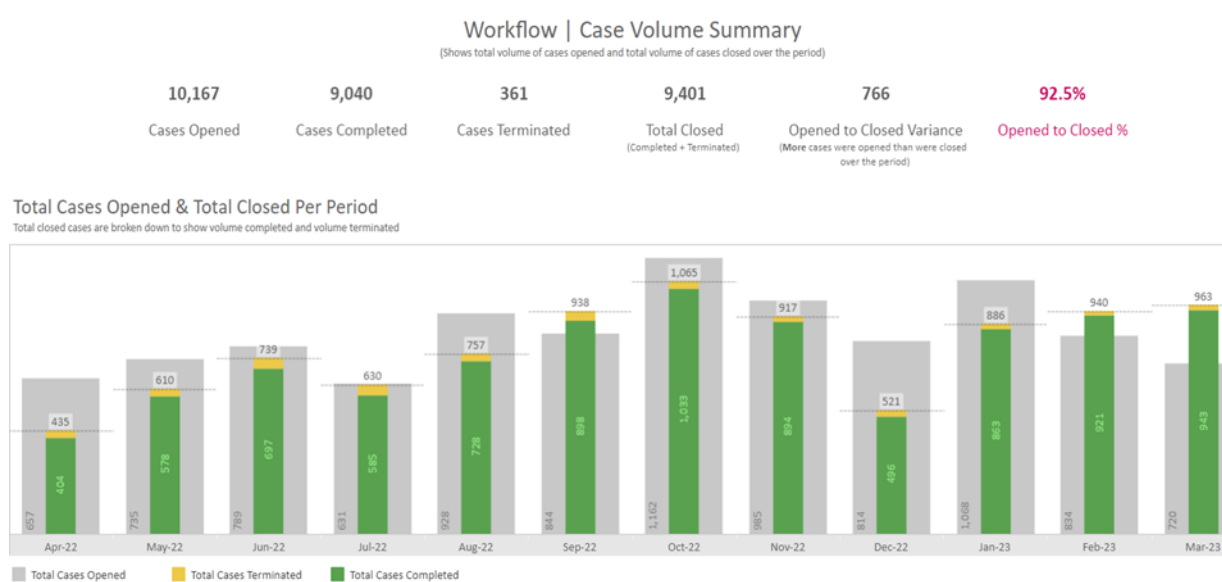
Annual Report 2022/23

Workflow Performance

As covered in Performance Standards on page 6, the below table shows the workload placed on the Pensions Team and how many of the various requests have been fulfilled. The 'Performance' percentage is calculated by dividing the number of tasks completed in the given year by those raised in the same year. As such if some of the completed tasks were originally raised in the previous year, this may exceed 100%.

	2020/21	2021/22	2022/23
Brought Forward	2,277	2,756	3,305
Started	7,091	7,794	10,167
Completed	6,612	6,542	9,401
Carried Forward	2,756	3,305	4,071
Performance	93.20%	86.50%	92.50%

2022/23 Performance visualised:



The overall performance over the 2022/23 year is at 92.50%. This is an improvement on the previous year as we have seen the restructure of the Administration team bed in. Whilst this remains below the benchmark of 100%, once again, this is primarily due to the increasing numbers of leavers with deferred benefits and the aggregations arising as a result.

The following tables are also calculated using a system that is being continuously developed, so there may be a slight discrepancy in some of the values whilst development continues. However, best efforts have been made to provide meaningful results.

It is important to keep in mind that some processes included in the numbers below were started at the end of the period so will not have been possible to complete within the period, but conversely, some of those open at the start will have been completed within the period.

Process	No. cases outstanding at start of period	No. Cases commenced in year	No. cases completed in year	No. cases outstanding at year end	% completed in year
Deaths	15	139	135	15	90.0
Retirements	71	278	295	54	98.9
Deferment	603	447	332	718	31.6
Transfers In	32	75	47	60	62.7
Transfers Out	13	91	79	25	76.0
Divorce Quote	3	18	20	1	95.2
Divorce Actual	0	2	1	1	50.0
Pension Estimates	49	584	577	56	98.8
Starters	6	1,028	1,031	3	99.7
Aggregations	185	282	83	353	19.0

Process		Legal Requirement (from Notification)	% achieved
Death	Letter Acknowledging death of member	2 months	94.5
Death	Letter notifying amount of dependant's benefits	2 months	92.1
Deferment	Calculate & Notify Deferred Benefits	2 months	77.6
Transfer Out	Letter detailing Transfer Out Quote	2 months	80.9
Refund	Process and Pay a Refund	2 months	97.7
Divorce Quote	Letter detailing cash equivalent value and other benefits	3 months	100.0
Divorce Actual	Letter detailing implementation of cash equivalent value and application of pension sharing order	3 months	100.0
Joiners	Send notification of joining the LGPS to scheme member	2 months	99.7
Retirements	Letter notifying estimate of retirement benefits	2 months	99.0
Retirements	Process and pay lump sum retirement grant	2 months	99.0
Transfers in	Letter detailing transfer in quote	2 months	62.7

Annual Report 2022/23

Investment Policy and Performance Report

Asset Class and Manager Performance

Asset Class/ Manager	1 Year			3 Year			5 Year		
	%	%	%	%	%	%	%	%	%
	PF	BM	ER	PF	BM	ER	PF	BM	ER
Equity	(4.2)	(3.0)	(1.2)	15.4	16.4	(1.0)	8.2	9.7	(1.5)
LF WPP Global Growth Fund	(0.8)	(1.4)	0.6	14.9	15.5	(0.6)	-	-	-
BlackRock	(7.4)	(7.4)	-	15.3	15.3	-	8.1	8.1	-
Bonds	(10.4)	(6.5)	(3.9)	(0.7)	0.3	(1.0)	0.5	1.6	(1.1)
Link WPP Global credit	(8.5)	(6.6)	(1.9)	-	-	-	-	-	-
Link WPP ARBF	2.2	4.3	(2.1)	-	-	-	-	-	-
Link WPP Multi Asset Credit	(6.2)	6.8	(13.0)	-	-	-	-	-	-
Insight Index Linked Gilt	(30.5)	(30.4)	(0.1)	(4.6)	(9.2)	4.6	-	-	-
BlackRock Index Linked Gilt	(30.4)	(30.4)	-	(9.2)	(9.2)	-	(4.1)	(4.1)	-
Blackrock Gilts	(16.2)	(16.3)	0.1	(9.1)	(9.1)	-	(3.0)	(3.1)	0.1
Property Fund	(14.3)	(14.5)	0.2	2.7	2.5	0.2	2.7	2.5	0.2
Aviva	(26.3)	(14.5)	(11.8)	1.9	2.5	(0.6)	1.9	2.5	(0.6)
Hermes UK Property Fund	(4.4)	(13.7)	9.3	5.4	2.7	2.7	5.0	2.7	2.3
Schroders UK Property Fund	(16.5)	(14.5)	(2.0)	1.2	2.5	(1.3)	1.6	2.5	(0.9)
CBRE European Property Fund	(44.1)	13.5	(57.6)	(47.3)	7.9	(55.2)	(42.4)	5.7	(48.1)
Private Equity	(5.2)	(1.2)	(4.0)	24.0	16.1	7.9	24.3	10.4	13.9
Standard Life	(1.1)	(0.5)	(0.6)	(11.7)	17.1	(28.8)	(0.9)	11.3	(12.2)
HarbourVest	(5.2)	(0.5)	(4.7)	24.2	17.1	7.1	24.5	11.3	13.2
Hedge Funds	6.2	0.8	5.4	-	-	-	-	-	-
Adept	6.2	0.8	5.4	-	-	-	-	-	-

PF = Powys Pension Fund

BM = Benchmark

ER = Excess Return

Wales Pension Partnership (WPP)

The WPP was established in 2017 with the objective to deliver:

- economies of scale
- strong governance and decision making
- reduced costs and excellent value for money, and
- an improved capacity and capability to invest in infrastructure

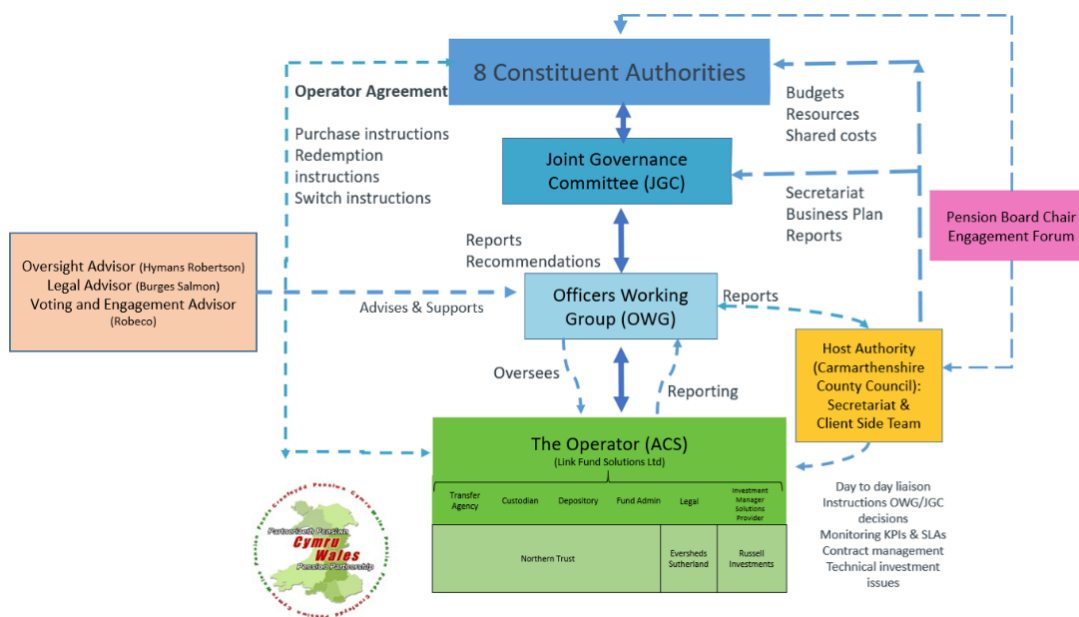
The WPP is one of the eight Local Government Pension pools nationally and is a collaboration of the eight LGPS funds in Wales including Cardiff and the Vale of Glamorgan, Clwyd, Dyfed, Greater Gwent (Torfaen), Gwynedd, Powys, Rhondda Cynon Taff and Swansea. The eight funds have a long, successful history of collaboration including a collaborative tender for a single passive equity provider for the Welsh funds pre-dating the Government’s pooling initiative.

Collective investment management offers the potential for investment fee savings, opportunities to broaden investment portfolios, enhanced voting and engagement activity as well as access to shared knowledge and best practice. Whilst the WPP is responsible for providing collaborative investment solutions, each constituent authority remains responsible for setting their own investment strategy.

WPP’s operating model is designed to be flexible and deliver value for money. WPP appointed an external fund Operator and makes use of external advisers to bring best of breed expertise to support the running of the Pool. The Operator is Link Fund Solutions and they have partnered with Russell Investments to deliver effective investment management solutions and provide strong net of fee performance for all the Constituent Authorities.

Governance

The WPP details how it deals with all aspects of Governance through its Inter Authority Agreement (IAA) which was approved by all eight Constituent Authorities in March 2017. The IAA defines the standards, roles and responsibilities of the Constituent Authorities, its Members, Committees and Officers and includes a Scheme of Delegation outlining the decision-making process. In line with its belief that good governance should lead to superior outcomes for stakeholders, the WPP has put in place a robust governance structure:



Annual Report 2022/23

The eight Constituent Authorities of the WPP are:

- Carmarthenshire County Council (Host)
- City and County of Swansea Council
- City of Cardiff Council
- Flintshire County Council
- Gwynedd Council
- Powys County Council
- Rhondda Cynon Taff County Borough Council
- Torfaen County Borough Council

The Constituent Authorities sit at the top of the WPP's governance structure. They retain control of all activity carried out by the WPP and remain responsible for approving the WPP's Business Plan, which outlines the WPP's budget and workplan, as well as its Beliefs and Objectives.

The Joint Governance Committee (JGC) oversees and reports on the WPP and is comprised of one elected member from each of the eight Constituent Authorities.

The OWG provides support and advice to the Joint Governance Committee and is comprised of practitioners and Section 151 officers from all eight Constituent Authorities.

Carmarthenshire County Council is the Host Authority for the WPP and is responsible for providing administrative and secretarial support to the JGC and the OWG, and liaising day to day with the Operator on behalf of all of the Welsh LGPS funds.

Link Fund Solutions (Operator) carries out a broad range of services for the WPP, which includes facilitating investment vehicles & sub-funds, performance reporting, transition implementation and manager monitoring and fee negotiations. There is an Operator Agreement in place which sets out the contractual duties of the Operator and governs the relationship between the Operator and the WPP. The JGC and OWG, with the support of Hymans Robertson, oversee the work that Link Fund Solutions carries out on behalf of the WPP. Link engages with the Constituent Authorities by:

- Direct engagement – attendance at annual committee meetings
- Indirect engagement – with CAs collectively, through the JGC and OWG

In collaboration with Link Fund Solutions, Russell Investments provide investment management solution services to the WPP and they work in consultation with WPP's eight Constituent Authorities to establish investment vehicles.

Northern Trust is the Depository for the WPP ACS vehicle and provides numerous services including securities lending, fund administration, compliance monitoring and reporting.

Hymans Robertson are WPP's Oversight Advisor and their role spans oversight and advice on governance arrangements, operator services, strategic investment aspects and project management support.

Burges Salmon are WPP's legal advisors, and they provide legal advice in relation to FCA regulated funds, tax and governance arrangements, including assisting with complex procurement processes.

Robeco UK has been appointed as WPP's Voting and Engagement provider and are responsible for implementing the Voting Policy across WPP's portfolio and undertaking engagement activity on behalf of the WPP.

The WPP's beliefs are the foundation for WPP's governance framework and have been used to guide all of the WPP's activities and decision making, including its objectives and policies. The WPP, in consultation with the Constituent Authorities, has developed a set of governing policies. In all instances the WPP's policies and procedures have been developed to either complement or supplement the existing procedures and policies of the Constituent Authorities. The WPP's key policies, registers and plans are listed below and can be found on the WPP website.



Responsible Investment has been a key priority for the WPP since it was established in 2017. Various activities have been undertaken to work towards WPP's ambition of becoming a leader in Responsible Investment. Initially the focus was on formulating a Responsible Investment Policy and since then the WPP has formulated its own Climate Risk Policy and has worked with its Voting and Engagement Provider, Robeco, to agree a Voting Policy. A WPP RI Sub-Group has been established to take ownership of RI related workstreams and actions that are required to achieve the commitments made in the WPP's RI and Climate Risk Policies.

The WPP's Business Plan, Governance Manual and all other policies detailed in the chart above can be found on the WPP website:

<https://www.walespensionpartnership.org/>

Risk

Risk management is a critical element of WPP's commitment to good governance, the WPP has developed a structured, extensive and robust risk strategy which seeks to identify and measure key risks and ensure that suitable controls and governance procedures are in place to manage these risks. The WPP's Risk Policy has been

Annual Report 2022/23

developed in such a way that risks can be anticipated and dealt with in a swift, effective manner to minimise potential loss or harm to the WPP and its stakeholders.

WPP maintains a Risk Register which is reviewed regularly by a dedicated Risk Sub-Group which reports back to the OWG and JGC on a quarterly basis.

Training

The WPP has its own training policy and develops an annual training plan which is designed to supplement existing Constituent Authority training plans. Local level training needs will continue to be addressed by Constituent Authorities while the WPP training plan will offer training that is relevant to the WPP's pooling activities.

Pooling progress to date

The WPP aims to deliver investment solutions that allow the Constituent Authorities to implement their own investment strategies with material cost savings while continuing to deliver investment performance to their stakeholders. The WPP have made significant progress towards delivering on this objective. The launching of WPPs first three active equity sub-funds in 2019/20, five fixed income sub-funds in 2020/21 and the Emerging Markets equity sub-fund in 2021/22, alongside the Constituent Authorities existing passive investments, has meant that that the WPP has pooled 70% of assets.

Annual Report 2022/23

As at 31 March 2023, WPP has total assets worth £22.5bn, £15.6bn of which sits within the pool, see breakdown below:

Asset Class	Managed by	Launch Date	31 March 2023 £000	%
Global Growth Equity Fund	Link Fund Solutions	February 2019	3,274,153	14.6
Global Opportunities Equity Fund	Russell Investments	February 2019	3,269,124	14.6
UK Opportunities Equity Fund	Russell Investments	September 2019	760,143	3.4
Emerging Markets Equity Fund	Russell Investments	October 2021	354,601	1.6
Global Credit Fund	Russell Investments	July 2020	693,665	3.1
Global Government Bond Fund	Russell Investments	July 2020	481,417	2.1
UK Credit Fund	Link Fund Solutions	July 2020	520,721	2.3
Multi-Asset Credit Fund	Russell Investments	July 2020	655,191	2.9
Absolute Return Bond Fund	Russell Investments	September 2020	559,107	2.5
Passive Investments	BlackRock	March 2016	5,074,366	22.6
Investments not yet pooled			6,812,892	30.3
Total Investments across all 8 Pension Funds			22,455,380	100

Investment assets split between Powys Pension Fund and WPP

	31 March 2023 £000	%
Global / UK Opportunities / Emerging Markets Equities	136,130	17.5
Global Credit / Global Government / UK Credit...	163,082	21.0
Passive Equities	190,076	24.5
Passive Bonds	35,924	4.6
Investments not yet pooled	251,875	32.4
Total Investment Assets	777,087	100

The table above summarises Powys Pension Fund's investment in the WPP, together with the assets that remain under the direct oversight of the Fund as at 31 March 2023.

Annual Report 2022/23

Pooling costs

Carmarthenshire County Council, as the Host Authority for the Wales Pension Partnership is responsible for providing administrative and secretarial support and liaising day to day with the Operator on behalf of all of the LGPS funds in Wales. The WPP budget is included in the WPP Business Plan and approved annually by all eight Constituent Authorities.

The Host Authority and External Advisor costs, the running costs are funded equally (unless specific projects have been agreed for individual Funds) by all eight of the Constituent Authorities and recharged on an annual basis. The amount recharged to Powys Pension Fund for the financial year ending 31 March 2023 was £163.8k, see table below.

In addition to the running costs, there are also transition costs associated with the transition of assets into the pool, these costs can be categorised in terms of direct and indirect costs. Direct costs include the costs of appointing a transition manager to undertake the transition, together with any additional oversight of this process undertaken from a research and reflection perspective. Indirect costs include both explicit and implicit costs, such as commissions, spread and impact and opportunity costs known as Implementation Shortfall. Transition costs are directly attributable to the assets undergoing the transition and are therefore deducted from their net asset value as opposed to a direct charge to the Fund.

Details of the costs incurred by the Powys Pension Fund in respect of the WPP are detailed below.

2021/22 £'000	WPP Pooling Costs	2022/23 £'000
23.4	Host Authority Costs *	20.9
111.3	External Advisor Costs *	137.1
134.7	Total	158.0

* Host Authority and External Advisor costs are recharged directly to the fund

Asset Allocation and Performance

Asset Category	Opening Value		Closing Value		Performance (1 year)	Local / Target
	£000s	%	£000s	%	%	%
Pooled Assets						
Equities Passive	207,492	26.1	190,076	24.5	(6.3)	(6.6)
Equities Active	133,337	16.8	136,130	17.5	(1.0)	(1.4)
Fixed Income Active	184,040	23.1	163,082	21.0	(1.0)	3.0
Fixed Income Passive	39,001	4.9	35,924	4.6	(22.4)	(22.5)
Total	563,870	70.9	525,212	67.6		
Assets not yet pooled						
	231,350	29.1	251,875	32.4	(6.4)	(13.1)
Total	795,220	100.0	777,087	100.0		

Objectives 2023/24

Following the launch of a number of sub-funds to date, progress will continue to be made with significant rationalisation of the existing range of mandates. The operator / allocators will be developing and launching a further series of sub-funds which will collectively reflect the strategic asset allocation needs of the eight constituent funds and facilitate a significant move of the assets to be pooled.

In establishing the WPP pool, the prime focus has been on pooling the most liquid assets, namely equities and fixed income. In July 2021, the Joint Governance Committee appointed bfinance as WPP's Allocator Advisors and they will assist the WPP with the identification of Private Markets Allocators for the Private Market Asset Classes. The Infrastructure, Private Credit and Private Equity allocators have been appointed and work is underway with Real Estate.

WPP's Infrastructure and Private Credit investment programmes have been launched with the Private Equity investment programme due to launch in 2023/24. No funds have yet transitioned into these programmes.

A transition timetable has been provided below:

Investment Portfolio	Timeline for Launch / Implementation
Sustainable Equities	Launch due mid 2023
Private Debt / Infrastructure	Investments to commence in 2023/24
Private Equity	Investments to commence in 2023/24

Annual Report 2022/23

During 2022/23, the WPP published its second annual Stewardship Report, remaining a signatory to the 2020 UK Stewardship Code. This year has seen an enhanced approach as a responsible investor with the establishment of an engagement framework to review its engagement themes, enhanced reporting in accordance with the requirements of the UK Stewardship Code, and continued reviews of the existing sub-fund mandates to ensure compatibility with WPP's Responsible Investment and Climate Risk Beliefs. 2023/24 will see further enhancements, with the delivery of a WPP climate report, in preparation for the upcoming Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements. WPP is also working closely with its service providers to further its responsible-investment aims, including evolving its Voting Policy towards a more-encompassing Stewardship Policy, with plans to establish an appropriate Escalation Policy.

There will also be a focus on the review and development of additional WPP policies, as well as the provision of timely and relevant training facilitated by the pool for the benefit of its wider stakeholder groups.

Securities Lending

Securities lending commenced in March 2020. Revenue is split on a 85:15 basis between WPP and Northern Trust with all costs for running the securities lending programme taken from Northern Trust's share of the fee split. A minimum of 5% of the nominal quantity of each individual equity holding is held back and a maximum of 25% of total AUM is on loan at any one time. Total revenue of LF Wales Revenue during 2022/23 was £1,328,759 (gross) / £1,129,506 (net) with £454,055,992 out on loan as at 31 March 2023.

More detailed information can be found in WPP's Annual Return which is published on the WPP website - [Wales Pension Fund | Home \(walespensionpartnership.org\)](https://www.walespensionpartnership.org)

Pension Board Report

1 Constitution, Representation and Attendance

- 1.1 The Powys County Council Local Government Pension Scheme (LGPS) Local Pension Board (“the Board”) was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of the Council.
- 1.2 It held its first meeting on 31 July 2015. From inception it consisted of two representatives of the Scheme employers, and two representatives of the Scheme members, all of whom are voting members. There is also a non-voting independent Chair. In September 2020, Powys County Council approved the addition of two extra Board members, one each from scheme employers and from scheme members. During the year a vacancy for a scheme member representative remained unfilled.
- 1.3 The Board met on five occasions during the year on the following dates: 27 June, 6 September, 28 October, 21 November 2022 and 10 February 2023. All meetings were held virtually. Average attendance was 67% of the appointed members of the Board.

	27 Jun 2022	6 Sep 2022	28 Oct 2022	21 Nov 2022	10 Feb 2023
Gerard Moore: Independent Chair	✓	✓	✓	✓	✓
John Byrne: Scheme Member representative	✓	✗	✓	✗	✓
David Powell: Scheme Member representative	✗	✓	✗	✓	✓
Wayne Thomas: Scheme Employer representative	✓	✗	✓	✓	✓
Nigel Brinn: Scheme Employer representative	✓	✗	✓	✗	✗
Graham Evans: Scheme Employer representative	✗	✓	✓	✗	✓

- 1.4 Board meetings are open to the public, other than when considering exempt items.
- 1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Powys County Council Pensions and Investment Committee (“the Committee”).
- 1.6 Where possible opportunities are taken to prepare succession planning.

2 Functions and Operation of the Board

- 2.1 The two primary functions of a Local Pension Board (LPB) are to assist the Administering Authority to:
- ensure effective and efficient governance and administration of the LGPS;
 - ensure compliance with relevant laws and regulations.
- 2.2 It therefore has a monitor/assist/review/scrutinize purpose, and is not a decision-making body. It could be seen as being a critical but supportive friend. It sets its own agenda and can be selective and probe particular topics in more depth than the

Annual Report 2022/23

Committee, which has a wider range of statutory responsibilities and decision-making. As such, the general approach of the Board is to seek assurances, with evidence from the Fund and external bodies, that the Fund is meeting its objectives, producing its required statements, managing its risks, etc. so as to achieve the overall objectives as set out in paragraph 2.1 above. It can and does commission its own reports, and where appropriate, makes recommendations to the Committee and to officers.

- 2.3 In so doing, the Board is helping manage the reputational risk of both the Fund and the Administering Authority. The LGPS in England and Wales has both the Department of Levelling Up, Housing and Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, which also has other powers available, including producing Regulatory Intervention Reports. No such reports from TPR have been issued to the Powys Pension Fund.
- 2.4 The Board is supported by the Board Secretary. The URL for current Terms of Reference is shown in paragraph 7.1.
- 2.5 In 2022/2023 the direct costs of operating the Board, covering travel and training expenses relating to Board members and the fees and expenses of the Independent Chair amounted to £18.2k. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of the Council's premises, systems or services recharged to the Fund by the Council. There was a specific budget of £25k. Board members are covered by indemnity insurance.

3 Detailed Work of the Board

3.1 Overview

- 3.1.1. This is the eighth Annual Report produced by the Board. Since their inception, Local Pension Boards have become increasingly visible and pro-active. There is good dialogue among Board members between formal meetings, and especially between the Board Chair and the Board Secretary. All Board members received regular updates of bulletins from TPR, the Scheme Advisory Board (SAB), DLUHC, Local Government Association (LGA) and other relevant sources.
- 3.1.2 There are effective communication links between the Board and the Committee, as the Board Chair produces and formally presents to the Committee an Executive Summary from each Board meeting showing any specific recommendations made by the Board, what assurances it has gained on behalf of the Committee, and any other matters considered to be relevant. I believe the "triangle of trust" between Committee, Officers and Board is firmly established. It is pleasing that governance and administration, which are the primary focus of the Board, feature prominently on the agenda of the Committee.
- 3.1.3. As indicated, the main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. "Working from home" arrangements have been in place for many years, so the risks and revised working procedures required by the pandemic had already been identified, mitigated and managed.

3.1.4 Amongst other objectives, the Board endeavours to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities and obligations. The Board reviews the quarterly administration performance reports, and requests greater detail where necessary. Where appropriate, these reviews are extended to ensure that all scheme employers are similarly complying, as their complete, accurate, timely and secure supply of data is critical. Increasingly, data flows from employers are becoming electronic, so data quality is expected to further improve. Provision of quality data prevents a chain reaction of poor key performance indicators, breaches of the law, inaccurate payment of pensions, inaccurate employer contribution rates and inappropriate investment decisions. As Chair, I attend the annual meeting with scheme employers. To further assist, the Board previews draft policies, statements and procedures, primarily from the viewpoints of process, consistency and communications, and makes appropriate recommendations. During 2022/23 the Board helped shape the draft policies relating to Compliments and Complaints, Conflicts of Interest, Communications Strategy, the Data Improvement Plan and the Draft Business Plan, for subsequent approval by the Committee.

3.2 Risk management

A separate Risk Register is produced for the Pension Fund. A detailed assessment of the likelihood of each risk occurring, and its impact, is now judged in the light of the existence of the Board as an additional scrutiny resource. Inherent risks, and then residual risks after mitigations, are given appropriate scores. During the year 2022/2023, the Fund both revised its formatting of the Risk Register and strengthened its procedures whereby the Board now dedicates a short additional meeting to focus on one of the three pillars of the Risk Register, namely Governance and Administration, both of which were reviewed in the year, and Investments, which will be reviewed in 2023/2024. These two deep dives resulted in various recommended changes for the Committee to consider and, where agreed, to adopt. An oversight review of the Risk Register, and consideration of any new risks, remains as a standing item at the quarterly Board meetings, and recommendations included a more explicit analysis of the risks in pooling investments, and adding the Pensions Dashboard to the Administration pillar.

3.3 The Pensions Regulator (TPR)

3.3.1 The Pensions Regulator monitors the LGPS on an ongoing basis and has, for example, highlighted delays across LGPS Funds in producing Annual Benefit Statements (ABS's). The Board was pleased to note that Powys Pension Fund once again produced its ABS's by the due date but nevertheless continues to seek assurances that the next set will once again be delivered on time.

3.3.2 During the year the Board, with the Board Secretary, conduct a phased review of the Fund against the standards and expectations of TPR. The Regulator's anticipated wider General Code of Practice, to replace COP 14, which was specifically written for public services pension schemes, is at the time of writing still awaited. When legislated upon and implemented later in 2023, the transition to the General Code will represent a significant challenge for officers and the Board.

Annual Report 2022/23

- 3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any action it takes. TPR pays particular attention to data protection and cyber security. Like officers, elected and co-opted Members, the Board members complete the Council's annual examination in these areas.
- 3.3.4 TPR's Scheme Annual Return is a statutory, factual document for completion by the Fund. TPR measures and seeks annual improvements in data quality. Using 2018/2019 data as a baseline, the return shows percentages for completeness and accuracy of "common data" and "scheme specific data". The most recent submission from Powys indicates figures of 98.30% for common data and 91.95% for scheme specific data, which represented marginal improvements to the previous year. For information, the results for common data were 93.4% and scheme specific data were 75.9% when the exercise was first conducted in the 2017/18 year. It is important to note that the Fund depends on timely submission of accurate data from all employers to ensure accurate calculations of benefits due. Three other examples of its importance are for the calculations of employer contributions, Guaranteed Minimum Pension (GMP) figures, and in due course, to provide data for Pension Dashboards. Whilst data quality for Powys is at a high level, nevertheless a Data Improvement Plan is maintained and monitored by the Board.

3.4 Reporting and Recording Breaches

The Board reviews any recorded breaches of the law as a quarterly standing item. The two areas of recorded breaches relate, firstly, to cases of non-payment of "frozen refunds", for which the Fund still awaits receipt of all necessary information to enable payments to be made, and secondly, the delayed notification to scheme members of deferred benefits, which is accepted as a lowish priority task.

The Board, and all associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of the law to TPR. During 2022/2023 none of these recorded breaches were deemed to be of material significance to the TPR, hence no breaches were formally reported via the Administering Authority. A fast-track reporting system is in place for reporting breaches (those of material significance to TPR) in a timely manner.

The Board may seek further assurances regarding the underlying processes and procedures which are pertinent to the identification of potential breaches, an example being the process for monitoring the timely payment of contributions by scheme employers to the Fund, which have moved almost entirely away from cheques to electronic payments.

3.5 Scheme Advisory Board (SAB)

- 3.5.1. In setting its Work Programme, the Board takes into account the focus and priorities of the SAB, whose minutes it receives. The SAB regularly issues guidance and recommends good practice to pension funds. The SAB also produces an Annual Report encompassing combined data across all LGPS Funds in England and Wales, which is made available to Board members.
- 3.5.2. The SAB commissions periodic surveys of local pension boards. A second survey is expected in due course.

3.6 Review of Investment Issues

Whilst the vast majority of the Board's work focuses on administration and governance issues, investment issues are not ignored.

- 3.6.1 As expected under the relevant Investment Regulations, the Board continues to monitor the on-going consideration and development of an appropriate strategy for responsible investment, as reflected in the Fund's Investment Strategy Statement, and will monitor progress on climate-related financial disclosures.
- 3.6.2 The Board continues to receive updates on progress by the Wales Pensions Partnership (WPP) on the pooling of assets. The Chairs of the eight Pension Committees make up the Joint Management Committee of WPP, which meets quarterly. Hence the demands on each Pension Committee Chair have significantly increased.
- 3.6.3 The eight Chairs of the Wales Pension Boards participate in half yearly engagement meetings with WPP's host authority, including with external providers.
- 3.6.4 The Board keeps a watchful eye on on-going compliance with MiFID II, particularly should there be any changes of key staff with investment expertise, or in membership of the Committee, which is responsible for decisions on assets of some £777m consisting of multiple and increasingly complex and diverse asset classes. Consequently, there are significant training requirements for all Committee Members, which also include training on the understanding and monitoring of the Fund's liabilities.
- 3.6.5 The Board receives reports on cash flow predictions. These help the Board gain assurances that pensions and lump sums will be paid on time, and that cash management arrangements are sufficiently flexible both to avoid any forced fire-sale of assets and to have cash available when called up by the investment managers.

3.7 Scheme documents

- 3.7.1 The Board examines the range of scheme documents expected to be in place, and with which Board members are expected to be conversant. All relevant documents are listed and easily accessible on the Fund's website.
- 3.7.2 The Board pays regard to those standard letters and documents which are sent to scheme members and has made recommendations regarding their content. Particular focus is given to the ever-present dangers of pension scams.

3.8 Engagement with s151 Officer

As Board Chair, I hold an annual discussion with Powys County Council's Section 151 Officer. Appropriate assurances have been given to the Committee regarding the appropriate resourcing of the Pensions Team in the light of the additional administrative burdens arising from the multitude of actual and anticipated legislative changes and guidance.

Annual Report 2022/23

4. Ensuring Compliance with Regulatory Deadlines.

- 4.1 A key component of the Board's agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of adopting new legislation, regulations and guidance. In all cases timely progress reports are received, with the Board considering whether any recommendations are needed to help ensure that deadlines are met.
- 4.2 Annual deadlines include producing Annual Benefit Statements for active members, Pension Savings Statements, the submission of the Scheme Annual Return to the TPR, SP3 submission and publication of the Pension Fund Annual Report and Accounts. During the year, the Fund complied with all relevant deadlines.

5. Training

- 5.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge. On appointment, a new Board member receives one to one training with the Board Chair.
- 5.2 The training policy for Board members is based on an individual training needs analysis and is therefore being individually tailored. This allows use of both the CIPFA Framework and TPR Toolkit. Board members are informed of external training opportunities and are encouraged to participate in at least two such seminars or conferences each year. Full training records are maintained.
- 5.3 Board members are invited to internal training events provided for Committee members which are often targeted to specific issues or asset classes, and can attend the excellent on-line investment training courses provided by WPP.
- 5.4 A communications log is maintained of all relevant guidance and regulatory updates and documents received and distributed to Board members, to ensure that their knowledge and skills are kept up to date, and to monitor the Fund's compliance with the associated changes.
- 5.5 As Independent Chair, I attend many industry events, and am able to share some of the learning outcomes with Board members, thus adding informal training to the range of opportunities available to the Board. I personally undertook a substantial amount of Continuing Professional Development during the year.

6. Workplan

- 6.1 The work plan for 2023/2024 will include the following activity areas:
- Pension Fund Annual Report and Accounts
 - administration, including improved Key Performance Indicators, the Data Improvement Plan and, potentially, Value for Money studies
 - internal and external audit reports
 - audit and risk management, including the Risk Register
 - governance; including conflicts of interest, recording and, if appropriate, reporting breaches, and compliance with the regulations, TPR's Code of Practice 14 and its successor, the General Code of Practice.
 - preparation for implementing the DLUHC guidance on the Good Governance Project

- investments, including on-going developments at WPP and implications for Administering Authorities
- overview progress on responsible investments and the Stewardship Code
- monitoring compliance with external deadlines
- member communications
- on-going reviews of cyber security, GDPR (data protection) and managing the threats from pension scams
- participating in and learning from relevant surveys, e.g. of SAB and TPR.
- a review of the Forward-Looking Business Plan
- revised information regarding cash flow projections and monitoring

6.2 The above represents a challenging list. There is flexibility to allow for any additional reviews and developments. The experience gained through holding virtual meetings opened up opportunities to hold additional short but focussed on-line meetings to supplement the scheduled quarterly meetings, such as pillars of the Risk Register, should business so require.

7. Public accountability

7.1 As well as being open to the public, the agendas, minutes and the Board's Terms of Reference are available on the Fund's website at the following address:
<https://www.powyspensionfund.org/about-the-scheme/about-the-pension-fund/local-pension-board/>

I am grateful to my fellow Board members, who have volunteered their time and energies in their roles. Thanks are also expressed to the Board Secretary, the Chair of the Pensions & Investments Committee, the s151 Officer, and the Cabinet Manager for Legal, Scrutiny and Democratic Services and team, for their timely and effective support during these challenging times. Finally, I pay tribute to the Pensions Administration Team for their sterling determination to ensure benefits were paid accurately and in a timely way, notwithstanding the difficulties presented by increased membership, increased legislation and the consequences of the pandemic.



Gerard Moore
Independent Chair
Powys County Council LGPS Local Pension Board
20 June 2023.

Pension Fund Accounts 2022/23

Statement of Responsibilities for the Pension Fund Accounts

The Council's Responsibilities as Administering Authority

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For Powys County Council, that officer is the Section 151 Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Pension Fund Accounts.

These accounts were approved by Governance and Audit Committee.

Signature:

Date

Governance and Audit Committee Chair

Section 151 Officer Responsibilities

The Section 151 Officer is responsible for the preparation of the Pension Fund's Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"). These accounts are required to present a true and fair view of the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing the Pension Fund Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Section 151 Officer has also:

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

Certificate of the Section 151 Officer on the Accounts of Powys County Council Pension Fund for 2022/23.

I certify that the pension fund accounts present a true and fair view of the financial position of Powys County Council Pension Fund as at 31 March 2023 and its income and expenditure for the year then ended.

Signature:



Date of authorisation for issue 30 June 2023

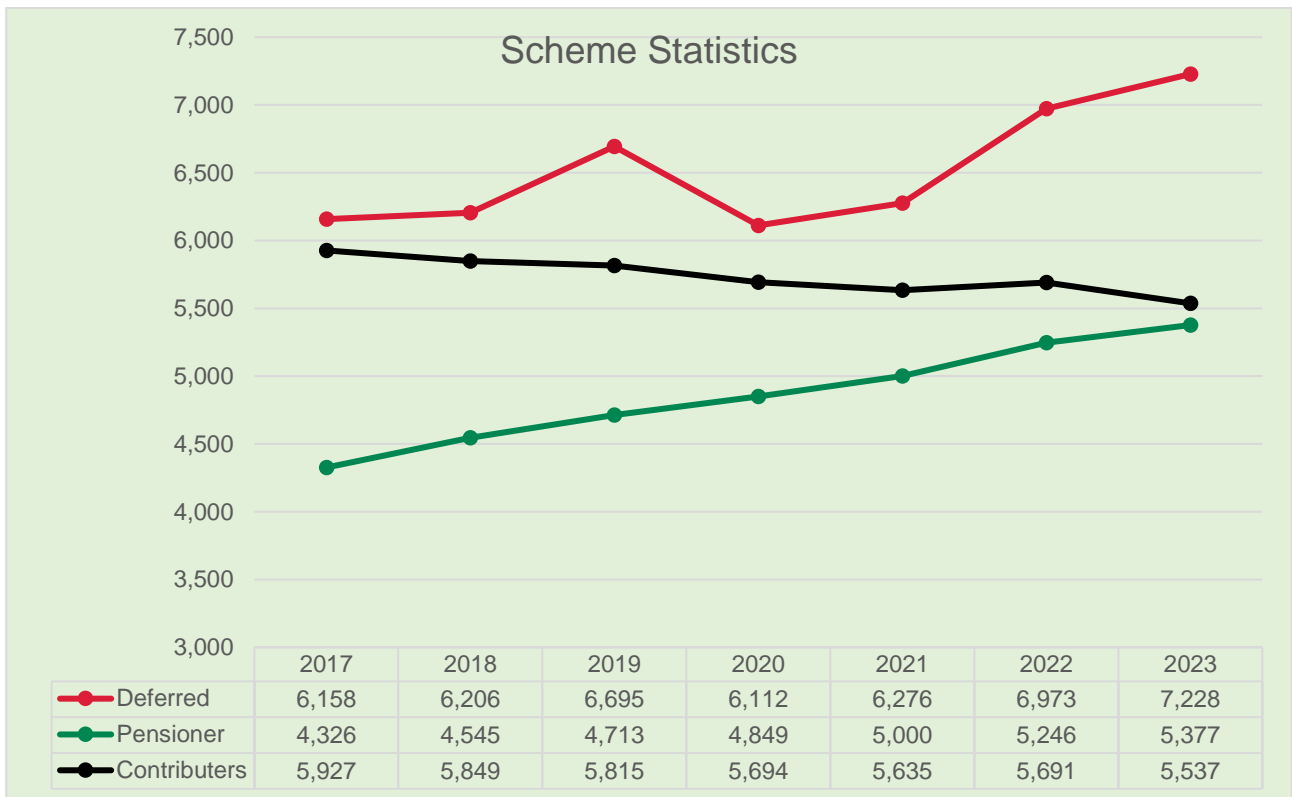
J Thomas, Head of Finance

Pension Fund Accounts 2022/23

Scheme Statistics and Performance

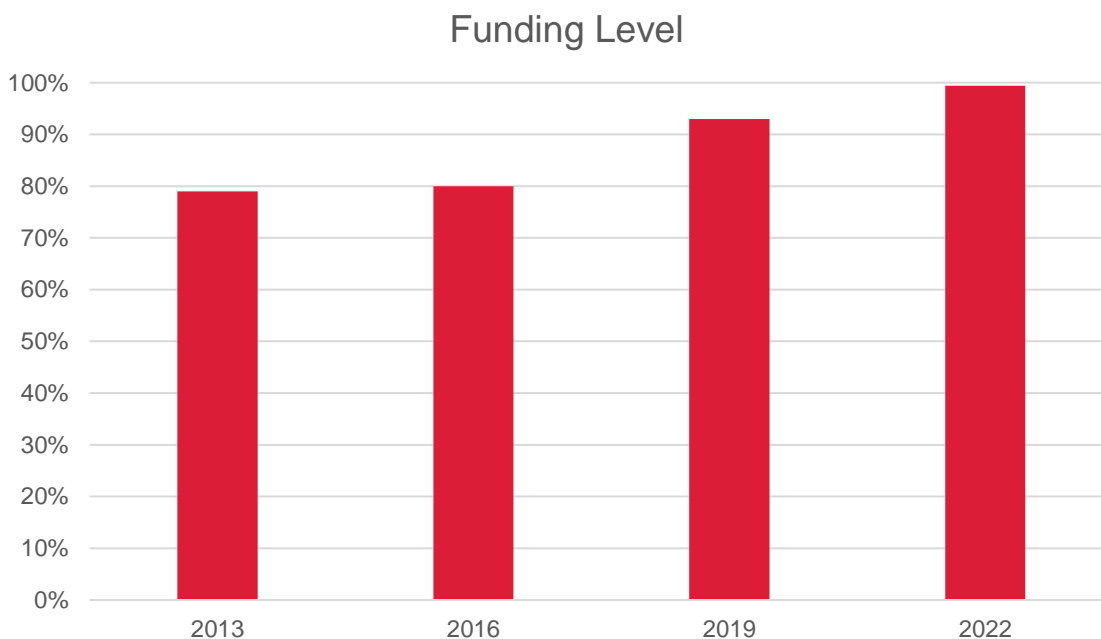
Membership Trends

The graph below shows the membership of the Fund as at 31 March. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.



The total for deferred members includes frozen refunds.

Funding and Valuation



The aim of the funding is to accumulate current contributions at a level sufficient to provide known benefits at some time in the future. In short therefore, the scheme benefits are

Pension Fund Accounts 2022/23

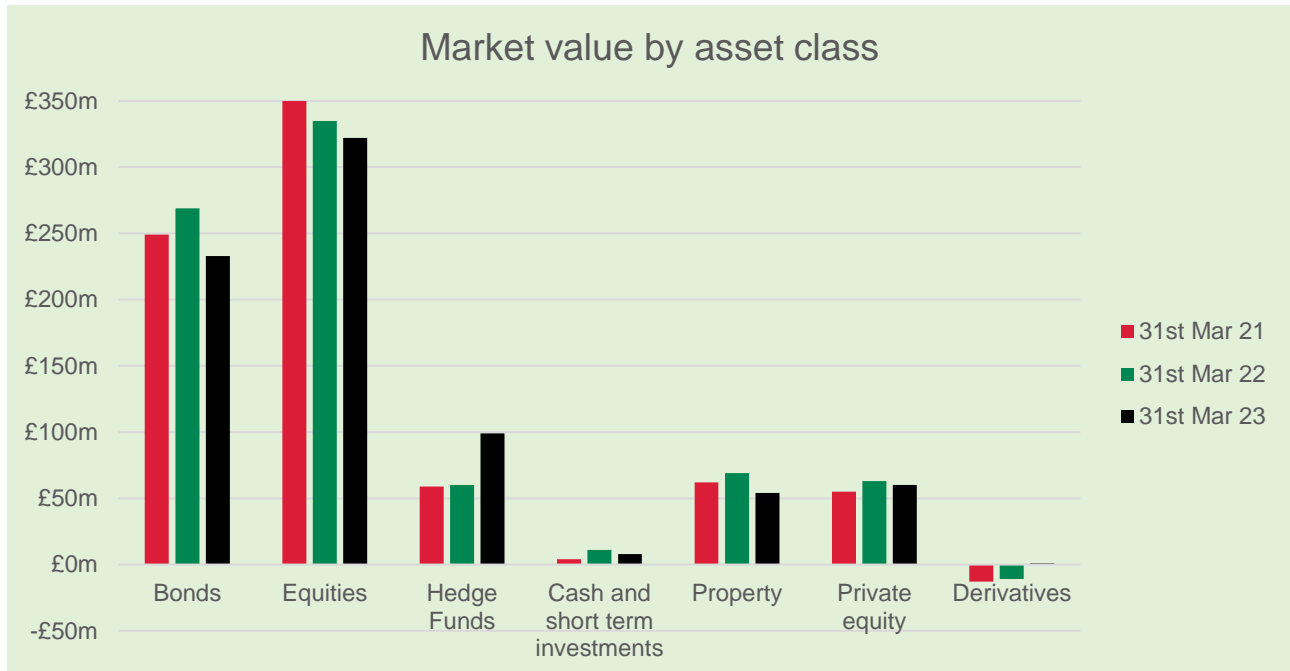
financed by contributions from employees and employers together with income from investments. Both the employees' contributions and the benefits to be provided by the scheme are fixed by the Government as set out in the Local Government Pension Scheme Regulations, leaving the employers' rate of contribution as the only element which can be deliberately adjusted.

The employers' rate of contribution is assessed by the Actuary to the Fund who reviews the future income and liabilities of the Fund. These reviews, or actuarial valuations, are required by law with a major review being undertaken every third year.

The actuarial valuation as at 31 March 2022 showed the assets held at the valuation date were sufficient to cover 99.4% of the accrued liabilities assessed on an ongoing basis. The long-term goal is to achieve 100% funding and efforts continue to be made to address this. The level of funding has no impact on members' benefits which are guaranteed by law.

Investment Policy and Performance Report

The prime requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes and different geographical areas. The right balance must be struck between the desire for enhanced returns and potential 'risk' of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. There is no ideal split for any fund, so the portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.



The investment style of the Fund is to appoint external expert fund managers with clear performance benchmarks and place accountability for performance against those benchmarks on the fund managers. The benchmarks are outlined in the Investment Strategy Statement, included in the Annual Report. The Chief Financial Officer must ensure that the management of the Fund falls within the requirements of the Local Government Pension Scheme Regulations.

Of the £19m capital commitment (Note 18) outstanding as at 31 March 2022, £6.1m was drawn down in 2022/23.

Pension Fund Accounts 2022/23

Performance Review

	1 Year %	3 Years %	5 Years %
Powys Pension Fund Overall Return	(4.7)	6.9	5.3
Inflation CPI	10.0	4.9	3.7
Average Earnings Index	5.8	4.8	4.1

Given the long-term nature of the Fund, perhaps the most significant column above is that detailing the comparisons over five years. Inflation and average earning percentages are taken from the Office for National Statistics data.

The strategic asset allocation is as follows:

2021/22		2022/23
37%	Equities	37%
30%	Bonds	30%
10%	Property	10%
5%	Private equity	5%
8%	Hedge fund of funds	8%
10%	Infrastructure/ Private Debt	10%
100%	Total	100%

The market value of assets spread between the fund managers as at 31 March 2023 is shown in note 12a.

Net Assets Statement

As at 31 March

2022 £'000		Note	2023 £'000
795,220	Investments	11	777,087
23,363	Current Assets	12	3,179
(216)	Current Liabilities	12	(395)
818,367	Net Assets as at 31 Mar		779,871

The Funds financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is shown in note 20.

The accounts show cash held with the Investment Managers as investments as recommended in the Statement of Recommended Practice, Financial Reports for Pension Schemes.

Pension Fund Account

2021/22 £'000		Note	2022/23 £'000
	Contributions and benefits		
(29,054)	Contributions receivable	4	(31,680)
(2,656)	Transfers in	5	(2,146)
(31,710)	Total income		(33,826)
28,163	Benefits payable	7	30,479
1,546	Payments on account of leavers	8	1,249
29,709	Total expenditure		31,728
(2,001)	Net (additions)/withdrawals from dealing with members		(2,098)
(1)	Other income	6	(2)
4,734	Management expenses	9	5,937
2,732	Net (additions)/withdrawals		3,837
	Returns on investments		
(10,798)	Investment income	10	(5,732)
(39,479)	Changes in the market value of investments	11	40,391
(50,277)	Net (profit)/loss on investments		34,659
(47,545)	Net (increase)/decrease in the fund		38,496
770,822	Opening net assets		818,367
818,367	Closing net assets		779,871

Pension Fund Accounts 2022/23

Notes to the Pension Accounts

Note 1: Basis of Preparation.....	38
Note 2: Accounting Policies.....	38
Note 3: Critical Judgements in Applying Accounting Policies	40
Note 4: Contributions Receivable	41
Note 5: Transfers In	41
Note 6: Other Income	41
Note 7: Benefit Payable	42
Note 8: Payments to and on Account of Leavers	42
Note 9: Management Expenses	42
Note 9a: Investment Management Expenses.....	43
Note 10: Investment Income.....	43
Note 11: Investments.....	44
Note 12: Current Assets and Liabilities	48
Note 13: Related Party Transactions.....	48
Note 14: Additional Voluntary Contributions (AVC).....	49
Note 15: Contingent Liabilities	49
Note 16: Post Balance Sheet Events	49
Note 17: Capital Commitments.....	50
Note 18: Stock Lending	50
Note 19: Financial Instruments	51
Note 20: Actuarial Present Value of Promised Retirement Benefits	53
Note 21: Nature and Extent of Risks Arising from Financial Instruments	53
Note 22: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted	57

Note 1: Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the 2022/23 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 2: Accounting Policies

Contributions and Benefits

Contributions are accounted for on an accruals basis. Benefits payable represents the benefits entitlement up to the end of the reporting period.

Transfers to other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contribution to purchase scheme benefits are accounted for on a receipts basis and are included in Additional Contributions.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Refunds to Leavers

These are accounted for when due.

Investment Management Expenses

Each fund manager receives a fee for their services based on the market value of the assets they manage.

Investment Income

Interest income

Interest income is recognised in the fund account as it accrues.

Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Change in Market Value

Changes in market value of investments comprise reinvested investment income and all realised and unrealised profits/losses during the year.

Pension Fund Accounts 2022/23

Foreign Currency Transactions

Assets and liabilities held in a foreign currency are translated at the rate of sterling quoted at year-end. Income and expenditure arising during the year is translated into sterling at the rate quoted on the date of receipt or payment. Resulting exchange gains or losses are recognised through the revenue account.

Valuation of Assets

No property is directly held by the Fund. The market value used for quoted investments is the bid market price ruling on the final day of the accounting period. Fund Managers value unquoted securities at the year-end in line with generally accepted guidelines to ascertain the fair value of the investment. Change in Market value also includes income, which is reinvested in the fund, net of applicable tax. Fixed interest securities are recorded at net market value based on their current yields. Fair value for limited partnerships is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. It is not the intention of the fund to dispose of unquoted investments before maturity.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash and that are subject to minimal risk of changes in value.

Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Financial Assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net assets statement (note 20).

Administrative expenses

All staff costs of the pension administration team and other overheads are apportioned to the fund in accordance with Council policy.

Contingent Liabilities

Contingent liabilities are possible liabilities whose existence will only be confirmed by future events and are not recognised until the realisation of the loss is virtually certain.

Additional Voluntary Contributions (AVC's)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(2)b of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (note 14).

Note 3: Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Unquoted private equity investments are valued by the investment managers using acceptable guidelines. The value of these investments as at 31 March 2023 was £60.4m (31 March 2022: £62.7m).

Pension Fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the statement of the actuary. This estimate is subject to significant variances based on changes to the underlying assumptions.

Pension Fund Accounts 2022/23

Note 4: Contributions Receivable

2021/22 £'000	By Category	2022/23 £'000
23,248	Employers	25,389
5,806	Employees	6,291
29,054		31,680

2021/22 £'000	By Authority	2022/23 £'000
27,001	Powys County Council (administering body)	29,810
909	Scheduled bodies	1,057
1,144	Admitted bodies	813
29,054		31,680

2021/22 £'000	By Type	2022/23 £'000
19,817	Employers normal contributions	21,826
5,806	Employees normal contributions	6,291
136	Employers additional contributions	149
3,295	Employers deficit reduction contributions	3,414
29,054		31,680

Note 5: Transfers In

2021/22 £'000		2022/23 £'000
2,656	Individual transfers from other schemes	2,146

Note 6: Other Income

2021/22 £'000		2022/23 £'000
1	Administration	2
1		2

Pension Fund Accounts 2022/23

Note 7: Benefit Payable

2021/22 £'000		2022/23 £'000
24,323	Pensions	25,500
3,255	Commutations and lump sum retirement benefits	4,301
585	Lump sum death benefits	678
28,163		30,479

Benefits can be further analysed as follows:

2021/22 £'000		2022/23 £'000
24,165	Powys County Council (administering authority)	26,233
2,537	Scheduled bodies	2,702
1,461	Admitted bodies	1,544
28,163		30,479

Note 8: Payments to and on Account of Leavers

2021/22 £'000		2022/23 £'000
72	Refunds to members leaving service	130
1,474	Individual transfers to other schemes	1,119
1,546		1,249

Note 9: Management Expenses

2021/22 £'000		2022/23 £'000
1,261	Administration expenses	1,420
3,348	Investment management expenses (see Note 9a)	4,332
125	Oversight and governance costs	185
4,734		5,937

Pension Fund Accounts 2022/23

Note 9a: Investment Management Expenses

2021/22 £'000		2022/23 £'000
16	Bonds	14
21	Equities	18
1,426	Wales Pool investments	1,330
418	Pooled Property investments	350
585	Private Equity	1,004
612	Hedge Funds	1,368
90	Derivatives	99
178	Investment Advice	149
2	Custody fees	-
3,348		4,332

Note 10: Investment Income

2021/22 £'000		2022/23 £'000
(15)	Interest on cash deposits	(26)
(513)	Pooled property investments	(493)
(10,270)	Private equity income	(5,213)
(10,798)		(5,732)

Pension Fund Accounts 2022/23

Note 11: Investments

	Value as at 1 Apr 22	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 Mar 23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	269,097	34,456	(45,045)	(751)	-	(25,352)	232,405
Equities (pooled funds)	335,458	92,200	(92,201)	(605)	-	(12,828)	322,024
Property (pooled funds)	68,842	-	(4,144)	(381)	493	(10,868)	53,942
Private Equity	62,723	9,416	(8,475)	(992)	5,200	(7,500)	60,372
Hedge Fund of Funds	59,615	35,000	-	(1,367)	-	6,013	99,261
Derivatives (Options)	(11,411)	-	-	-	-	12,110	699
Cash & Short Term Investments	10,896	-	(546)	-	-	(1,966)	8,384
	795,220	171,072	(150,411)	(4,096)	5,693	(40,391)	777,087

	Value as at 1 Apr 21	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 Mar 22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	249,566	35,967	(15,001)	(834)	-	(601)	269,097
Equities (pooled funds)	344,743	15,000	(49,812)	(674)	-	26,201	335,458
Property (pooled funds)	62,227	-	(6,574)	(429)	513	13,105	68,842
Private Equity	54,951	4,839	(14,878)	(585)	10,287	8,109	62,723
Hedge Fund of Funds	58,774	60,000	(60,884)	(631)	-	2,356	59,615
Derivatives (Options)	(13,491)	16,751	-	-	-	(14,671)	(11,411)
Cash & Short Term Investments	8,916	-	(3,000)	-	-	4,980	10,896
	765,686	132,557	(150,149)	(3,153)	10,800	39,479	795,220

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Some transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees.

Pension Fund Accounts 2022/23

These transaction costs incurred in the year are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme. All equity investments held by the Fund are in unitised funds.

The notional value of the Derivative options as at 31st March 2023 is £232.5m

Derivatives Summary

Investment Objective

The investment objective is to hedge against the Fund's underlying exposures as may be communicated to the Investment Manager.

Investment Policy

The Investment Manager will seek to achieve the Fund's investment objective by investing in including but not limited to put and call options. Whilst the Base Currency is Sterling, the manager may invest in non-Sterling denominated assets which may not necessarily be hedged back into Sterling.

The investments may or may not be listed on recognised exchanges and markets and will be without restriction as to geographical, industrial or sectoral exposure.

The manager may take both long and short positions.

The derivatives relate to the Funds Equity Protection Strategy, which seeks to protect the Fund against falls in the equity market. As part of the strategy downside losses are protected using a mechanism that caps gains above agreed levels. A negative value reflects the value of the positive performance of equities above this cap.

Note 11a: Analysis of Investments

2021/22 £'000		2022/23 £'000
	Wales Pension Partnership	
184,040	Bonds	163,082
127,966	Equities	131,948
5,371	Cash & Cash Equivalents	4,182
317,377		299,212
	Other Investments	
85,057	Bonds	69,323
207,492	Equities	190,076
68,842	Pooled property	53,942
62,723	Private equity	60,372
59,615	Hedge Funds	99,261
(11,411)	Derivatives	699
5,525	Cash & Cash Equivalents	4,202
477,843		477,875
795,220	Total Investment Assets	777,087

Pension Fund Accounts 2022/23

Note 11b: Investments Analysed by Fund Manager

31-Mar 22			31-Mar 23	
Market Value £'000	%		Market Value £'000	%
		Investments managed by WPP asset pool		
133,337	16.8	Link	132,148	17.0
184,040	23.1	Russel Investments	167,064	21.5
317,377			299,212	
		Investments managed outside WPP asset pool		
59,616	7.5	Adept	99,261	12.8
6,430	0.8	Aviva Investors Pensions Ltd	1,740	0.2
246,493	31.0	Blackrock Global Investors Ltd	226,000	29.1
6	0.0	CBRE Ltd	-	0.0
62,691	7.9	HarbourVest Partners LLC	60,342	7.8
15,470	1.9	Hermes Fund Managers Ltd	13,005	1.7
40,170	5.1	Insight Investment Ltd	38,299	4.9
46,935	5.9	Schroders Investment Management Ltd	39,197	5.0
32	0.0	Standard Life Investments Ltd	31	0.0
477,843			477,875	
795,220			777,087	

Pension Fund Accounts 2022/23

The following investments represent more than 5% of the net assets of the scheme:

31-Mar	22		31-Mar	23
Market Value £'000	%	Security	Market Value £'000	%
59,616	7.5	Adept Hedge Fund	99,261	12.8
49,307	6.2	Blackrock Aquila Life Currency Hedged MSCI World Idx S1	45,713	5.9
94,756	11.8	Blackrock Aquila Life Currency Hedged US Equity Idx S1	29,181	3.8
-	-	Blackrock ACS WL ESG EQ TR FD X2	50,872	6.6
-	-	Blackrock ACS WL MU ES EQ TR FD X2	39,919	5.1
40,170	5.1	Insight LDI Active 51 Fund	38,299	4.9
133,337	16.8	Link WPP Global Growth	132,148	17.0
64,487	8.1	Link WPP Multi Asset Credit	30,003	3.9
91,363	11.5	Link WPP Absolute Return Bonds	107,272	13.8
46,935	5.9	Schroder UK Real Estate Fund	39,197	5.0

The table below shows the strategic asset allocation against the actual allocation as at 31 March 2023. The Fund's asset allocation strategy is set out in the Investment strategy Statement.

Asset Class	Strategic allocation %	Actual allocation %
Bonds	30	30
Equities	37	41
Property	10	7
Private Equity	5	8
Hedge Funds	8	13
Infrastructure/ Private Debt	10	0
Cash/Other	0	1
	100	100

Pension Fund Accounts 2022/23

Note 12: Current Assets and Liabilities

2021/22 £'000	Current Assets	2022/23 £'000
145	Contributions due from employers and members	130
2,233	Cash balances	1,957
20,000	Investment debtors	134
985	Sundry debtors	958
23,363		3,179
	Current Liabilities	
(72)	Benefits payable	(156)
(144)	Sundry creditors	(239)
(216)		(395)

Amounts unpaid at the year-end are subsequently paid within a reasonable time frame, i.e. the majority of the balances are paid within a 3 month period.

Note 13: Related Party Transactions

Details of Members and officers of the Council represented on the Pensions and Investment Committee are shown in Appendix 3. Their combined contributions into the scheme totalled £22k in 2022/23 (£22.7k in 2021/22). Key management personnel remuneration can be found in the Powys County Council Statement of Accounts.

The Fund is administered by Powys County Council. Consequently, there is a relationship between the Authority and the Fund.

The Authority incurred costs of £1,185k in 2022/23 (2021/22: £1,118k) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £23,830k to the Fund in 2022/23 (2021/22: £21,534k) in employers' contributions and deficit recovery payments.

Governance

The makeup of the Pensions and Investment Committee can be seen in Appendix 3.

The role of Section 151 Officer for the Authority plays a key role in the financial management of the Fund and is also an active member of the Fund.

Councillors are required to declare their interest at each meeting.

The Committee members and Section 151 Officer accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

For the full Governance Statement please refer to the links in Appendix 2 of the Annual report.

Pension Fund Accounts 2022/23

Note 13a Key Management Personnel

Key management personnel are the head of finance and the pension fund manager. Their remuneration is set out below:

2021/22 £'000	Current Assets	2022/23 £'000
78.8	Short term benefits	81.0
39.5	Post-employment benefits	31.7

Note 14: Additional Voluntary Contributions (AVC)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(2)b of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (SI 2009/3093). However, as administering authority we oversee the following AVC arrangements:

Contributions 2021/22 £'000	Market Value 31-Mar 2022		Contributions 2022/23 £'000	Market Value 31-Mar 2023
103	1,301	Prudential	399	1,533
30	799	Standard Life	47	689
-	91	Utmost Life and Pensions	-	43
133	2,191		446	2,265

Note 15: Contingent Liabilities

No contingent liabilities were known to exist at the Balance Sheet date.

Note 16. Post Balance Sheet Events

There are no known post balance sheet events.

Note 17: Capital Commitments

2021/22 £'000	Private Equity and Property mandate	2022/23 £'000
19,006	Harbourvest (Private Equity)	26,151
19,006		26,151

The Pension Fund has committed to guaranteed investments in private equity that the asset managers can draw down upon as and when required. The Capital Commitments figure above, represents the level of investment guaranteed but not yet drawn down at the year end.

Note 18: Stock Lending

The Fund only currently invests in pooled vehicles so cannot undertake any stock lending directly. The stock lending policy on pooled funds is determined by the individual investment managers. Any income not retained by the fund manager and / or the lending agent is incorporated in the net asset value of each pooled fund.

Pension Fund Accounts 2022/23

Note 19: Financial Instruments

Note 19A: Classification of financial instruments & liabilities

31 Mar	2022		31 Mar	2023
Amortised cost	Fair value through profit and loss		Amortised cost	Fair value through profit and loss
£'000	£'000	Financial Assets	£'000	£'000
		Wales Pension Partnership:		
	184,040	Bonds		163,082
	127,966	Equities		131,948
	5,371	Cash & short-term investments		4,182
		Other Investments:		
	85,057	Bonds		69,323
	207,492	Equities		190,076
	68,841	Property (pooled funds)		53,942
	62,723	Private equity		60,372
	59,616	Hedge fund of funds		99,261
	(11,411)	Derivatives (options)		699
	5,525	Cash & short-term investments		4,202
23,363		Current assets	3,179	
23,363	795,220	Total financial assets	3,179	777,087
		Financial Liabilities		
(216)		Current liabilities	(395)	
(216)			(395)	

Note 19B: Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Pension Fund Accounts 2022/23

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The private equity values are based on valuations provided by the general partners to the private equity funds in which the Powys Pension Fund has invested.

The hedge fund values are based on the net asset value provided by the fund manager.

The tables below show the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Value as at 31 Mar 23	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	263,600	353,155	160,332	777,087
Current assets	3,179	-	-	3,179
Current liabilities	(395)	-	-	(395)
Net financial assets	266,384	353,155	160,332	779,871

Value as at 31 Mar 22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	298,073	386,219	110,928	795,220
Current assets	23,363	-	-	23,363
Current liabilities	(216)	-	-	(216)
Net financial assets	321,220	386,219	110,928	818,367

Reconciliation of Level 3 movements

Level 3 asset	Value as at 31 Mar 22 £'000	Purchases, sales & transfers £'000	Other movement £'000	Change in market value £'000	Value as at 31 Mar 23 £'000
Hedge funds	59,615	35,000	(1,367)	6,013	99,261
Private equity	62,723	941	4,208	(7,500)	60,372
Derivatives	(11,411)	-	-	12,110	699
Total	110,927	35,941	2,841	10,623	160,332

Pension Fund Accounts 2022/23

Note 20: Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure for the year ending 31 March 2022 of the actuarial valuation of promised retirement benefits as set out in IAS 26. The actuarial present value should be calculated on an IAS 19 basis. IAS 26 is the accounting standard that sets out the requirements for accounting and reporting in respect of retirement and the requirements for accounting and reporting of promised retirement benefit plans following the move to financial reporting of the Pension Fund Accounts under the IFRS.

The actuarial present value of the promised retirement benefits were as follows

31 March 2019	31 March 2022
£'000	£'000
962,200	1,193,000

Assumptions used

	31 March 2019	31 March 2022
	%	%
Discount rate	2.4	2.7
Inflation (CPI)	2.2	3.0
Salary increase rate	3.7	4.5

Note 21: Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members.) Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The council manages these investment risks as part of its overall pension fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Pension Fund Accounts 2022/23

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification.

Other Price Risk – Sensitivity Analysis

The following movements in market price risk are considered reasonably possible for 2023/24. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates remain unchanged.

Asset Type	Value as at 31 Mar 23 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Equities	322,024	14.98	370,263	273,785
Bonds	232,405	6.56	247,651	217,159
Property	53,942	6.66	57,535	50,349
Private Equity	60,372	26.73	76,509	44,235
Hedge Funds	99,261	4.11	103,341	95,181
Derivatives	699			
Cash & short-term investments	8,384	0.28	8,407	8,361
Total Assets	777,087		863,706	689,070

Pension Fund Accounts 2022/23

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate and return are monitored by the Council and its investment advisors as part of the monthly and quarterly reporting and assessment of interest rate return against benchmark.

Interest rates are forecast to rise this year, before levelling off and starting to fall in 2024, based on the Authorities Treasury Management advisor's latest advice. The Fund's exposure to interest rate movements as at 31 March 2022 and 31 March 2023 is set out below.

As at 31 Mar 22 £'000	Asset Type	As at 31 Mar 23 £'000
10,896	Cash Instruments	8,384
2,233	Cash balances	1,957
205,610	Bonds	181,156
218,739	Total	191,497

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management, including monitoring the range of exposure to currency fluctuations.

Pension Fund Accounts 2022/23

The fund's currency exposure as at 31 March 2022 and 31 March 2023 is set out below.

As at 31 Mar 22 £'000		As at 31 Mar 23 £'000
62,723	Private equity	60,372
62,723	Total	60,372

A 6.8% volatility associated with exchange rates is considered likely, based on analysis of historical movements.

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 6.8% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset Type	Value as at 31 Mar 23 £'000	Value on Increase £'000	Value on Decrease £'000
Private equity	60,372	64,465	56,279
Total	60,372	64,465	56,279

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

Pension Fund Accounts 2022/23

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The table below shows the funds cash holding as at 31 March.

	Rating	As at 31 Mar 22 £'000	As at 31 Mar 23 £'000
Bank Current Account			
HSBC	AA-	1,372	581
Bank Deposit Account			
HSBC	AA-	861	1,376

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments. This will particularly be the case for meeting the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its pension fund cash holdings.

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2023 the value of illiquid assets was £218.5m, which represented 28.1% of the total fund assets - (31 March 2022 - £184.7m, which represented 23.3% of the total fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund's investment strategy.

All financial liabilities at 31 March 2023 are due within one year.

Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Note 22: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted.

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2022 for 2022/23). None of the standards introduced in the 2022/23 code are expected to have a material impact on the financial statements.

The report of the Auditor General for Wales to the members of Powys County Council as administering authority for Powys Pension Fund

Opinion on financial statements

I have audited the financial statements of Powys Pension Fund for the year ended 31st March 2023 under the Public Audit (Wales) Act 2004.

Powys Pension Fund financial statements comprise the fund account, the net assets statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31st March 2023, and of the amount and disposition at that date of its assets and liabilities,
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Pension Fund Accounts 2022/23

Other information

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit, the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Powys Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that

Pension Fund Accounts 2022/23

the services provided by Powys Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

- Enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Powys Pension Fund policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and (add as appropriate to the audit);
- Obtaining an understanding of Powys Pension Fund's framework of authority as well as other legal and regulatory frameworks that Powys Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Powys Pension Fund;
- Obtaining an understanding of related party relationships.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, about actual and potential litigation and claims;

Pension Fund Accounts 2022/23

- reading minutes of meetings of those charged with governance and the administering authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
[Date]

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of Powys County Council's website is the responsibility of the Section 151 Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Statement of the Actuary for the Year Ended 31 March 2023

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Powys County Council Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £818.4M) covering 99% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 30 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	21.3%	2.4
2024	21.3%	2.1
2025	21.3%	1.8

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate	4.2% p.a.
Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts *	2.3% p.a.
Rate of increases in pensions in payment * (in excess of Guaranteed Minimum Pension)	2.3% p.a.

** In addition, a 5% uplift has been applied to the past service liabilities to make allowance for short-term inflation above the long-term assumption.*

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities

Pension Fund Accounts 2022/23

and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.5	24.9
Current active members aged 45 at the valuation date	23.4	26.3

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 30 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, Powys County Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

[Powys CC Pension Fund - 2022 Actuarial Valuation Report](#)

Aon Solutions UK Limited

June 2023

Appendix 1: Pension Board

The Pension Board is the local pension board for the Pension Fund responsible for the oversight, scrutiny and where appropriate, assisting the Pensions & Investment Committee. The Board was established with effect from 1st April 2015 in accordance with the requirements of the Public Service Pensions Act 2013. The Board is governed on a day-to-day basis by its Terms of Reference which sets out the Board's remit and its membership requirements.

The Board has an independent Chair (who regularly attends Pensions & Investment Committee as an observer) together with three representatives each of Fund Employers and Scheme Members.

The Board receives support and advice from Officers of Powys County Council and may seek advice and information from external professional advisers. During 2022/23 the membership of the Board was as follows:

Mr G Moore (Independent Chair)
Cllr W Thomas (Fund Employer Representative)
Mr N Brinn (Fund Employer Representative)
Mr G Evans (Fund Employer Representative)
Mr J Byrne (Scheme Member Representative)
Mr I Jones (Scheme Member Representative)
Mr D Powell (Scheme Member Representative)

Over the year, the Board met on 5 occasions as detailed [here](#). These meetings were all held virtually. The attendance of these meetings is as detailed in the Pension Board report.

Throughout the year, members of the Board have also taken part in various Pension Fund training events, attended relevant online seminars, webinars and conferences.

Pension Fund Accounts 2022/23

Appendix 2: Key Documents

If you have any difficulty accessing the documents through the links below, please contact us using the details in Appendix 4, or visit our website at:

<https://www.powyspensionfund.org>

Investment Strategy Statement	<u>Forms and Publications - Powys Pension Fund</u>
Governance Statement	<u>Forms and Publications - Powys Pension Fund</u>
Funding Strategy Statement	<u>Forms and Publications - Powys Pension Fund</u>
Communications Policy	<u>Forms and Publications - Powys Pension Fund</u>

Appendix 3: Pensions and Investment Committee

The Pensions & Investment Committee is the principal decision-making body for the Pension Fund responsible for management, investment and administration issues. The Committee is governed by its constitution which sets out the Committee's authority, its membership and its overall mode of operation.

Members of the Committee are drawn from Powys County Council as the administering authority with the addition of two further (non-voting) members representing Fund Employers and Scheme Members. The Committee receives advice and guidance from both Officers of Powys County Council and external professional advisers. From May 2022 the membership of the Committee was as follows:

County Councillor P Lewis (Chair)
County Councillor E A Jones (Vice Chair)
County Councillor A Kennerley
County Councillor C Kenyon-Wade
County Councillor H Williams
County Councillor D Thomas
Mrs T Fretten (Fund Employers)
Vacant (Scheme Members)

Officers and Advisors:

Mrs J Thomas (s.151 Officer and Head of Finance)
Mr C Hurst (Pension Fund Manager)
Mr K Ettles / Mr G Feane / Mr R Antrobus – Aon (Investment Consultants)
Mrs B Durran – Aon (Actuary)
Burgess Salmon (Legal Advisers)

Over the year the Committee met on 6 occasions. Dates of which can be seen [here](#).
Member attendance can be viewed [here](#).

During the year, members of the Committee have also taken part in various Pension Fund training and attended relevant online seminars, webinars and conferences, covering a wide range of topics such as investments, governance, responsible investment, Climate change and specific asset classes.

Pension Fund Accounts 2022/23

Appendix 4: Fund Employers

Powys County Council administers the scheme for employees and ex-employees of the following bodies:

Scheduled Bodies	Admitted Bodies
Brecon Beacons National Park Authority, Brecon Town Council, Knighton Town Council, Llandrindod Wells Town Council, Llanidloes Burial Joint Committee, Llanidloes Town Council, Machynlleth Town Council, Newtown and Llanllwchaiarn Town Council, Powys County Council, Powys Magistrates Courts' Committee, Welshpool Town Council, Ystradfellte Community Council, Ystradgynlais Town Council	Adapt Business Services, Agoriad, Aramak Limited BUPA Care Homes, Camping & Caravanning Club, Careers Wales Powys, Celtica Development Board for Rural Wales, East Wales Valuation Tribunal Elite Supported employment Agency, Freedom Leisure, Heart of Wales Property Services Ltd Just Perfect Catering Ltd. Kier Facilities Services Ltd. MENCAP, Menter Maldwyn, Mirus Wales, Powys Association of Voluntary Organisations, Powys Dance, Powys Valuation Panel, Presteigne Shire Hall Museum Trust, Shaw Healthcare Ltd. Solo Service Group, Theatr Brycheiniog, Wales European Centre, Ystradgynlais Miners Welfare & Community,

Town and Community Councils and various other statutory bodies have the right to be included in the Fund. Other bodies can be admitted at the discretion of the County Council.

Contact List and Communications

A copy of this report is available to anyone on demand, subject to a small administration charge. A full copy of the report can be viewed at www.powyspensionfund.org. Should you have any comments on the financial statement or any other pension matter please contact the appropriate officer in the following list:

Pension Scheme, Fund Governance & Other Matters

Pension Fund Manager	Mr C Hurst	01597 827640
Pensions Administration Manager	Mrs M Price	01597 827642

Accounts & Investment

Pension Fund Accounts	Mr D Paley	01597 826042
-----------------------	------------	--------------

Glossary of Terms

Accrual

An accrual is a sum (provision) shown in the accounts to cover income or expenditure for the accounting period but which was not actually paid or received as at the date of the Balance Sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Actuarial Valuation

This is when an actuary checks what the pension scheme assets are worth and compares them with the scheme's liabilities. They then work out how much the contributions from employers and members must be so that there will be enough money in the scheme when people receive their pensions.

Additional Voluntary Contributions

An option to secure additional pension benefits by making regular payments in addition to the percentage of basic earnings payable.

Admitted Bodies

Voluntary and Charitable bodies that fulfil certain conditions can apply to allow their employees to become members of the Local Government Pension Scheme.

Audit

An audit is an independent examination of the Council's activities.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the Balance Sheet.

Contingent Liabilities

Contingent liabilities exist where it is probable that a future event will result in a material cost to the Council and can be estimated with reasonable accuracy.

Creditor

A Creditor is someone we owed money to at the date of the Balance Sheet for work done, goods received or services rendered.

Current Asset

These are short-term assets that are available for use in the following accounting year.

Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Current Service Costs (Pension)

The increase in the liability of a defined benefit pensions scheme as a result of employee's service in the current period.

Debtor

A debtor is an organisation/individual that owes the Council money at the Balance Sheet date.

Equities - Pooled

The Pension Fund invests in equities through unit Trusts. It has no direct investments in equities.

Financial Reporting Standards (FRS's)

Financial regulations to be followed as set by the Accounting Standards Board.

Financial Year

This is the accounting period. For local authorities it starts on 01 April and ends on the 31 March in the following year.

Gilt Edged Stocks

These are investments in government or local Authority stocks. They are regarded as risk-free.

Liability

A liability is an amount payable at some time in the future.

Past Service Costs (Pension)

For a defined benefit pension scheme, this is the extra cost resulting from changes or improvements to the proportion of retirement benefit that relates to an employee's past service.

Post Balance Sheet Events

Post Balance Sheet events are items that have arisen after the Balance Sheet date. The items did not occur at the time the Balance Sheet was prepared but have subsequently been discovered. To give a fair representation they may need to be disclosed.

Scheduled Body

A Scheduled Body is an employer which is listed in the Local Government Pension Scheme (Administration) Regulations 2008 (Schedule 2, Part 1) and include county councils and district councils.

Securities

These are investments such as stocks and bonds.

This page is intentionally left blank

Audit of Accounts Report – Powys Pension Fund

Audit year: 2022-23

Date issued: November 2023

Document reference: 3931A2023

Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

Handling prior to publication

This document and the copyright comprised therein is and remains the property of the Auditor General for Wales. It contains information which has been obtained by the Auditor General and the Wales Audit Office under statutory functions solely to discharge statutory functions and has been prepared as the basis for an official document that may be issued or published in due course. It may also contain information the unauthorised disclosure of which may be an offence under section 54 of the Public Audit (Wales) Act 2004. Except as expressly permitted by law, neither the document nor any of its content may be reproduced, stored in a retrieval system and/or transmitted in any form or by any means, or disclosed to any person other than the original recipient without the prior written permission of the Wales Audit Office. It must be safeguarded at all times to prevent publication or other improper use of its content. Unauthorised use or disclosure may result in legal proceedings. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

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

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

Contents

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

Audit of Accounts Report

Introduction	4
Proposed audit opinion	4
Significant issues arising from the audit	4
Recommendations	5
Appendices	
Appendix 1 – Final Letter of Representation	6
Appendix 2 – Proposed Audit Report	9
Appendix 3 – Summary of Corrections Made	13

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2022-23 Annual Report and Accounts in this report.
- 2 We have already discussed these issues with the Section 151 Officer.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £7.803 million for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows; Related Party transactions (with individuals) £10,000
- 6 We have now substantially completed this year's audit except for completing our final review of the audit work undertaken.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

Proposed audit opinion

- 8 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 9 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 10 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 11 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

- 12 We set out below the one misstatement we identified in the accounts, which have been discussed with management but remain uncorrected. We request that this was corrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them:

Value of correction, £	Nature of correction	The reason we requested the correction
1,463k	<p>When the council prepared the draft account, it used its best estimate at the time which was the quarter 3 Fund manager reports and added in any known quarter 4 sales and purchases. The council were unable to use the quarter 4 reports as they were not available at the time.</p> <p>As at time of our audit the quarter 4 reports were available and the figure quoted for Private Equity Harbourvest was £61,804k, some £1,463k higher.</p>	To ensure that the figure within Note 11 of the accounts mirror the quarter 4 reports.

Corrected misstatements

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

Recommendations

- 14 There are no recommendations arising from our audit.

Appendix 1

Final Letter of Representation

[Insert proposed Letter of Representation]

Audited body's letterhead

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

Xx November 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Powys Pension Fund for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

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

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

Financial statement representations

- All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
- All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The financial statements are free of material misstatements, including omissions.

Representations by Powys County Council

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council's Governance and Audit Committee on xx/xx/xx

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

Signed by:

Signed by:

Chief Finance Officer (S151 Officer)

Chair of the Governance and Audit Committee – signed on behalf of those charged with governance

Date:

Date:

Appendix 2

Proposed Audit Report

The report of the Auditor General for Wales to the members of Powys County Council as administering authority for Powys Pension Fund

Opinion on financial statements

I have audited the financial statements of Powys Pension Fund for the year ended 31st March 2023 under the Public Audit (Wales) Act 2004.

Powys Pension Fund financial statements comprise the fund account, the net assets statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31st March 2023, and of the amount and disposition at that date of its assets and liabilities,
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the pension fund's ability to continue to adopt the going concern basis of accounting

for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit, the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for:

- the preparation of the financial statements, which give a true and fair view;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Powys Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Powys Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

- Enquiring of management, the pension fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Powys Pension Fund policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and (add as appropriate to the audit);
- Obtaining an understanding of Powys Pension Fund's framework of authority as well as other legal and regulatory frameworks that Powys Pension Fund operates in, focusing on those laws and regulations that had a direct effect on the financial

statements or that had a fundamental effect on the operations of Powys Pension Fund;

- Obtaining an understanding of related party relationships.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the administering authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
28 November 2023

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Summary of Corrections Made

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

Exhibit 3: summary of corrections made

Value of correction, £	Nature of correction	Reason for correction
689k	Omission of market value figure from Note 14	The market value figure of £689k for Standard Life was omitted from Note 14 in the draft account as the report was not received until September 2023.
Narrative, presentational & minor amendments	To ensure that all disclosures are accurately presented.	A few of other narrative, presentational and minor amendments were made to supporting notes throughout the final financial statements.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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



Jane Thomas
Head of Financial Services/
Pennaeth Gwasanaethau Ariannol

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

County Hall / Neuadd y Sir,
Llandrindod Wells,
Powys.
LD1 5LG
If calling please ask for / Os yn galw gofynnwch am
Jane Thomas

Tel / Ffôn (01597) 826 789
Email /Ebost: jane.thomas@powys.gov.uk
Your ref / Eich cyf:
Our ref / Ein cyf:
Date / Dyddiad: 24th November 2023

Representations regarding the 2022-23 financial statements

This letter is provided in connection with your audit of the financial statements of Powys Pension Fund for the year ended 31 March 2023 for the purpose of expressing an opinion on their truth and fairness.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom UK 2022-23; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.

Yn agored a blaengar - Open and enterprising

www.powys.gov.uk

- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

- All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.
- The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
- Related party relationships and transactions have been appropriately accounted for and disclosed.
- All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.
- All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.
- The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- Representations by Powys County Council
- We acknowledge that the representations made by management, above, have been discussed with us.
- We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Council's Governance and Audit Committee on 24 November 2023.
- We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.
-

Signed by:

Signed by:

Chief Finance Officer (S151 Officer)

Chair of the Governance and Audit
Committee – signed on behalf of those
charged with governance

Date:

Date:

This page is intentionally left blank

7

Powys County Council Governance and Audit Committee Template

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Annual Governance Statement

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
James Langridge-Thomas	Deputy Head of Transformation and Democratic Services

2. Why is the Committee being asked to consider the subject?

To sign off the final Annual Governance Statement alongside the completed statement of accounts.

3. Role of the Committee:

The role of the Committee in considering the subject is to:

Approve the final document for publication.

4. Key Questions:

What Key areas should the Committee focus on:

Not applicable

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report	✓	Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	
Informing Policy Development		Evidence Gathering	✓
Risk		Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	

CYNGOR SIR POWYS COUNTY COUNCIL.

Governance and Audit Committee 24th November 2023

Report Author:	County Councillor James Gibson-Watt Portfolio Holder for Open and Transparent Powys
Lead Officer:	Catherine James Head of Transformation and Democratic Services
Report Title:	Annual Governance Statement
Report For:	Decision

1. Purpose

1.1 To present the final version of the Annual Governance Statement (AGS) 2022-23 for the approval of the Committee, alongside the Annual Statement of Accounts.

1.2 Once approved, this information will be published accordingly and shared with interested parties.

1.3 The AGS provides an account of the processes, systems, and records that the council has in place to demonstrate the effectiveness of its governance arrangements during the financial year. It is structured around the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016 Edition).

2. Background

2.1 The Local Government and Elections (Wales) Act 2021 places an obligation on local authorities in Wales to keep under review the extent to which it is fulfilling the 'performance requirements', meaning that:

- it is exercising its functions effectively
- it is using its resources economically, efficiently and effectively
- the extent to which its governance is effective for securing the above

2.2 Whilst the Council seeks to meet the majority of its duties via the Annual Self-Assessment report, the Annual Governance Statement provides the mechanism for assessing the Council's governance arrangements against the CIPFA principles.

2.3 The CIPFA Principles are used to assess good governance practices in the AGS:

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

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

2.4 This report has been shared with the Committee in draft format previously, and has been a collaborative process with members of Governance and Audit Committee, Cabinet, Senior Leadership Team and Executive Management Team to agree conclusions surrounding the Council's governance arrangements.

3. Advice

3.1 The Committee receives the Annual Governance Statement 2022-23 and agrees for this to be approved alongside the Annual Statement of Accounts.

4. Resource Implications

4.1 The Annual Governance Statement has been undertaken within existing resources, based upon a range of mechanisms including the Council's current Integrated Business Plans, Corporate Improvement Plan and Medium-Term Financial Strategy. Any actions identified for delivery are to be considered by the organisation, and to be embedded within Service's Integrated Business Plans as part of the Council's strategic planning cycle. Where resources are needed to support future actions, they will be identified as a pressure within the Councils Finance Resource Model.

4.2 The Head of Finance (Section 151 Officer) notes the resource implications above.

5. Legal implications

5.1 The agreement of the Annual Governance Statement allows for the Council to meet its requirements under a range of duties including the Local Government and Elections (Wales) Act 2021

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and support the recommendations".

6. Data Protection

6.1 Not applicable

7. Comment from local member(s)

7.1 These reports impact with equal force across the whole County, and therefore comments have not been sought from individual Members.

8. Impact Assessment

8.1 An Impact Assessment (IA) is not required for this report as the report does not include any formal proposals or policy changes.

8.2. All actions within the report will be taken forward by responsible officers as part of the strategic planning process, which will have the relevant Impact Assessments as required as part of this process.

9. Recommendation

9.1 That the **Committee considers the report presented here and satisfies itself that the relevant criteria have been met, and if satisfied** that the AGS provides an accurate account of the processes, systems, and records that the council had in place during 2022-23 and demonstrates the effectiveness of its governance arrangements, **then the Committee approve the Annual Governance Statement 2022-23.**

Contact Officer:

James Langridge-Thomas, Deputy Head of Transformation and Democratic Services

Tel: (01597) 826701

Email: james.langridge@powys.gov.uk

Head of Service: Catherine James, Head of Transformation and Democratic Services

Chief Executive: Emma Palmer

This page is intentionally left blank

Powys County Council Annual Governance Statement April 2022 to March 2023

Contents

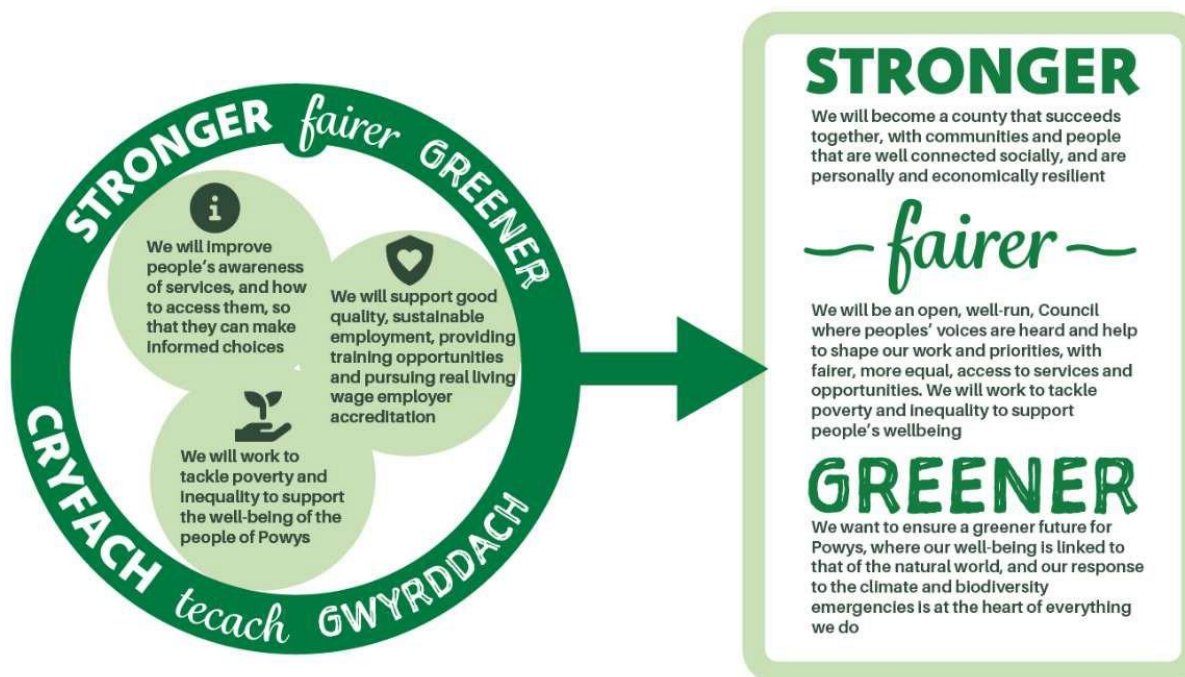
Executive Summary.....	3
Introduction	1
What we Know About our Governance Processes in 2022/23	6
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	8
A1. How do we evidence that we behave with integrity and demonstrate a strong commitment to ethical values?	8
A2. How do we ensure that our External Providers understand and uphold our ethical standards?	9
A3. In what ways do we show that we respect the rule of law?	10
Summary/Assurance	11
Principle B: Ensuring openness and comprehensive stakeholder engagement	12
B1. Do we engage with others in an open way?	12
B2. Do we engage widely with our stakeholders?	13
B3. Do we engage with individual citizens and service users effectively?.....	14
Summary/Assurance	16
Principle C: Defining outcomes in terms of sustainable, economic, social, and environmental benefits.....	17
C1. How do we define our desired outcomes?	17
C2. How do we ensure that any economic, social, and environmental benefits we make are sustainable?	19
Summary/Assurance	20
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	21
D1. How do we make decisions and consider possible consequences?.....	21
D2. How do we plan effective services, programmes and projects?	22
D3. How do we ensure that our budgets and financial plans are sustainable?.....	23
Summary/Assurance	24
Principle E: Developing the organisation’s capacity, including the capability of its leadership and the individuals within it.....	25
E1. How do we ensure that the organisation continues to improve?.....	25
E2. How do we develop the skills and knowledge of the leadership and workforce?.....	26
Summary/Assurance	28

Principle F: Managing risks and performance through robust internal control and strong public financial management	29
F1. How do we manage risk?	29
F2. How do we ensure that our systems for managing risk are fit for purpose?	31
F3. How do we manage data?	32
F4. How do we ensure that we manage public money well?	35
F5. How do we manage our physical assets?	39
Summary/Assurance	39
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability	40
G1. How do we ensure that we are open and accountable with our stakeholders?	40
G2. How do we reflect good practice in our reporting?	41
G3. How do we provide assurance and effective accountability for our actions?	44
Summary/Assurance	49
Governance issues identified for action during 2023/24	52
Certification of the Annual Governance Statement 2022-23	53
Appendix A: 2022-23 Financial Management Code Actions	54
Section 1 – The Responsibilities of the Chief Finance Officer and leadership team	54
Section 2 - Governance and financial management style	56
Section 3 - Medium and Long Term Financial Management	57
Section 4 - The annual budget	59
Section 5 – Stakeholder engagement and business cases	59
Section 6 – Monitoring financial performance	60
Section 7 – External financial reporting	61

Executive Summary

This Annual Governance Statement (AGS) provides an account of the processes, systems and records the council has in place to demonstrate the effectiveness of its governance arrangements. It principally covers the period April 2022 to March 2023 but may be subject to updates up to its date of publication.

Powys County Council's new administration finalised its ambitious five-year plan '[Stronger, Fairer, Greener](#)'. The key priorities of the plan are shown below:



The Authority has faced a challenging year, with a number of issues arising that have had a strong bearing on its governance landscape.

The Authority is currently operating with a high number of interim posts in place at the Executive and Senior Leadership level. An interim Chief Executive has been in place since April 2023 to cover the substantive CEO's absence due to sickness, and several other posts within Senior Leadership Team had already been made interim during the previous year because of staff leaving to take up positions with other organisations.

In May 2023, Full Council opted to continue to extend the existing interim arrangements for up to 12 months, following the decision that it would not be

appropriate for any permanent changes to be made to the leadership structure while no substantive Chief Executive is in post.

The following posts are included under this arrangement:

- Director of Social Services and Housing
- Director of Education and Children's Services
- Director of Corporate Services
- Head of Transformation and Democratic Services
- Head of Housing
- Head of Community Services
- Head of Commissioning and Partnerships

The substantive Chief Executive has already begun a review of the interim changes but due to her unexpected absence this has not been completed. In considering the governance in place during this period, it is not evident that the assurance levels have been negatively affected by the changes and the Cabinet and EMT are confident that good governance standards have been maintained.

In early 2022, some COVID restrictions were still in place and even once these passed some services remained in business continuity while they dealt with the ongoing impacts. Adult Services returned to business continuity over the winter and remained so until spring 2023 in order to support Powys Teaching Health Board with the increased numbers of delayed transfers of care and difficulties in providing domiciliary care and other services that would allow patients to return home.

There were a range of audit reports (from bodies such as Audit Wales, Information Commissioner's Office and Care Inspectorate Wales amongst others) were received this year that made recommendations regarding the Authority's governance processes including the spirit in which those processes are being implemented. Those that hold the potential for the most far-reaching impact are outlined briefly below.

In November 2022, the Audit Wales report [Follow-up Review of Arrangements for Corporate Safeguarding – Powys County Council](#) made the following recommendations:

R1 The Council needs to urgently assure itself that it has robust arrangements in place for corporate safeguarding and use appropriate mechanisms such as the governance and audit committee, scrutiny, the Corporate Safeguarding Group and internal audit to help it achieve that assurance.

R2 The Council should agree and implement a corporate safeguarding policy and ensure it is easily accessible and understandable to staff, members and other stakeholders, and that it is reviewed periodically to ensure it is kept up to date and embedded in the day-to-day workings of every service in the Council.

R3 The Council needs to urgently ensure that the Corporate Safeguarding Group is carrying out its responsibilities in accordance with the Group's own Terms of Reference 'to ensure that all members and staff fulfil their roles and responsibilities in helping to keep people safe from harm and abuse, acknowledging that safeguarding is everybody's business in every service within the Council'.

R4 The Council needs to publicise the roles and responsibilities of the lead officer and lead member for corporate safeguarding to strengthen corporate leadership and accountability.

R5 The Council should review the need for having two Disclosure and Barring Service policies. If it decides to keep the two policies, it should be clear as to the rationale why, and clear on the following matters, to avoid confusion:

- who the policies apply to
- ensure they are reviewed at the same time
- are consistent with each other
- that anyone using the policies is sighted that they are both current and up to date.

R6 The Council should produce central guidance on the recruitment of volunteers to help to ensure consistency across the Council.

R7 The Council should gather contractual monitoring information from across all Council Directorates to ensure they are all robustly monitoring and quickly addressing safeguarding-related actions.

R8 The Council should accelerate the rate of compliance with the completion of mandatory safeguarding training for staff and members so that ‘all members and staff fulfil their roles and responsibilities in helping to keep people safe from harm and abuse’.

R9 The Council needs to clarify its expectations of contractors in respect of safeguarding training because there are currently discrepancies in the Council’s approach.

R10 The Council should improve the quality of corporate safeguarding performance information that goes to Cabinet and scrutiny to facilitate improved oversight of corporate safeguarding.

R11 The Council should assure itself that all directorates are fully considering safeguarding risks, have suitable escalation and mitigation processes where necessary, and, where appropriate, ensure directorate risk registers reflect that consideration.¹

Remedial actions planned or undertaken in response to these recommendations will be addressed below (primarily [here](#) under Principle F1) and/or reflected in the planned actions for the current year.

In May 2023, an Audit Wales Review of the PCC Planning Service reported that it ‘[had] concerns about the fundamental strategic, operational, and cultural weaknesses of the Council's Planning Service [and that] these weaknesses hinder its ability to consistently and sustainably support staff and Members to deliver an effective service that helps the Council achieve its corporate objectives’.

Its recommendations were that:

The Council needs to assure itself that fundamental foundations are in place to enable it to sustainably deliver an effective service. This includes but is not limited to:

- a) review the political and strategic intent for its planning enforcement responsibilities, clearly communicate this, and align resources to deliver the Council’s chosen intent.
- b) develop a Planning Services Business Plan which underpins the Property, Planning and Public Protection Integrated Business Plan. It should clarify the

planning service's links between the planning service and the Council's Corporate objectives, to focus the service's action on improvement, and set out effective service monitoring arrangements, performance targets, workforce development and risk management arrangements.

c) safeguard the planning service's officers, senior managers and elected members by developing clear arrangements and protocols which set out how they engage directly with planning agents and applicants to ensure integrity, trust and confidence in the service.

d) establish regular and effective team meeting arrangements to improve communication within the planning service and provide a structured and consistent opportunity for officers to discuss planning and enforcement cases.

e) put transparent and consistent arrangements in place for the service to act cohesively as a team to discuss officers' differences of opinion on planning applications, to ensure all officers are professionally satisfied with the final planning decisions.

f) establish service standards and protocols and effectively communicate these to all officers to ensure consistent approaches e.g., how to deal with applications with missing information.

g) put in place formal staff learning opportunities to ensure a consistent, structured and proactive approach to support new officers in the role and provide continuous development opportunities for existing staff.

h) assure that the Planning Service has robust data quality arrangements to ensure that it reports accurate performance data so that staff, Members, Welsh Government and the public can place reliance on its integrity to make accurate and informed decisions.

i) identify and learn from good practice from other Local Planning Authorities when implementing service improvements.

The Planning Service has established a Working Group and Action Plan to address the recommendations. Remedial actions planned or undertaken in response to these recommendations is included [here](#) under the relevant principles and/or reflected in

the planned actions for the 2023-24. The impact of these actions will not be evident in the timeframe reported here but will be revisited in the 2023-24 AGS.

Powys County Council follows a system of corporate governance that is consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework [Delivering Good Governance in Local Government \(2016 Edition\)](#). This statement is structured around the seven core principles and provides an overview of how the Council has discharged its responsibilities during 2022/23 and sets out recommendations for improvement. We will implement and monitor the Governance issues identified for action in 2023/24 as part of our next annual review.

Based on the evidence set out in this annual governance statement, Powys County Council considers the overall level of assurance to be **REASONABLE**.

This is underpinned by the below assurance levels:

Principle	Assurance Level 2021-22	Assurance Level 2022-23
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Substantial	Substantial
Principle B: Ensuring openness and comprehensive stakeholder Engagement	Substantial	Reasonable
Principle C: Defining outcomes in terms of sustainable, economic, social, and environmental benefits	Substantial	Reasonable
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	Substantial	Substantial
Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it	Substantial	Substantial

Principle F: Managing risks and performance through robust internal control and strong public financial Management	Substantial	Reasonable
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective Accountability	Reasonable	Reasonable

Rubric for Assurance Levels

Level	Description
Substantial	We are able to offer substantial assurance that the Council's arrangements adequately reflect the principles of good governance as indicated in the CIPFA Governance Framework. Processes are in place and operating effectively and risks to effective governance are well managed.
Reasonable	We are able to offer reasonable assurance that the Council's arrangements adequately reflect the principles of good governance as indicated in the CIPFA Governance Framework. Generally, risks are well managed, but some processes could be improved.
Partial	We are able to offer partial assurance that the Council's arrangements adequately reflect the principles of good governance. Some key risks are not well managed, and processes require the introduction or improvement of internal controls to ensure effective governance.
None	We are not able to offer any assurance. The Council's arrangements were found to be inadequately controlled. Risks are not well managed, and process require the introduction or improvement of internal controls to ensure effective governance.

Priority Levels for Actions

Level	Description
Critical	Failure to take action poses an immediate and severe risk
Potentially critical	Failure to take action may pose a significant risk at some point in the future
Necessary	Action is required to ensure that compliance is maintained
Recommended	Action would deliver best practice but is additional to normal standards of practice
Not urgent	May be addressed in the future but is not currently being considered – potentially aspirational

Introduction

Powys County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and is used economically, efficiently, and effectively. Powys County Council also has a duty under the [Local Government and Elections \(Wales\) Act 2021](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, Powys County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Powys County Council is the Administering Authority for the [Powys Pension Fund](#) (the Pension Fund). The governance arrangements detailed in this Self-Assessment Report apply to the council's responsibilities to the Pension Fund. There are further specific requirements for the Pension Fund which are:

- The Investment Strategy Statement
- Funding Strategy Statement
- A full Actuarial Valuation to be carried out every third year

Powys County Council's governance framework comprises the systems, processes, cultures and values, by which the Council is directed and controlled and through which it engages, leads and is accountable to residents and communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of outcome-focused and cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of Powys County Council's policies, aims and objectives. In addition, it assists in evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The roles, responsibilities and processes that form the Authority's governance framework and system of internal control may be viewed in the [Constitution](#). This framework sets out the context in which the following report has been developed.

Table 1. Progress against areas for further development identified in the 2021/22 AGS

BRAG (Blue, Red, Amber & Green) status definitions

Blue	Action is complete
Green	Action is on track
Amber	Action mainly on track with some minor issues
Red	Action not on track with major issues
White	Action not started

Development Action (Completed actions are linked to further detail provided under each principle)	Supporting Actions	Lead/Deadline	BRAG	Mitigation/ Notes
Reintroduce face to face engagement, particularly with seldom-heard groups to maximise reach	Launched a new public participation strategy. Identified groups to engage with and working with engagement officers around organisation to coordinate effort.	John Evans	Green	
Continue to develop the effectiveness of the Cabinet Work Programme	Forward work programme is discussed regularly and forward looking in its approach.	Catherine James	Green	

FM Code action plan continues to strengthen our compliance and we aim to deliver outstanding actions and monitor it	The process has been established. Appendix A highlights delivery in year and continuing actions	Dan Paley	Blue	Review of the of the FM Code will be reported annually in the AGS.
Further develop the prominence of the Strategic Equality Plan, across the organisation	<ul style="list-style-type: none"> • Developed new plan • Implemented new Plan • Alignment of objectives to all Service IBP's Alignment to individual appraisal actions • Plan published 	Caroline Turner	Blue	N/A
Work between Finance and Service areas to improve further understanding of outcome-based budgeting and look to implement further	Taking forward through Sustainable Powys Programme, reviewing services and their redesign	Jane Thomas	Green	Programme timetable is 2023-25

Review the MTFS principles with the new Cabinet and align to their manifesto and new CIP	Reviewed and amended narrative, and the MTFS was approved as part of budget setting	Jane Thomas	Blue	N/A
Develop the outcomes / benchmarking /VFM template and use within service reviews to support budget setting	Some areas of benchmarking fully rolled out such as Schools, other local benchmarking has been put in place (legal / HR)	Anne Phillips	Green	Taking forward through Sustainable Powys Programme, reviewing services and their redesign
Asset review completed to support the Future capital requirements and strategy	The asset review is ongoing, circa 69% of assets will have been surveyed by Autumn 2023.	Neil Clutton	Green	Surveys will need to be reviewed and an evaluation of the assets is required to determine whether assets should be retained, refurbished or disposed of.
Review performance measures used as part of the Corporate Improvement	Measures reviewed and aligned to three objectives Corporate Report Cards. Supporting measure definition	Emma Palmer	Blue	N/A

Plan to ensure there is a robustness as outlined in report	documents created and collaborated on with Services.			
Continue to review the opportunities to embed Service Improvement Boards within business as usual	<ul style="list-style-type: none"> • Stepped down Social Services, Housing and Education Boards • Continued with HTR and stepped up Planning 	Caroline Turner	Green	Interim CEO reviewing and suggesting next steps

The evidence and assurance levels provided in this document indicate Powys County Council's assessment of the effectiveness of its governance framework and supporting actions during 2022/23.

The [Internal Audit Annual Report 2022/23](#) undertaken by SWAP provides a corroborative independent assessment of several areas relevant to the AGS and concludes that there is Reasonable assurance and that [There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.]. The overall findings of the audit report are summarised as follows:

The Headlines

- 62 reviews delivered as part of the 2022/23 Internal Audit Plan. Includes assurance, special investigation, advisory and follow-up reviews
- There were no areas of corporate high risk but there were areas of significant concern about:
 - Highways Operations
 - Continuing Health Care (CHC) and Deprivation of Liberty Safeguards (DoLS)
 - Housing Maintenance Services
- There was reasonable coverage across key strategic/audit risks and core services. The coverage across corporate priorities was less visible, but this linkage has been reinforced for 2023/24 work programme
- Assurance for the internal audit option was taken from consideration of the work of other Assurance providers, the follow up process, the work of the Counter Fraud Team, Risk Management and Value for Money activities
- The Council are in general effectively managing and mitigating the risks identified from internal audit work

Internal Audit Assurance Opinions 2022/23

Assurance Opinions	Count
Substantial	1
Reasonable (including grant certification)	35
Limited	9
No assurance	0
Other (including advisory, special investigations and follow ups)	17
Total	62

Internal audit agreed actions 2022/23

Priority	Number of Actions
1	16
2	89
3	133
Total	238

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

Powys County Council places a high value on upholding the highest standards in public office for both its Elected Members and its officers. The Authority holds a set of values that inform everything that it does, and it expects everyone who is engaged in our work, or who works alongside us, to endorse and exemplify these values and to aspire to be:

- Professional - Whatever role we play in the Council; we act with professionalism and integrity
- Positive - We take a proactive attitude in all we do
- Progressive - We take a proactive and responsible approach to planning for the future
- Open - We keep each other informed, share knowledge and act with honesty and integrity
- Collaborative - We work constructively and willingly on joint initiatives

A1. How do we evidence that we behave with integrity and demonstrate a strong commitment to ethical values?

- I. During 2022-23 the [Standards Committee](#) met on 6 occasions.
- II. During 2022-23 the Standards Committee was informed of 5 complaints made against Elected Members to the Public Services Ombudsman for Wales during the previous financial period. Three are undergoing further investigation from the Ombudsman.
- III. During 2022-23, low-level complaints between Members or between officers and Members were dealt with under the Local Resolution Process.
- IV. The [Governance and Audit Committee](#) has met on 8 occasions over the past year (the Constitution allows for quarterly meetings, but the workload has necessitated more frequent meetings). The Committee oversees the Authority's risk management process and ensures that it maintains effective internal controls, around the audit process, ethics, conflict of interest and

fraud control.

- V. A Policy Register was developed during 2022-23 that lists all corporate policies (excluding those pertaining to Schools and excluding guidance), last date of review and next due date of review. The list is stored in SharePoint and is accessible internally to designated officers. The system prompts review a year prior to deadline and follows up at 6 months prior to deadline. A warning notice is sent once the review date has passed. A Power BI dashboard provides oversight for the Executive Management Team. The system became live on the 18 April 2023.
- VI. The introduction of the Ukraine Procurement Supply and Costs Cell created a cross service group to monitor and report the ongoing situation. The impact on the Pension Fund performance was monitored and the national commitment to disinvest from Russia was actioned. The Pension Fund, together with the other Local Government Pension Scheme Pension Funds in Wales, moved quickly to ensure that Russian held investments were quickly dis-invested where possible and appropriate action taken to ensure no further investment took place.
- VII. The Authority's [Integrated Impact Assessment \(IIA\)](#) mechanism provides a structure methodology for considering potential impacts on residents, staff and the organisation during planning and the resultant documentation is instrumental in supporting policy development and decision making.

A2. How do we ensure that our External Providers understand and uphold our ethical standards?

- I. During 2022/23 the Council spent £252 million with external suppliers in revenue and capital expenditure. The Council has a fiduciary duty to use this money in the most effective way to achieve its objectives and desired outcomes for residents. The [Procurement Strategy](#) aims to 'promote responsible procurement that supports the Council's social, economic and environment aims, including strategies to maximise the use of local suppliers, embed the use of apprentices and employment as a condition of contracts and incorporate supply chain management expectations on major contractors such as fair payment terms to subcontractors and ethical employment practices.

- II. In 2021 the Authority recruited a Procurement Sustainability Officer to drive a coordinated, environmentally responsible procurement approach towards the sourcing of all goods, services and works. This role has led on producing the carbon accounts for the Council's supply chain (as required by Wales Government), the creation of a Procurement Climate Emergency Action Plan and influenced 17 contracts by embedding carbon reduction objectives within them.
- III. A new PCC procurement strategy was approved during 2021, these strategic aims have been a core driver of the new Commercial Performance and Risk Board and monitored through the Commercial Dashboard.
- IV. In 2022, a permanent appointment was made to the post of Professional Lead for Procurement and Commercial Services, replacing a long-standing interim.

A3. In what ways do we show that we respect the rule of law?

- I. The Authority has robust Anti-Fraud and Corruption, Anti-Money Laundering, and Fraud Prosecutions and Sanctions Policies in place. During 2022/23, the recoverable overpayments and/or rebills total was £412,651 and projected Income gains were £1,508,452.
- II. The Authority's Whistleblowing Policy was reviewed during 2022-23.
- III. All Committee reports include comments by the Monitoring Officer from a legal perspective and finance for any implications ahead of their onward presentation through the governance process.
- IV. The Authority strives to maintain compliance with the requirements of all acts of legislation that relate to its activities; most notably (but by no means limited to) the:
 - Human Rights Act 1998
 - Equality Act 2010
 - Health and Safety at Work Act 2015
 - Welsh Language Act 1993
 - Well-being of Future Generations (Wales) Act 2015
 - Social Services and Wellbeing (Wales) Act 2014.
- V. Changes in legal staffing over the last 12 months has been positive, leading to

improvements in the overall provision of legal service to the Council.

VI. Execution of Electoral duties over the past year has included:

- The Authority administered local government elections for 174 community wards and 68 county seats (including newly introduced multi-member wards).
- There were 179 county candidates and 1,144 community candidates with more contested county seats than in previous years
- There were 17,486 postal voters
- 155 polling stations and 482 staff (for elections)
- The Authority implemented late WG regulations and introduced online nominations for the 1,323 candidates
- There was an 80% increase in 16-17 registrations from 2021 (engagement programme for local elections)
- The Authority completed annual canvass with increased match rates and published the register of electors
- The Authority's Election Service was asked to speak at National Conference
- The Individual Electoral Registration Digital Service (IERDS) portal for Voter Certificate Authority went live in January without issue

Summary/Assurance

The Council is able to offer **substantial** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. Processes are in place and operating effectively and risks to effective governance are well managed.

Principle B: Ensuring openness and comprehensive stakeholder engagement

PCC recognises the profound importance of engagement, consultation and coproduction with our residents, partners, and the wider stakeholder landscape. The Council appreciates the rich and varied viewpoints that they can provide and values their involvement in the development of decisions and future service provision. While the Authority continues to engage its stakeholders through a variety of traditional methods which include focus groups and meetings, it is also investing in new digital tools such as online platforms, survey software and social media channels, to disseminate information and elicit wider response. Powys County Council is signed-up to the National Principles for Public Engagement in Wales and strives to ensure that conversations with its stakeholders are meaningful, timely and appropriately resourced.

B1. Do we engage with others in an open way?

- I. The Authority seeks the views of residents, business owners, visitors, and stakeholders through its [Have Your Say](#) public consultation and engagement hub.
- II. During 2022-23, 37 (34 external and 3 internal) engagement and consultation activities were undertaken to engage residents and staff, and these included:
 - a. Performance Feedback Ongoing Engagement Project
 - b. RPB Market Stability Report
 - c. Employment and Skills Survey
 - d. The future of our town centres – Brecon and Crickhowell
 - e. Staff recruitment and retention survey – Why Powys?
 - f. Corporate Plan Engagement
- III. There were 24,057 external visitors to the engagement hub during the year and it was promoted on social media and our web pages.
 - a. Budget consultation, the results of which form part of the budget pack that sees the MTFS approved at Council
- IV. Some committee meetings (including Cabinet meetings) were webcast, and committee agendas, minutes, and decisions were available to the public on the Council's [website](#).
- V. The Pension Fund holds an annual Employer Meeting online to enable participating employers to meet and receive an annual update from the Fund

(Actuarial, Investment, Governance, Administration, Legislation). In addition, the Pensions Section meets regularly with employers on an individual basis to provide training and deal with any concerns that the employers may have. Feedback from these sessions helps develop training and communications plans for group and individual employers.

B2. Do we engage widely with our stakeholders?

- I. The Public Service Board (PSB) is a statutory strategic partnership established under the Well-being of Future Generations (Wales) Act 2015 to improve the economic, social, environmental, and cultural well-being of Wales. The most recent available [PSB annual report](#) highlights work that was completed during 2021-22 to deliver the objectives presented in Towards 2040 – Our Well-Being Plan. There is no annual report available for 2022-23 as the time was set aside for the development of the new Wellbeing Plan and there was therefore no reporting requirement for that year.
- II. [The Powys Wellbeing Plan](#) was approved in June 2023 and sets out the way the Public Service Board wants Powys to look in the future. It contains 3 local objectives and 3 well-being steps to achieve those objectives. Prior to the drafting of the Wellbeing Plan, a public consultation was undertaken which ran from 27th January to 19th April 2023 and received 235 responses.
- III. The Authority works with its strategic partners through the Regional Partnership Board (RPB) to deliver integrated care services. The partnership's progress and key achievements for 2022-23 will be available in the RPB Annual Report (although this will not be available until late July/early August).
- IV. The Mid-Wales Corporate Joint Committee was established in 2022 to strengthen local democracy and accountability by integrating decision making with regards to regional transport, strategic development plans and the improvement of economic wellbeing. It comprises representatives for PCC, Ceredigion County Council and the Bannau Brycheiniog, and will in due course, be responsible for the preparation of several documents that will provide additional governance for its areas of accountability. The Corporate Joint Committee Corporate Plan 2023 – 2027 is currently in draft and out for public consultation.
- V. As a result of the local elections in May 2022, PCC's Scrutiny Committees

have seen a large number of new members joining during the past year as there were 26 new Councillors during the election, and have therefore largely concentrated their efforts on member training and establishing a firm understanding of their responsibilities. In consequence, there has been little opportunity to develop engagement with external partners. The Committees are keen to remedy this, and planned actions are in place to increase opportunities for engagement during 2023-24.

- VI. The Medium-Term Financial Strategy (MTFS) helps the Council to work more effectively with partners in other sectors and provides a strategy for the use of reserves to meet changes in resources, risks, or unforeseen demands from year to year without impacting unduly on services or council. We consult with the public each year as part of budget engagement.

B3. Do we engage with individual citizens and service users effectively?

- I. During 2022-23, 34 external engagement and consultation activities were undertaken to engage residents and service users.
- II. In compliance with the Local Government and Elections (Wales) Act Part 3 Promoting Access to Local Government, PCC has made available its [Public Participation Strategy](#), to ensure that all our stakeholders, including residents, partners, and businesses, have opportunities to participate and engage with us and to influence future decisions and service provision across Powys.
- III. The Authority has a Consultation and Engagement Framework to provide guidance for services that are planning to engage with the people of Powys. A summary of the consultation and engagement activities undertaken by the Council during 2022/23 may be viewed at [Appendix A](#).
- IV. An Equalities Community of Practice Forum has been established to disseminate information, share good practice, obtain feedback, and facilitate engagement with staff. The aims of the group are under review, and it will be necessary to confirm that there is sufficient investment being made in the Authority's equality plans to ensure that the activities undertaken are meaningful and have impact.
- V. The Powys Older People's Forum Report was completed in March 2022. Supported by a Welsh Government grant, the report was commissioned to identify ways in which the Authority can potentially improve engagement with

its older residents through the further development of its Older People's Forum.

- VI. A key opportunity identified by Adult Services during 2021-22 was the engagement of several residents (who are living with physical disability and/or sensory loss), in the co-production of a citizens' charter. This work has continued through 2022-23 and it is anticipated that the forum will be an effective, long-term facilitator of co-production. Members of both forums have been involved in shaping and designing of a range of services including the Adult Services Web page, the commissioning of disability supported living services, the Powys Teaching Health Board learning disability Health leaflet and budget efficiencies. Members co-developed the Terms of Reference for the forums and co-chair meetings. The Forum has been instrumental in the discussion and consultation around key draft policies, e.g., the Easy Read Advocacy Policy.
- VII. In the past year, the Authority has put in place a Youth Participation officer who ensures that children and young people's voices are heard at the highest level, and more importantly, acted upon. Their work in the future will concentrate on ensuring that the voices of those children who find it difficult to participate are heard and work has already started on this through building relationships with children looked after and our unaccompanied asylum seekers on a 1:1 basis. Over the past six months, the Authority has been exploring the idea of forming a children and young people's Committee to provide additional assurance on issues relevant to this group and it is hoped that work to establish the feasibility and exact parameters of the undertaking will start in September.
- VIII. Residents can use the Authority's website to suggest topics for scrutiny to consider and to comment on items due to be considered during Scrutiny meetings.
- IX. The Governance and Audit Committee is Chaired by a lay member.
- X. The Council has a formal compliments and complaints procedure that enables complaints to be escalated and investigated independently of the service concerned. The Authority's [Complaints Policy](#) was reviewed in April 2022 and is available via the public website.

- XI. To ensure the impact of our services in the Welsh language is considered, all surveys now incorporate three standard questions to capture feedback on how our decisions impact the Welsh Language and how they could be changed to ensure a more positive outcome.

Summary/Assurance

The Council is able to offer **reasonable** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

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

Powys County Council uses a variety of processes and tools to develop, maintain and review its plans and actions. It has a Corporate Planning Cycle in place to ensure that it reviews its objectives and strategies annually to confirm that they remain relevant and focused on obtaining the right outcomes for residents and communities through the most appropriate and sustainable means available. An outline of the arrangements currently employed by the Authority may be viewed here within the context of the PCC governance framework.

C1. How do we define our desired outcomes?

- I. The [Medium-Term Financial Strategy](#) ties the current financial position to the desired future outcomes of the Council's vision and helps to chart a sustainable course between the two positions (see sub-principle [D3](#) for further detail).
- II. The Council's current Corporate Improvement Plan, [Vision 2025](#), is embedded within the Council and provides the strategic direction for the organisation and how it will meet its various legislative outcomes.
- III. [The Corporate and Strategic Equality Plan](#) (CSEP) for 2023-27 was considered and approved by Council on 23 February 2023 and was implemented from 1 April 2023.
- IV. In response to **Audit Wales Review of the PCC Planning Service** (recommendation A: review the political and strategic intent for its planning enforcement responsibilities, clearly communicate this, and align resources to deliver the Council's chosen intent), actions taken since the publication of the report in May 2023 include:
 - a. A Statement of intent for the Planning Service has been, and will continue to be, clearly communicated by the Council.
 - b. Additional resource of two Enforcement Officers has been established.
 - c. The Planning, Taxi Licensing and Rights of Way Committee have expressed support for the importance and commitment of resources to planning enforcement.

- d. The Service will undertake a review of planning enforcement policies and procedures. This review will ensure resources are appropriately aligned with enforcement priorities and investigate the potential to introduce a post determination/pre-implementation service to advised applicants on discharge of condition requirements.
 - e. The Property, Planning and Public Protection Integrated Business Plan has been strengthened and revised to include a stand-alone objective supporting planning enforcement. This will ensure that the Councils intent for planning enforcement is clearly identified, capable of being monitored, and appropriately resourced.
 - f. A broader Planning Service structure review is to be implemented to ensure the most appropriate alignment of resources to enable the Planning Service to sustainably deliver an effective planning service. During May 2023, the Head of Service has engaged and consulted with the Planning Service on potential structure options.
 - g. Additional technical training will be Implemented to ensure planners are able professionally undertake enforcement duties.
- V. In response to the Audit Wales Review of the PCC Planning Service (recommendation b), the Planning Service has drafted a business plan actioning the objectives identified within the Property, Planning and Public Protection Integrated Business Plan and the Planning Services contribution to a Stronger, Fairer and Greener Powys (golden thread).
- VI. In March 2023, the Authority agreed a revised approach to performance that sets out the processes and methods used by the organisation to manage and assess performance, and which will in due course replace the previous [Performance Management and Quality Assurance Framework](#). In addition, a Corporate Scorecard will be adopted to detail progress against our objectives and measures.
- VII. The [Wellbeing Assessment](#) was published in March 2022 on behalf of the Powys Public Service Board and presents data and insights concerning the well-being of Powys residents. The [Wellbeing Information Bank](#) supports the

assessment and provides interactive insight to support service delivery and long-term planning. It fulfils PCC's obligations under the Well-being of Future Generations (Wales) Act 2015 by setting out how we will improve the well-being of its communities, against the seven national goals.

- VIII. The [Population Needs Assessment](#) was published in March 2022 by the Regional Partnership Board to fulfil the requirements of the Social Services and Well-being (Wales) Act 2014 by providing a focused view of current and future health and social care needs in Powys.
- IX. A Strategy for Climate change- [Net positive Powys 2021-2030](#) was published in 2021 and details five key areas of change where climate action is needed to achieve the vision of Powys County Council being carbon neutral and climate resilient in 2030.
- X. The [Powys Nature Recovery Action plan](#) focuses on safeguarding and enhancing the natural environment for residents and communities.
- XI. Reporting templates and guidance are regularly updated to reflect organisational business planning and reporting requirements.
- XII. The Authority has agreed a Risk Appetite Statement (for further information see the section under principle [D3 below](#))

C2. How do we ensure that any economic, social, and environmental benefits we make are sustainable?

- I. The Council undertakes Integrated Impact Assessments for all significant service, financial or policy changes to ensure the implications are understood, to support effective decision making and to ensure legislative compliance.
- II. During 2021-22 the Council's Impact Assessment Process has been automated providing improvements through a consistent organisational approach and retention of records in a central repository. During 2022-23, reporting has been developed to understand the impacts of all decisions on a geospatial basis. This is currently being developed to further support the annual budget cycle.
- III. The [CIPFA Financial Management Code \(FM Code\)](#) sets out the standards of financial management expected for local authorities and is designed to

support good practice and to assist local authorities in demonstrating their financial sustainability. The Council assessed its processes, procedures, and governance arrangements as of 31st March 2022, and identified the actions to be developed to strengthen its compliance with the Code. The list of actions can be viewed in [Appendix A](#).

- IV. The Council has a clear [Treasury Management and Investment Strategy](#) which is approved at Council each year and sets out the expected activities and appropriate strategies of the Treasury function in respect of borrowing and investments.
- V. The investment environment has experienced a turbulent 12 months due to the performance of the global economy. The Pension Fund has several risk mitigation strategies (protection/diversification) to help manage this and the outlook is more positive, so strategy review may be appropriate if required.
- VI. **Annual Assurance and Risk Assessment from Audit Wales – Recommendation** - To meet its net zero ambition, the Council needs to fully cost its intended action plan and ensure that it is aligned with its Medium-Term Financial Strategy. To address this, the organisation will need to invest in training plus the development of action plans which can then be costed. One event has been held for Executive Management Team to raise understanding of requirements and a workshop to develop plans has been organised, but the scope and scale required to address the climate emergency needs a whole organisation shift which could be linked with the re-design of services.

Summary/Assurance

The Council is able to offer **reasonable** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

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

D1. How do we make decisions and consider possible consequences?

- I. During 2022-23, it was proposed that changes might be made to the structure and remits of the Authority's Scrutiny Committees, however, following consultation with the Members it was decided not to proceed at this time.
- II. The Council undertakes Integrated Impact Assessments, which considers the possible impacts of any decisions upon a range of areas which impact upon the residents of Powys, alongside the outcomes of any related consultation and engagement activities.
- III. The Council has a robust risk management approach which considers risks and any potential mitigations to manage as far as possible any areas which may impact upon the delivery of outcomes.
- IV. One action arising from the 2021-22 AGS was for the organisation to complete a self-assessment. During spring 2022, all Powys County Council Services undertook a process of self-assessment to provide intelligence that they could use as the basis for their annual performance presentation to the Cabinet and Executive Management Team. A self-assessment workbook was completed by each service to gather the required information and in addition to the panel presentations, the information provided was used to assist in fulfilling the Authority's obligations under Section 6 of the Local Government and Elections (Wales) Act 2021. Powys was the first Authority to submit its [Annual Corporate Self-Assessment Report](#) and received some very positive feedback from its early readers. During the following year, the Authority considered the feedback (both internal and external) and revised some elements of the process to reduce the work created for its services and to align the collection of information for self-assessment and the AGS. The new Corporate Safeguarding Audit Tool was also appended to the Self-Assessment Workbook.
- V. The Scrutiny Committees, Finance Panel, and Governance and Audit Committee undertook self-assessment before the election and the committees developed action plans in response to those. The self-assessment workbooks examined working practices, achievements and challenges, and considered future improvement planning. The findings from those were used as a

foundation for committee action plans during 2022-23. Further detail is included under [principle G3. How do we provide assurance and effective accountability for our actions?](#)

- VI. Self-assessment during 2022-23 was carried out using learning from the previous year. Safeguarding was incorporated into the workbooks and each service had to present their assessment in front of a performance panel attended by Cabinet and Executive Management Team.

D2. How do we plan effective services, programmes and projects?

- I. The processes that Powys County Council used up to May 2023 to monitor and evaluate its performance against its objectives are set out in the [Performance Management and Quality Assurance Framework](#). The PMQAF was retained during 2022/23 in line with the completion of Vision 2025, but consideration has also been given to the development of a new approach to business planning going into the new financial period. The framework ensures that staff clearly understand their responsibilities regarding performance management and quality assurance, on which the council's governance arrangements will hold them to account.
- II. Services record and monitor their objectives and associated measures using an Integrated Business Plan (IBP)
- III. Following concerns regarding the affordability of the capital programme, work was commissioned around governance, assurance, and project and business appraisals. A capital workstreams working group was established to progress this detailed work and a report was compiled at the end of the first phase of this work. In their 2022-23 Self-Assessment, Governance and Audit report that since it has been raised there have been improvements in governance arrangements and the way that the capital programme is being approached.
- IV. Transformation Delivery Board meet and report on a monthly cycle and report externally on a quarterly basis.
- V. Improvement Boards have a monthly meeting and reporting cycle.
- VI. Powys County Council's strategic and operational performance management is underpinned by the learning provided by regulatory recommendations and other feedback received from external bodies. This intelligence, enriched by national study data, governmental guidance, and examples of best practice

identified in the work of our partners and the wider public service landscape, supports the Council's work to improve the ways in which it determines and achieves its intended outcomes.

D3. How do we ensure that our budgets and financial plans are sustainable?

The Council is required under the Local Government Act 2003 to set a balanced budget for the forthcoming financial year. The Council's Medium Term Financial Strategy sets out how a balanced budget has been developed for 2023/24. There is no requirement to set out a balanced position beyond the next year, but the five-year strategy has been developed to enable longer term planning and transformation.

The MTFS sets out the:

- Financial, regulatory and policy drivers affecting the Council.
- Direction and approach that the Council will take in handling its finances.
- Plan for delivering a balanced budget for 2023-24, and indicative budgets for the following 4 years to March 2028.

This means the Council has an ongoing financial plan to:

- Enable service transformation within the funding levels available.
- Prepare for the challenges in setting a balanced budget in future years.
- Allow decision makers to consider the allocation of resources, helping to ensure they are directed towards delivering core responsibilities alongside corporate priorities.
- Understand the Council's financial resilience, helping to protect the Council's long term financial health and viability.
- Consider affordability in decision making. It is a live document so will change as estimates and assumptions are confirmed.
- Align revenue and capital to ensure that our limited resources are prioritised to achieve maximum effectiveness and based on securing outcomes that matter to our residents.

The MTFS includes all Council services activity funded by the revenue budget, the Housing Revenue Account, and the Capital programme. This information is

presented in a 5-year budget model and a 5-year Capital Programme.

In all Capital programmes we consider the affordability of the scheme against other options, and that's evidenced through the whole life costing work we do for Schools Transformation, once this modelling is fully populated with rebuild or do nothing and repair then over the life cycle of a building it evidences that transformation is more cost effective in terms of total outlay.

As part of the HoWPS insourcing we needed 75+ vans for the operatives, we undertook a lease versus buy appraisal to consider what was most affordable against what funding we had available. Also, as part of the wider Howps return set up costs (agreed up to a level of £435k) were funded through spend to save reserve, which is used to pump prime the change agenda, this reserve has an agreed payback period as savings are delivered.

As part of setting the budget we undertake due diligence on our savings plans to ensure they can be delivered as expected so as not to create a financial burden when managing the revenue budget in year. We also increased our risk budget to £3m which is a recurrent budget that underpins service pressures that are managed at risk because they may not occur, or the level of severity is uncertain.

Our reserves policy is reviewed each year and recently increased the general reserve level to 4% of net budget (excluding schools and the HRA), we have set up several specific reserves to buffer against specific service issues and the uncertainty of the pay awards in 2023-23.

The Council approved the MTFs for 2023/24 on 23rd February 2023.

Summary/Assurance

The Council is able to offer **substantial** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

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

E1. How do we ensure that the organisation continues to improve?

- I. The new Corporate and Strategic Equality Plan was published on the 23 February 2023 and sets out the Council's objectives for the administrative period.
- II. The Vision 2025 – End of Administration Programme Report was published in March 2022 and reviews Powys County Council's Vision 2025 Transformation Programme; outlining how and why the programme was established, what it set out to achieve, progress to date and lessons learned.
- III. Action plans are monitored through the Tracker and where it is identified that actions are not being implemented the Governance and Audit Committee requests the relevant Head of Service to attend and provide explanation.
- IV. While the Authority has a performance reporting mechanism in place, it is currently reviewing its performance management process. Services provide information on a quarterly basis, but formal reporting has been moved to every other quarter to allow services to concentrate on self-assessment on the interleaving quarters.
- V. As part of this monitoring process, workforce and financial are also interlinked, with key information considered such as workforce changes, training and sickness, to seek to ensure that Services are resourced to meet their objectives.
- VI. The first [self-assessment](#) was published in July 2022, considering a range of materials such as performance, risk, etc. to provide a holistic view of performance to shape future delivery.
- VII. Internal Audit reports with limited assurance are considered by the Governance and Audit Committee.
- VIII. Improvements to the AGS process and an AGS framework have been in development during 2022-23
- IX. In response to the Audit Wales Review of the PCC Planning Service (recommendation I, the Planning Service is attending regional and national planning groups, with the intention of identifying additional ways to:
 - Promote consistency.

- Identify and promote best practice.
- Promote benchmarking.
- Promote networking.
- Aid officer development.

E2. How do we develop the skills and knowledge of the leadership and workforce?

- I. A new workforce plan is in place with a three-year phased approach.
- II. In response to an [Audit Wales recommendation](#) that the Council should strengthen the performance management of its workforce, the Head of Workforce and Organisational Development (WOD) has acted as chair of an all-Wales group of local authorities working to develop key performance indicators (KPI's) to support the improvement of measurement and reporting of workforce management in local government. To date, this group has agreed terms of reference and delivered an early draft suite of KPIs, which are now undergoing further development and review.
- III. The Leadership Behaviours Competency Framework has been developed and is ready to go to print so that it can be embedded and integrated in the Council's induction and training programmes.
- IV. Following the Line Manager Induction programmes, four Line Manager forums have been established and are regularly meeting as a means of peer support to staff, with regards to managing remotely and implementing New Ways of Working protocols.
- v. Feedback from the staff survey (which had 872 staff responses) suggests that 74% of respondents are satisfied with their current work-life balance and 79% of respondents stated their working environment is fit for purpose. With the exception of the Planning Service, we do not feel that productivity has reduced because of some staff working more flexibly, in many cases productivity has increased, and this has had a positive impact on CO2. The challenge is around the fact that we are humans and like social interaction. Work is ongoing to reconnect teams in a proportionate manner face to face.
- VII. Training Needs analysis have been completed by each service area, this will ensure that we can implement training and development to ensure that the skills need of the workforce are supported in the future.
- VIII. A suite of learning and development opportunities has been identified for

Senior Leadership Team.

- IX. ILM 7 Leadership and Management and ILM 5 Coaching and Mentoring programmes have been offered to senior managers along with ILM Leadership and Management programmes from levels 2 – 5 being offered to the wider workforce via the Welsh Government apprenticeship programme.
- X. Work has commenced on developing an electronic appraisal process which will providing robust performance reviews and identify CPD needs of the workforce and areas for improvement.
- XI. Significant changes have been made to the Discipline and Grievance Policy and a complete refresh of guidance and toolkits for managers, with the introduction of an Informal Resolution Framework. Main changes improve the timeliness of investigations and procedures and move to a culture of supporting change and improvement rather than punishment and blame.
- XII. Following the election in May 2022, a significant amount of training was provided to all Councillors, including Cabinet and Scrutiny members, to provide them with information and skills to support their decision making. This is supported by an ongoing member's development programme.
- XIII. In response to Audit Wales Review of the PCC Planning Service recommendation c, actions taken since the publication of the report include:
 - a. An operational protocol for Agent/Applicant interaction will be adopted by Planning Service and is currently in draft. The protocol will be communicated to relevant parties and published on the Councils website in due course.
 - b. A front-facing Development Management Guide and FAQ is in preparation.
- XIV. In response to recommendation D of the Audit Wales Planning Service review, a schedule of new, regular meeting cycles has been implemented to ensure clear and effective communication exists between staff and management and in particular to check on staff wellbeing, enable dynamic learning, regularly review workload to ensure workload if distributed efficiently, provide officers with the opportunity to highlight any workload issues promptly and provide a forum for best practice to be shared (appeal decisions for example).
- XV. In response to recommendation e of the Audit Wales Planning Review,

weekly Development Management team meetings are now in place to enable discussion to take place regarding differences of opinion on planning applications, planning enforcement cases, planning policy and planning case law and to provide a learning and development environment for the team.

- XVI. In response to recommendation F of the Audit Wales Planning Review, guidance notes have been developed for the specific steps required to process planning applications and to promote best practice and ensure consistency of approach. The guidance notes are discussed at Development Management team meetings and at 1-2-1 meetings, when required. Guidance notes will be used as a training resource for staff induction.
- XVII. In response to recommendation g of the Audit Wales Planning Review, actions taken since the publication of the report include:
- a. The implementation of a Planning Working Group training programme is continuing that will ensure a consistent, structured, and proactive approach that supports officers, and provides continuous professional development.
 - b. A mentor will be allocated to all new Planners.
 - c. Development Management Officers are now required to attend the Council Offices 1-3 days a week (depending on experience) to establish and strengthen relationships, create a learning environment, and promote consistency.
 - d. A training matrix has been adopted by the Planning Service.
 - e. Weekly Development Management teams meeting are being utilised as a training forum.

Summary/Assurance

The Council is able to offer **substantial** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle E: Developing the organisation's capacity, including the capability of its leadership and the individuals within it.

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

The Council is continuously working to improve its management of risk. It aims to better identify, understand, and manage the risks that may accompany its activities and to prepare for future challenges. Risk management supports organisational delivery and effective processes increase the likelihood of achieving objectives. The risks facing the organisation are constantly changing so not only does the Council prepare for what has been assessed as a potential risk, but it also attempts to prepare and build resilience for unknown situations.

F1. How do we manage risk?

A description of the risk management arrangements currently employed by the Authority may be viewed here within the context of the PCC governance framework. The Risk Management Framework is in place which details how the Council manages its risks and offers advice for officers in how to do so. In addition, consideration of risk forms an integral part of quarterly performance reviews held with Portfolio Holders, Directors, and Heads of Service. The Governance and Audit Committee has a key role in monitoring and challenging the Council's risk register. The committee are asked to review the reports considered by Cabinet 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.

- I. Following previous action in 2021 to extend the remit of the Audit Committee to include oversight of Governance, the function of the Governance and Audit Committee continues to develop in providing assurance around the processes employed by the council and supporting finance officers in their decision making.
- II. A Commercial Performance and Risk Board was established during December 2022, that builds on the work of the Ukraine Costs and Risk Cell. The Board's activity includes greater focus on establishing a clear procurement pipeline as this will aid improved planning of future procurements and will also help to prepare the council for the future as publishing a procurement pipeline will be a legal requirement under the new UK and Welsh Procurement legislation expected to come into force in FY23/24.

- III. In December 2022, the Authority introduced a new Financial Risk Management regime of Council's suppliers. This includes working with services to address suppliers with a poor financial risk status identified by Dunn & Bradstreet reporting and agree mitigations.
- IV. In response to concerns raised by [Audit Wales in its Follow-up Review of Arrangements for Corporate Safeguarding – Powys County Council](#) report, a number of actions have been taken by the Council to address the report's recommendations and strengthen the Council's safeguarding arrangements:
- A Safeguarding Audit Tool has been developed and integrated into the Annual Service Self-Assessment Workbook to ensure that all services are aware of and in compliance with safeguarding policy and procedures.
 - A [safeguarding information page](#) has been created within the staff intranet to provide centralised resources which include:
 - Guidance to the responsibilities of staff and councillors
 - Contact details for reporting safeguarding concerns
 - The Council's Corporate Safeguarding Policy including a summary of the policy
 - Governance information
 - The Council has reviewed the need to have two Disclosure and Barring Service policies and from January 2023 onwards has ensured that one comprehensive policy has been in place.
 - A policy to provide central guidance on the recruitment of volunteers is currently under development and following the normal governance processes should be in place by May 2023.
- V. The risk appetite definition for the Council is the amount and type of planned risk we are willing to take to meet strategic objectives and deliver services. Risk appetite can and will vary across levels of service, based on several factors including knowledge, understanding, and experience. Risk appetite will change over time and can also vary between different types of risks and events. The Authority's [Risk Appetite Statement](#) was agreed by Cabinet on the 7th March 2023. The Risk Appetite Statement is to be reviewed annually, while the Risk Policy and Guidance is reviewed at 3 yearly intervals, following

the release of new risk management legislation, or following audit review.

- VI. Heads of Service and Executive Directors attend Governance and Audit Committee to discuss their specific risks and mitigations when requested.

F2. How do we ensure that our systems for managing risk are fit for purpose?

During 2022-23, the ways in which we have ensured that our systems are fit for purpose have included:

- I. The Risk Management Policy and Guidance was reviewed in draft during 2022 and is intended to go to Cabinet for sign off by the 11 July 2023. Like its predecessor, the Risk Management Framework 2019, it sets out our approach to managing risk. It provides clear guidance on the how to implement best practice management of risk across the Council. It is designed to provide all the information and supporting templates required to develop, implement, and maintain risk management within the Council. Work took place during 2022/23 to develop the Risk Management Framework 2019, and during 2022/23 we have built upon on our learned experiences and good practice. Importantly, the roles and responsibilities associated with risk management are given greater emphasis to ensure that ownership and accountabilities are clear. As well as more detailed guidance to help safeguard the Council and building resilience into our services, programmes and partnerships.
- II. The Authority has developed and implemented a risk appetite matrix (see point F1 V above) recommended as best practice by internal audit.
- III. An action plan has been written following on from an internal audit on Risk Management, which in summary highlights that the Council has made progress in its risk maturity journey moving from assessment rating 2 to 3 in the criteria levels of leadership, risk strategy, people, partnership, risk handling and outcomes.
- IV. The software system in which we record and manage our risks, has been amended to improve the managing of risks and increase correlation with the risk appetite.
- V. The Risk Officer continues to offer support and advice to all services, programmes and projects, and regularly attends all services senior leadership team meetings.

- VI. The Risk Officer has delivered risk management training to Cabinet, Governance and Audit, Scrutiny committees during the financial year.
- VII. Senior Leadership Team have attended dedicated risk sessions focusing on individual strategic risks.

F3. How do we manage data?

- I. The Council has a set process in place to monitor and evaluate its performance against its objectives, the detail is contained in the Performance Management and Quality Assurance Framework, and this is also referred to in Principle [D2](#) and Principle [E1](#)
- II. The Council has a set process in place to monitor and evaluate its performance against its objectives, the detail is contained in the Performance Management and Quality Assurance Framework and this is referred to in [Principle D](#) as well as [Principle E](#).
- III. The Corporate Information Governance Group (CIGG) met three times during 2022-23. The meetings are chaired by the Senior Information Risk Owner (SIRO) and would normally take place quarterly.
- IV. Additionally, seven Corporate Information Operational Group Governance (CIOG) meetings have taken place, involving representatives of the Information Asset Owners (IAOs), to discuss and monitor IG matters and measurements and to carry out work activities as directed by the CIGG. These meetings take place every six weeks.
- V. The Council has in place an Information Governance framework made up of the policies, groups, training, processes, and agreements that are currently in place. The areas of control covered by the framework include:
 - Management of Information Governance
 - Information Risk Management
 - Information Assurance (including confidentiality, integrity, and availability)
 - Information Compliance (e.g., Data Protection and access to information legislation)
 - Information Quality Assurance
 - Records Management (irrespective of medium)
 - Information Sharing

VI. The actions required to fulfil the requirements of the IG Framework are set out in the Information Management, Assurance, and Governance (IMAG) Plan and reviewed at two-yearly intervals. The 2021-2023 IMAG plan was agreed by the Corporate Information Governance Group (CIGG) in March 2021. It was agreed that due to the pressure on Directors and Heads of Service at that time, revised planning for 2023 – 2025 should be delayed until June 2023. As of the 31st March 2023 there were 61 elements to the plan and 31 had been completed (51%), including:

- the implementation of a revised publication scheme and revised web pages, explaining to the public what information is available from the Council.
- A Cyber Security Incident response exercise being undertaken.
- Publication of a policy regarding the Council's use of special category personal data.
- Revision of the Council's policy on Regulation of Investigatory Powers. (RIPA)

23 were in progress and still within the revised timescales for the 2023-25 plan (38%) and seven were out of timescales (11%).

VII. The compliance rate for the authority's mandatory staff Cyber Security and GDPR training ranged from 71% - 76.8% (target 95%) over the year and was 74.8% in March 2023.

VIII. 38 recommendations for improved compliance with Data protection legislation have been received from the Information Commissioner (*April to Feb 2023*), 33 of which had been implemented as of April 2023. 1 outstanding recommendation will form part of the forthcoming work on Information management. Some recommendations are service specific and others at an organisational level. This information will be used to develop the annual improvement plan.

IX. In response to Audit Wales Review of the PCC Planning Service recommendation h, a protocol for inputting planning enforcement data into Planning ICT system (Idox) has been developed and communicated to the Development Management team.

X. Regulations of Investigatory Powers (RIPA) Inspection; recommendations received included the need to revise the Council's RIPA policy (completed),

RIPA training (completed), correct recording of authorisations required (completed through training, and policy), undertaking of a review, retention, and destruction activity (not yet completed as of April 2023).

- XI. Given the amount of personal data handled by Service Areas, it is realistic to acknowledge that human errors will occur and may result in a personal data breach. The Council has robust reporting and management processes in place, which continue to ensure swift containment action, informed identification of information risks and mitigation, and supports relevant reporting obligations, to both the regulator and data subjects.
- XII. During 2022/23, there were 267 information security incidents and five personal data breaches reported to the ICO (2% of information security incidents). The table below provides details of incidents and personal data breaches, and comparison data from last year.

	2021/2022	2022/2023
Numbers of reported incidents	263	267
Number of personal data breaches ⁴	149	166
Number of incidents reported to the ICO	11	5
Number of notifications to data subjects	0	2
Number of separate complaints made to the ICO over personal data breaches	4	0
Number of DPA breaches occurring externally	90	116
Number of DPA breaches occurring internally	57	45
Number of DPA breaches involving special category data	43	42
Number of DPA breaches contained	126	131

⁴ using the definition of a personal data breach within the UKGDPR. A personal data breach is a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored, or otherwise processed in connection with the provision of a public electronic communications service.

- XIII. There has been an increase of 1.5% in the numbers of information security incidents reported but an increase of 11% of those identified as a personal data breach. However there has been a decrease of personal data breaches reported to the ICO, and no complaints received directly from the ICO. Two personal data breaches reported to the Information Commissioner are being

questioned in more detail before a decision is made on any potential regulatory action.

- XIV. The ICO has provided 24 recommendations within their decision notices. At this time, 22 have been implemented, and two are still in progress. Three recommendations are still open from previous years and will form part of wider pieces of IMAG planned activities.
- XV. In May 2022, Bob's Business, a consulting firm engaged to carry out Phishing simulation and training activities across Welsh local authorities, reported that because of their work with PCC staff, the vulnerability of the Council to phishing attacks had been reduced from 13.2% to 6.8%. The report also stated that PCC had the '3rd lowest opening baseline, and 5th lowest closing baseline phishing rate of all Welsh Government organisations. Phishing remains one of the biggest Cyber Security threats to any organisation and is the root cause of most Cyber Security incidents so further training and awareness will be continued during 2023.
- XVI. One of the Council's major suppliers was affected by a cyber security Incident which caused them to take some of their applications offline for a considerable length of time this year, resulting in loss of access to systems by Council staff. As a result, work is underway to embed a supplier security assessment process and to investigate strengthening supplier contracts in regard to Security Protocols.
- XVII. Quarterly Cyber Resilience reports are presented to the Executive Management team, highlighting achievements, plans, issues, and risks over the previous quarter.
- XVIII. In January 2023 the Council began the process to recertify their Cyber Essentials Plus and IASME Gold accreditations for the 4th year. As Cyber Essentials certification run on a 3-year renewal cycle, the 4th year is a more intense review.

F4. How do we ensure that we manage public money well?

- I. SWAP Fraud Risk Assessment
- II. Four quarterly finance reports were published on the forecast and outturn

position for revenue and capital. These reports show how well budgets are managed and the budget holders encouraged to remain within their financial envelopes, taking remedial action in the earlier part of the year to bring overspending forecasts into balance and identifying alternative savings where the planned savings were unachievable.

- III. Emphasis has been placed on maintaining financial resilience evidenced through the ability to increase our levels of reserve (using the outturn underspend) for future specific pressures like the pay award and capital financing, as well as the general reserve staying within its threshold of 4% above net budget (excluding schools and the HRA).
- IV. In March 2023, Cabinet reviewed and approved the [Housing Revenue Account \(HRA\) Thirty Year Financial Business Plan 2023-24](#). The Economy, Residents and Communities Scrutiny Committee and Tenants Scrutiny Panel provided feedback that found the Housing Revenue Account (HRA) Business Plan to be robust and thorough but expressed concerns at how the Council could meet the raising level of demand. The Scrutiny Committee's recommendations were accepted and a response provided that indicated that the Cabinet considered the target to build 311 new homes by 2027/28 to be realistic and achievable but would be prepared to look again at increasing this target in twelve to eighteen months.
- V. PCC promote and develop a strong "antifraud" culture, raise awareness, and provide information on its counter-fraud work. This includes regular reporting to S151 Officer and G&A committee, a fraud awareness e-learning tool for all staff, delivering mandatory fraud training to Officers and Members, and undertaking proactive fraud detection work and investigations. SWAP Audit and CAFT will work with managers and policy makers to ensure new and existing systems, procedures and policy initiatives consider any fraud risks

and that anti-fraud controls are built in. Fraud trends will be monitored, and Fraud Risk is recorded on the Risk Register, maintained, and routinely updated to identify areas of new or existing fraud exposure meaning that preventive and detective measures can then be taken.

VI. The Authority's Financial Services ensures that its workforce is suitably trained and encourages continuing professional development for members of staff, including:

- Junior staff are encouraged to complete accounting training (AAT) (a 3-year accounting technician course) alongside work experience, generally after a few years they progress to accountancy technician posts. We always have staff undertaking professional accountancy qualifications (3-year course) to be ready to step into Finance Business Partner roles and more senior roles including that of Section 151 officer. Institute of Leadership and Management (ILM) 3 and 5 are also expected for new and developing managers.
- Two staff in Income and Awards proposed for ILM5 this year and one member of staff in final stage of Institute of Revenues Rating and Valuation (IRRV) tech, and two further officers' mid-way through the IRRV tech qualification.
- Pensions have two staff who have recently joined the team and will commence their professional pension qualifications in September 2023. The remaining 12 already have at least one professional pension qualification or are working towards one. Training is continuous and encouraged. One team member achieved Chartered Institute of Payroll and Pension Foundation Degree Year Two and one achieved Foundation Degree Year 3.
- Commercial Services - Officers' training needs are identified through the Appraisal process and subject to available funding. Training undertaken by the team includes:
 - 3 Officers have undertaken Chartered Institute of Procurement Specialists Diploma (Level 6 qualification) 1 complete, and 2 are still ongoing. (Welsh Gov funded)
 - 1 Officer is undertaking ILM7 training & 2 officers at ILM4. (Welsh Gov

funded)

- 10 Officers have completed the Government Commercial College Contract Management Foundation Training (2 outstanding as focused on ILM training) (Cabinet Office funded).
- 3 Officers have undertaken CIPFA Tender Evaluation Strategy Training.

- VII. Commercial Services have introduced a monthly Commercial Dashboard to highlight and promote performance management on Commercial activity across the Council. This provides a clear picture of commercial performance throughout the Authority and any actions underway to manage supply chain risks.
- VIII. As a result of the local elections in May 2022, Councillors across all Committees have seen a large percentage of new members joining during the past year and Finance have therefore ensured member training was delivered on an Introduction to Councils' Finances and their role and responsibilities. Scrutiny Committees had training on how to scrutinise their finances, alongside risk and performance. Two Treasury Management seminars are facilitated in year with an independent advisor. Pension committee members also received financial training re the pension fund.
- IX. The Authority's Finance service continues to be significantly impacted administering the numerous schemes in place to support individuals, businesses, and specific groups, especially with regards to the cost-of-living crisis (in particular, the Cost-of-Living Scheme, Discretionary Cost of Living scheme, and Winter Fuel payments).
- X. A Procurement Strategy has been endorsed by EMT and Cabinet and an action plan incorporating the strategy, Climate Change, and our IBP commitments has been drafted and will be communicated in April.
- XI. A School Meal Debt Audit undertaken in March 2023 reached the following conclusions:

Assurance opinion: Reasonable (Low) - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Risks Reviewed:

1. A lack of policies and procedural guidance results in school meal debt accumulating and not being collected or monitored – Priority: High
2. Free school meals are offered incorrectly resulting in financial loss to the authority – Priority: Medium

Recommendations:

1. School Meal Debt chasing process review in line with new cashless system including checking of debts for FSM pupils.
2. Policy and process reviewed and implemented around School Meal Debt Write off.
3. Staff debt be claimed back through salaries and included in the updated policy including staff leaver debt.
4. Process for debts transferring to the new cashless system, monitoring of debts and recovery of debts post- transfer.

Actions identified:

1. Policy and process to be updated
2. Staff debt claimed back through their salaries

F5. How do we manage our physical assets?

- I. A Strategic Asset Management Review is underway to ensure that the Council has a robust and affordable Capital and Treasury Management Strategy.
- II. The Council adopted an [Asset Management Strategy](#) in October 2022.

Summary/Assurance

The Council is able to offer **reasonable** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle F: Managing risks and performance through robust internal control and strong public financial management.

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

G1. How do we ensure that we are open and accountable with our stakeholders?

- I. The Council's Constitution sets out how the Council operates and the process for policy and decision making. Within this framework, decisions are taken by Council, Cabinet, individual Cabinet Members and Officers. Certain specific decisions are taken by the Planning, Taxi Licensing and Rights of Way Committee, The Licensing Act 2003 Committee, Pensions and Investment Committee and the Employment and Appeals Committee.
- II. The Authority's compliments and complaints procedure allows complaints to be escalated and investigated independently of the service concerned. Work is being undertaken to redevelop the Corporate Complaints system to:
 - Enable the recording of extracted learning from the complaint by the Investigation Officers (estimated completion early Summer 2023).
 - Enable the recording of recommendations, and the implementation of such to prevent similar complaints (estimated completion Autumn 2023).
 - Develop new reporting mechanisms for Service Areas.
 - The Council produces an [Annual Complaints report](#) detailing a summary of complaints for 2022-23 to understand volumes of complaints and lessons learned
- III. During the period 2022-23, the following response rates were recorded for requests for information:
 - a. 1,093 requests for information were dealt with across the three legislations (a slight decrease by 16 from last year's figure).
 - b. Freedom of Information (FOI) requests compliance: 84% (this figure has remained at 84% since 2020-2021).
 - c. Environmental Information Regulations (EIR) compliance :84% (a fall from 90% in 2021-2022).
 - d. GDPR compliance: 57% in 2022/23 (this was 63% in 2021/22).
 - e. 92% of non-compliance was a result of service area delay (potential

compliance rate without service area delay is 98.60%).

- IV. The deterioration in compliance rates for FOI and EIR requests can be attributed to:
- An increased number of instances where delays were experienced in obtaining information to enable a response to the FOI /EIR request to be issued.
 - Information Compliance Officers carrying out more Information Governance related activities as part of their role.
 - The efforts taken to ensure the number of Subject Access Reviews outstanding are managed even if not responded to within timescales and that backlogs don't build.
- V. Some information requests, in particular Subject Access Requests, have been complex or lengthy resulting in levels of non-compliance with statutory timescales. 68 requests received, with 61% compliance rate. (ICO target 90%).
- VI. The Authority's [Publication Scheme](#) became available in March 2023 with a remit to make information readily available at minimum inconvenience and cost to the public.
- VII. The Budget Books and Statement of Accounts for 2022/23 has been published to the Council's public website.
- VIII. 80% of Powys County Council's national strategic planning and performance monitoring statutory deliverables met the submission deadline.
- IX. During 2022/23, 37 engagement and consultation activities were undertaken to engage residents and staff.

G2. How do we reflect good practice in our reporting?

- I. An Annual Governance Statement Framework has been drafted and the AGS process has been revised to strengthen and formalise the process underpinning the drafting and authorisation of the report. Changes made to the process were agreed on the 20th January 2023 and include:
- The mechanism for obtaining the relevant information from services has been formally aligned with that of the Corporate Self-Assessment to maximise value and ensure a more comprehensive representation of service activity in the AGS.

- The draft AGS Framework describes the Key evidence sources (both existing and aspirational for future development) that underpin the report annually.
- Responsible officers have been assigned to have oversight for specific areas of governance and provide their assessment of assurance for the Authority's performance in the following areas:

Responsible Officer	Area of Assurance
Monitoring Officer	Operating within the rule of the law and constitutional arrangements including the member code of conduct
Head of Workforce and Organisation Development	Human resources arrangements and policies
Section 151 Officer	Finance matters
Health and Safety Manager	Health and Safety matters
Lead on Procurement	Procurement
Senior Information Risk Owner	Information Governance and Complaints
Director of Corporate Services	Policy, Strategy and Resources
Director of Social Services and Housing	Safeguarding

A rubric, has been adopted to support the Executive Management Team and Responsible Officers in assessing the levels of assurance to be recorded:

	None	Partial	Reasonable	Substantial
Controls	Significant concerns regarding adequacy of controls in place	Many controls are in place but coverage is inconsistent/unclear	Controls are not in place to cover some risks	Controls in place
Review	No cyclical review is taking place	Cyclical review is taking place in most areas but not all. Level of detail is inconsistent.	Assurance is not cyclically performed in all areas/not sufficiently Detailed	Detailed cyclical review
Governance evidence	The evidence presented does not reduce risks	The evidence presented reduces risks to an agreed (but not necessarily desired) level	The evidence presented reduces risks to an acceptable Level	The evidence presented reduces risks to a low level
Risk	Key risks are not adequately mitigated	Key risks are adequately Mitigated	Risk is adequately Mitigated	Risk is adequately Mitigated
Policy	Significant gaps exist in policy	Policies in some areas are not in place, not appropriate/fit for purpose	Policies are generally in place as required but not communicated	Policies in Place and Communicated
Automation of Controls	Significant concerns exist regarding efficacy of manual controls	Concerns exist regarding efficacy of manual controls	Manual controls are present, work well but are not automated	ICT Tools are being used to automate controls and report red flagged transactions
Business Planning	Business Planning not monitored	Business Planning monitored but inconsistent	Business Planning monitored adequately	Business Planning closely monitored

G3. How do we provide assurance and effective accountability for our actions?

- I. In addition to the self-assessment undertaken yearly by the Authority's services, the Scrutiny Committees and Governance and Audit Committee also complete an annual Self-Assessment Workbook to evaluate their performance and progress during the previous financial year. Following Self-Assessment, an action plan has been developed by each of the committees to shape improvement work over the coming year.
- II. A recurrent theme raised by the Scrutiny Committees during the Self-Assessment process was that of the quantity of information submitted for their attention and the difficulty of adequately digesting large reports. In response, a covering pro-forma has been introduced to be completed by Service Areas for committee guidance.
- III. The Scrutiny Committees felt that in general, their work had been slow to gain momentum last year, largely because of the change in membership following the local elections in May 2022. New members have required training and in some cases were new to their position as both an Elected Member and as a Committee Member.
- IV. The Governance and Audit Committee felt that its work started slowly early in the 2022-23 year (influenced by pressure and capacity on democratic services) but the pace has increased, and by the end of the financial year it was making an impact. There was some feeling that the nature of online meetings may possibly be hindering the progress of the committee. In response, the Committee intends to meet in-person or in hybrid form frequently in 2023-24. To seek the Assurance necessary for the Committee to fulfil its remit, scrutiny and challenge offered to officers, thereby raising awareness of good governance, resulting in enhanced impact. To support its work, Governance and Audit Committee (G&A) developed a more coherent and comprehensive Annual Work Plan and has established four member Working Groups, covering: -
 - i. Heart of Wales Property Service (HoWPS)
 - ii. Capital Programme
 - iii. Transport, Highways and Recycling
 - iv. Internal Audit

- V. During 2022-23, G&A members have undertaken member development training on a wide range of areas: -
- i. Code of Conduct
 - ii. Chairing Skills (Chair only)
 - iii. Governance and Audit training
 - iv. Scrutiny training
 - v. Introduction to Council Finances
 - vi. Future Generations
 - vii. Scrutiny Chairs and Vice Chairs training
 - viii. Scrutiny development – questioning skills
 - ix. Treasury Management
 - x. Freedom of Information
- VI. During 2022-23 G&A undertook a skills audit to help inform its ongoing Member Development plans.

Future actions planned by the G&A committee include:

- Engagement with the public and consideration of ways in which the Committee might achieve this
 - Quarterly feedback to be received from a representative on the Finance Panel (this is already programmed into the Forward Work Programme)
 - Committee Press Releases with consideration given to possible press release topics as part of the post-meeting reflection
 - Committee to have a pro-forma document for every report submitted to clarify purpose of report and role of the Committee
 - Scoring and prioritisation of possible items for inclusion on the work programme
- VII. The Finance Panel has undergone a change in composition since May 2022; it is politically balanced and now includes a member of the Governance and Audit Committee. A pro-forma has been devised to enable high level feedback to G&A. Formal reports of observations and Recommendations are forwarded to Cabinet, with Cabinet having a 2-month timeframe to respond to Panel with Accept, Reject or Partially Accept. Future actions planned by the Finance Panel include:

- Panel to focus more on Finance Resource Model /Medium Term Financial Strategy
- Development of a Recommendations Tracker for the Committee
- Panel to receive high level benchmarking data to compare with other local authorities
- Panel to receive training from CIPFA / Data Cymru regarding benchmarking information
- Panel to review Well-Being data resource information
- CIPFA Reports on Council delivery to be considered by Panel for information purposes
- Training for Panel on benchmarking/Budget Planning and delivery outcomes/Statutory Services, legislation and governance; what discretion is permitted and where?
- Improve Work Programme including mapping previous matters considered by the Panel

VIII. During 2022-23, the Learning and Skills Scrutiny Committee has gained a number of new Members with no previous experience to provide perspective; it was noted that new members may not feel sufficiently well-informed to contribute and find it easier to speak up in a pre-meeting. Initial meetings were dominated by revisiting decisions made by the previous Administration and as a result the Committee felt that it had made a slow start. Attendance at meetings has been raised as a concern by the Chair, with regards to the political environment, as there has not been representation present from all groups. Relationships with officers are considered to be good, with officers described as 'exceptional, responsive and willing to explain'. Future actions planned by the Learning and Skills Committee include:

- Pre-meetings to be held 2-3 days before each meeting to allow time for follow-up request for information and clarification with relevant Officers
- Meetings will be held on a set day/time, to allow better time management for members

- Working Groups are to be considered by the Committee to carry out in-depth analysis and scrutiny
- Forward Work Programme will be reviewed at 6 weekly meetings which are scheduled throughout the year by Director of Education

IX. The Health and Care Scrutiny Committee has a new committee of new members (following the 2022 election) and the Chair felt it would be worthwhile to have a series of Member Development sessions and budget familiarisation sessions for both service areas; Member development for the committee has paid off and questions have been to a challenging and robust standard. The Committee has a new Vice Chair who brings good experience and knowledge of the public sector, financial acumen, and knowledge of services for young people. Committee attendance over the past year has been of concern to the Chair who has raised this with group leaders. While there has been a new management structure put in place for the senior leadership team and a new interim head of Children's services. Engagement with scrutiny has however remained consistent and good. Future actions planned by the Health and Care Committee include:

- Briefing notes for Members on areas of service to assist Member understanding
- Further training for Members on questioning skills
- Use of pre-meetings prior to the meeting
- Regular meetings to be established between the Chair and new heads of Service
- Chair to discuss shadowing of officers with Director
- Committee will consider interaction with partners as part of work programming

X. Following commencement of the Audit Wales review of the Planning Service in March 2022, a Service Improvement Board was established in advance of the report to respond and provide support to the recommendations.

XI. Audit Wales reports received by G&A during 2022-23:

- Quarterly Programme updates
- Audit Plans
- Springing Forward Workforce Management
- Corporate Safeguarding

XII. No regulatory reports were received by Finance Panel this year.

Summary/Assurance

The Council is able to offer **reasonable** assurance that the Council's arrangements adequately reflect the principles of good governance as set out in Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Responsible Officer	Area of Assurance	Assurance Level	Comments
Monitoring Officer	Operating within the rule of the law and constitutional arrangements including the member code of conduct	Reasonable	
Head of Workforce and Organisation Development	Human resources arrangements and policies	Reasonable	
Section 151 Officer	Finance matters	Reasonable	We can offer reasonable assurance that progress continues to be made in delivering on actions raised in the FM Code and identifying improvements that will be of benefit across the Council.
Health and Safety Manager	Health and Safety matters	Reasonable	
Lead on Procurement	Procurement	Reasonable	We can offer reasonable assurance; we have contract procedure rules in place (section 17 of council constitution). This year we have established Commercial performance and risk board made up of officers from across the council, providing oversight and assurance, and future improvements will be agreed and monitored by the board.

Responsible Officer	Area of Assurance	Assurance Level	Comments
Senior Information Risk Owner	Information Governance and Complaints	Partial ⁵	We can offer partial assurance that the council's arrangements adequately reflect the principles of good information governance. Some key risks are not well managed, and processes require the introduction or improvement of internal controls, and resources to ensure effective governance, but plans for future improvement are in place and are monitored by CIGG.
Director of Corporate Services	Policy, Strategy and Resources	Substantial	We can offer substantial assurance, we have a new corporate plan in place, 'Stronger, Fairer, Greener' and have established systems in place to track corporate policies, monitor progress of Audit recommendations and questions to Cabinet.
Director of Social Services and Housing	Safeguarding	Reasonable	We can offer reasonable assurance, significant progress has been made in improving corporate safeguarding governance, policies and procedures during the financial period. There are areas where improvements can be made, and these actions have been captured and are being regularly monitored and scrutinised by the corporate safeguarding board. Activity reports are

⁵ This assurance level was provided as part of the Authority's Information Governance Annual Report 2022-23 and reflects a judgement made on the basis of that report. It does not necessarily reflect the criteria shown in the rubric provided at G2 but is based on criteria specific to the IG Annual Report.

Responsible Officer	Area of Assurance	Assurance Level	Comments
			provided to Cabinet, Health and Care scrutiny committee and Governance and Audit.

Governance issues identified for action during 2023/24

Following on from both the Self-Assessment and Annual Governance Statement, the below action plans have been identified surrounding governance. These have been prioritised using the below matrix:

Level	Description
Critical	Failure to take action poses an immediate and severe risk
Potentially Critical	Failure to take action may pose a significant risk at some point in the future
Necessary	Action is required to ensure that compliance is maintained
Recommended	Action would deliver best practice but is additional to normal standards of practice
Not urgent	May be addressed in the future but is not currently being considered – potentially aspirational

Issue	Responsible Officer	Priority
Introduce a Conflict-of-Interest Register for officers	Clive Pinney	Necessary
Develop a more effective engagement approach to improve our understanding of the views of people of Powys	Catherine James	Recommended
Delivery of the planned review of Internal Audit that will seek assurance about the robustness of their remit and service to the council	Governance and Audit Committee Jane Thomas	Critical
Develop training offer for Risk and Finance ensuring we have identified need and training for specific roles	Jane Thomas	Recommended
Implement the improvement actions identified through the FM Code	Jane Thomas	Necessary

Certification of the Annual Governance Statement 2022-23

Signed on behalf of Powys County Council:

Chief Executive

Leader of the Council

Date:

Date:

Chair of Governance and Audit Committee

Date

Appendix A: 2022-23 Financial Management Code Actions

The CIPFA Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The Council assessed its processes, procedures, and governance arrangements and identified the following actions to be developed at 31st March 2022 to strengthen its compliance with the Code. The sections below monitor progress against these actions and whether they have been fully delivered. A separate table identifies future actions recognised in year to be delivered through 2023-24.

Section 1 – The Responsibilities of the Chief Finance Officer and leadership team

a.) The leadership team can demonstrate that the services provided by the authority provide value for money

Action 31 st March 2022	Owner	2022-23 Progress
Integrated Business Plans (IBP) pilots will utilise benchmarking and Value for Money (VFM)	Senior Leadership Team (SLT)	Blue – Action is completed
Develop examples of good practice and share for learning.	Transformation & Change	Further action required
To review Welsh Government models and adapt for PCC use where appropriate.	Transformation & Change	Further action required
Develop scrutiny skills to actively challenge and assess Value For Money analysis.	Scrutiny	Partially delivered but further action required

Action 31st March 2023	Owner
Wider benchmarking and Value for Money review work, approaches that allow comparison on a like for like basis.	Senior Leadership Team (SLT)
Review IBP template - fit for purpose and link to the CESP	Senior Leadership Team (SLT)
Implement new procurement structure	Financial Services
Review how we develop social value and climate analysis alongside VFM.	Adult Social Care

b.) The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government

Action 31st March 2022	Owner	2022-23 Progress
Include financial section in Individual Performance Review guidance (IPRs) for budget holders to highlight capability gaps.	Workforce & Organisational Development	Further action required
Survey and feedback from stakeholders to take place more widely.	Financial Services	Partially delivered but further action required

Action 31st March 2023	Owner
Review the support to schools and cluster model to assist recruitment to cluster roles.	Financial Services
Develop the apprenticeship scheme to support succession planning	Workforce & Organisational Development
Implement new procurement structure	Financial Services
Improve training delivery and materials to internal stakeholders	Financial Services

Section 2 - Governance and financial management style

c.) The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Action 31 st March 2022	Owner	2022-23 Progress
Improve the effectiveness of Internal control, more SLT involvement with Audit plan and review.	SLT	Partially delivered but further action required
EMT self-assessment	EMT	Further action required

Action 31 st March 2023	Owner
SWAP to undertake a governance review.	SWAP

d.) The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)

No outstanding actions identified

e.) The financial management style of the authority supports financial sustainability

Action 31 st March 2022	Owner	2022-23 Progress
Framework in place but gaps in terms of collaboration links, addressing silos.	EMT	Further action required

Improve level of involvement relating to appropriate finance input into the development of strategic and operational plans.	SLT	Blue – Action is completed
Improve the scheme of delegation and the understanding of who the primary decision makers are.	SLT	Further action required
Survey to gain feedback on satisfaction of service.	Financial Services	Further action required

Action 31 st March 2023	Owner
Improve dashboards through Business Intelligence	Financial Services/ Business Intelligence

Section 3 - Medium and Long Term Financial Management

f.) The authority has carried out a credible and transparent financial resilience assessment

No outstanding actions identified

g.) The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members

Action 31 st March 2022	Owner	2022-23 Progress
Welsh Government engagement regarding rural analysis and increased cost of services	EMT/Cabinet	Blue – Action is completed

Ability for achieving long term financial sustainability – impact on short term decisions – how to better plan for the medium term	EMT/Cabinet	Blue – Action is completed
IBP Pilots that will focus on Outcome Based Budgets activity	SLT	Deprioritised

Action 31 st March 2023	Owner
Delivery of Stronger, Fairer, Greener Projects	EMT/Cabinet

h.) The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities

No outstanding actions identified

i.) The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans

Action 31 st March 2022	Owner	2022-23 Progress
Develop cost drivers and benchmarking through Outcome Based Budgets	Financial Services	Deprioritised

Section 4 - The annual budget

j.) The authority complies with its statutory obligations in respect of the budget setting process

No outstanding actions identified

k.) The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves

No outstanding actions identified

Section 5 – Stakeholder engagement and business cases

l.) The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Action 31 st March 2022	Owner	2022-23 Progress
Key stakeholders, wider member engagement and stronger use of scrutiny	Cabinet	Blue – Action is completed
Limited consultation with wider membership due to covid and being in business continuity and plan to engage more broadly this year and in future years	Cabinet	Blue – Action is completed

Action 31 st March 2023	Owner
Development of 3-year balanced budgets	EMT/Cabinet
Budget survey linked to new corporate plan and priorities	EMT/ Financial Services

m.)The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions

Action 31 st March 2022	Owner	2022-23 Progress
Work still to be done to develop use of business cases and cabinet to review and consider affordability early in the process	SLT	Blue – Action is completed
Project management and transformation management training available	SLT	Blue – Action is completed
Need a stronger risk framework around tenders and allowing bids to be taken forward – strengthen guidance	SLT/Financial Services	Further action required

Section 6 – Monitoring financial performance

n.) The leadership team acts using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability

Action 31 st March 2022	Owner	2022-23 Progress
Development and clarification of the mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data.	EMT/SLT	Further action required.

o.) The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability

Action	Owner	2022-23 Action
Redesign the debt recovery process to ensure that it is fit for purpose, failure demand removed which will allow the staff to prioritise key debt collection activities	Financial Services	Partially delivered but further action required.
Move from the current manual debt collection work to an automated stage driven system that will free up staff time to focus on collection rather than administration	Financial Services	Partially delivered but further action required.
Improve the collection process by strengthening our ability to measure debt performance better in the debt recovery lifecycle.	Financial Services	Further action required.

Action 31 st March 2023	Owner
Develop use of ratios and KPIs in Head of Service reports	Financial Services

Section 7 – External financial reporting

p.) The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom

No outstanding actions identified

q.) The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions

No outstanding actions identified

This page is intentionally left blank

8

Powys County Council Governance and Audit Committee

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Treasury Management Quarter 1 and 2 Report

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
Jane Thomas	Head of Finance
Cllr David Thomas	Cabinet Member for Finance and Corporate Transformation

2. Why is the Committee being asked to consider the subject?

To update Governance and Audit Committee on the treasury management activities in line with CIPFA code of practice.

3. Role of the Committee:

The role of the Committee in considering the subject is to:

This report is provided in line with CIPFA code of practice for information and there are no decisions required. The committee is required under its terms of reference to regularly monitor treasury management reports, review and scrutinise the authority's financial affairs and to make reports and recommendations in relation to the authority's financial affairs. You are asked to review the report on this basis.

4. Key Questions:

What Key areas should the Committee focus on:

The committee is to review the information contained for clarity and content, to question officers on aspects that require further explanation, assess the effectiveness of the report and identify any actions/recommendations.

Key Feeders (tick all that apply)

Strategic Risk		Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report	x	Performance / Finance Issue	x
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	x
Informing Policy Development		Evidence Gathering	
Risk		Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	x

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE
29th September 2023

CABINET EXECUTIVE
19th September 2023

REPORT AUTHOR: County Councillor David Thomas
Portfolio Holder for Finance and Corporate
Transformation

REPORT TITLE: Treasury Management Quarter 1 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 30th June 2023.

2 Background

- 2.1 The Capital and Treasury Management Strategy (CTMS) approved by Full Council on 23rd February 2023 can be found here - powys.moderngov.co.uk/documents/s77379/Appendix H Capital and Treasury Management Strategy 2023-28.pdf

3 Advice

3.1 Investments

- 3.2 The Authority's investment priorities within the Strategy are.

- (a) the security of capital, then,
(b) the liquidity of its investments then
(c) the yield

- 3.3 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. With interest rates for investments remaining lower than borrowing rates, the use of cash reserves as opposed to borrowing is prudent and cost-effective.
- 3.4 Short-term money market investment rates have continued to increase following the two increases to the Bank Rate in the last quarter. Due to the uncertainty around the short term cash requirements, we have continued to hold any surplus funds in the council's deposit accounts. These funds have earned interest totalling £0.16 million for the first quarter of this financial year.
- 3.5 Investment returns on inter-authority lending have increased in line with the increased interest rates. 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. However, the Authority does not have sufficient certainty around its cashflow to lend for longer periods where the return is higher.
- 3.6 The Authority had no other investments on 30th June 2023.

3.7 Credit Rating Changes

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

3.9 The Authority's Capital Position

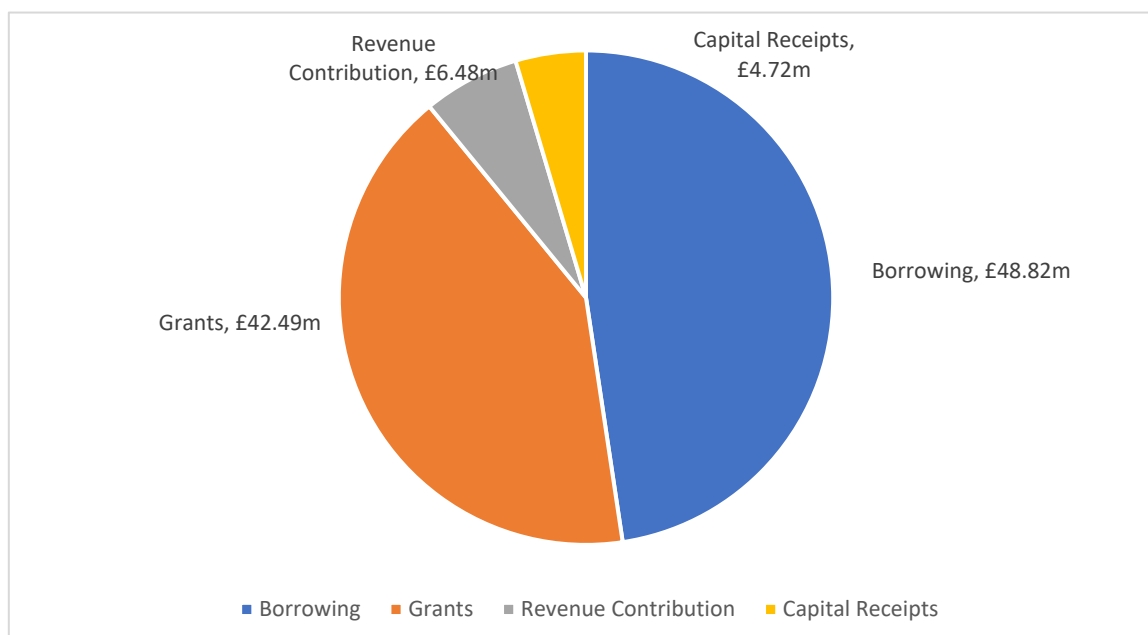
- 3.10 The 2023/24 Capital Programme was approved by Council on the 23rd February 2023. It included capital schemes totalling £93.29 million, of which £23.48 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects and additional grants received from Welsh Government. The revised programme at the 30th June 2023 is budgeted at £102.50 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £7.61 million, representing 7.4% of the total budget.

3.11 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	%
Adult Services	200	922	1,122	6	240	1,116	99.5%
Childrens Services	0	379	379	23	43	356	93.9%
Education	33,005	(4,862)	28,143	3,047	11,193	25,096	89.2%
Highways Transport & Recycling	12,681	6,135	18,816	2,513	4,557	16,303	86.6%
Property, Planning & Public Protection	100	998	1,098	50	237	1,048	95.4%
Community Development	922	1,337	2,259	(42)	739	2,301	101.9%
Housing General Fund	1,748	1,279	3,027	533	461	2,494	82.4%
Economy & Digital Services	16,196	(1,690)	14,506	(344)	7,908	14,850	102.4%
Finance	4,953	(454)	4,499	0	75	4,499	100.0%
Total Capital	69,805	4,044	73,849	5,786	25,453	68,063	92.2%
Housing Revenue Account	23,482	5,165	28,647	1,826	4,822	26,821	93.6%
TOTAL	93,287	9,209	102,496	7,612	30,275	94,884	92.6%

3.12 Currently 48%, £48.82 million, of the capital expenditure is budgeted to be financed by borrowing, the interest cost for this is charged to the revenue account. Finance will be working with the services to ensure the profiling of budgets is accurate to effectively manage the borrowing.

3.13 Chart 1 – Capital Programme funding



- 3.14 Inflation continues to have a severe impact on the cost of schemes due to rising material and construction costs. It is unclear at this stage how this will impact the programme over the coming years. Services are aware of the impact and are mitigating these increases as far as possible but it is likely that schemes will be reduced or paused. Any additional funding required is likely to be raised with further borrowing, this will increase costs on the revenue budget so must be minimised.
- 3.15 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. 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.
- 3.16 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure, the Council's cash position is managed 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.
- 3.17 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.

3.18 Capital Financing Requirement (CFR)

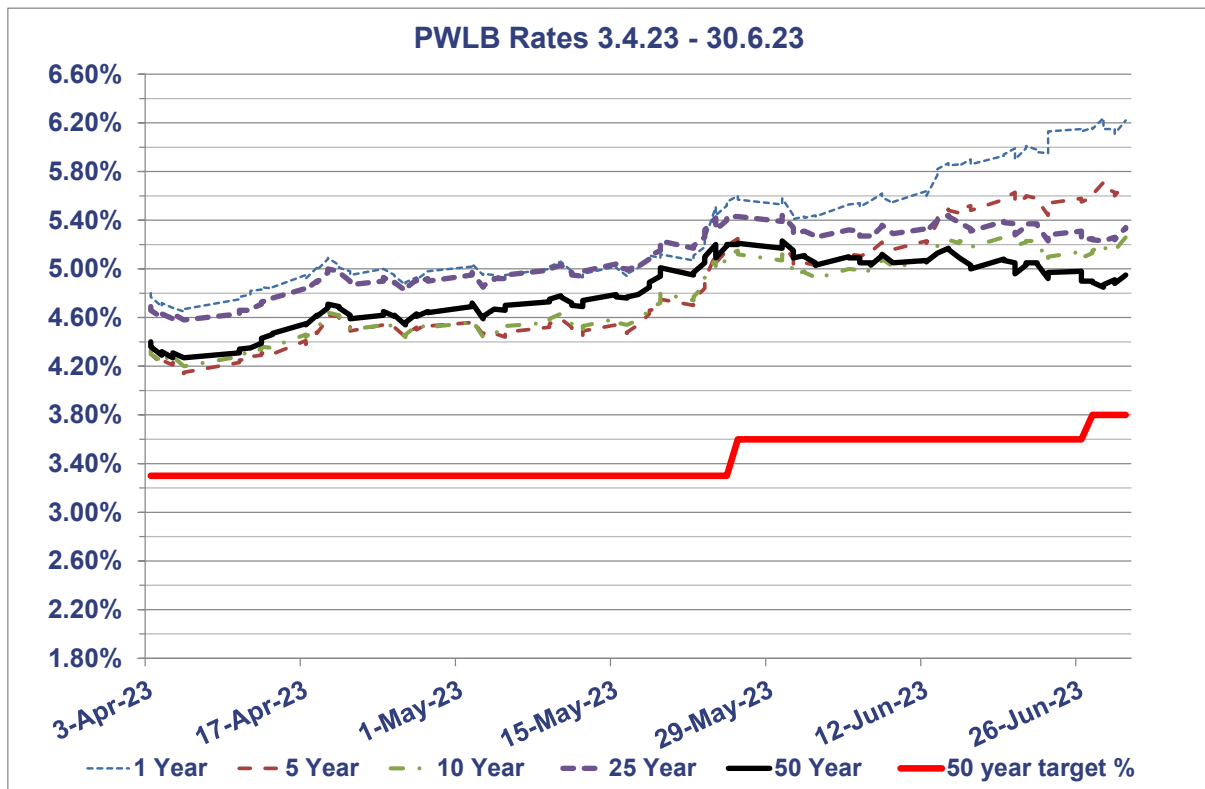
£'m	Total	HRA	Council Fund
Opening Balance – 1st April 2023			
Original Estimates ¹	439.71	108.5	331.21
Actual Balance	422.21	104.31	317.90
Closing Balance – 31st March 2024			
Original Estimates ¹	466.79	119.45	347.34
Quarter 1 Estimate	465.53	120.76	344.77
Closing Balance – 31st March 2025			
Original Estimates ¹	498.71	135.79	362.92
Quarter 1 Estimate	497.81	136.75	361.06
Closing Balance – 31st March 2026			
Original Estimates ¹	536.72	157.13	379.59
Quarter 1 Estimate	529.73	157.74	369.99

¹ Original estimate included in the CTMS approved by Full Council on 23rd February 2023.

3.19 Borrowing / Re-scheduling

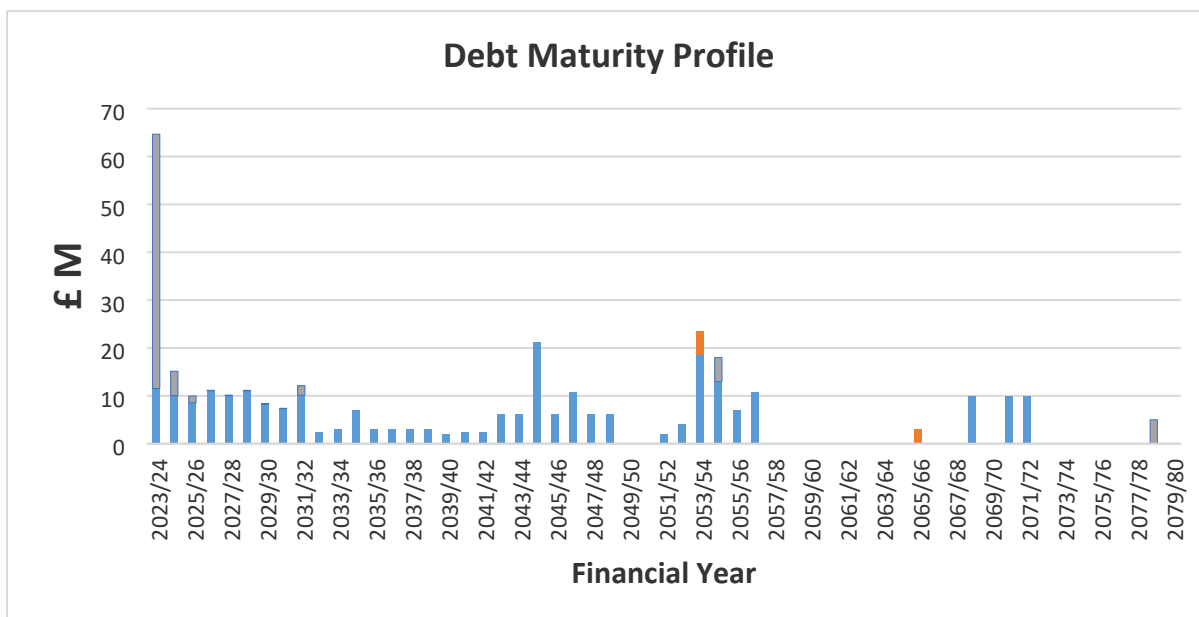
3.20 Effective management of the Authority’s debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies.

3.21 The chart below shows the changes in PLWB interest rates since the start of the April 20223. PWLB borrowing rates are based on the Gilts market. Overall, rates have increased since the last report but remain significantly higher than the 50 year target.



3.22 A prohibition is still in place to deny access to borrowing from the Public Works Loan Board (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. 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.

3.23 Debt Maturity Profile



Key Blue = PWLB; Grey = Inter Authority Borrowing; Orange = Market Loans

3.24 £5.00 million borrowing from another local authority has been repaid during the last quarter together, this has been refinanced by the PWLB borrowing that was taken out in late March 2023. With the uncertain economic position and as outlined by Link later in this report, it is anticipated that borrowing rates will fall over the next few years, so we need to ensure that the council isn't locked into higher rate borrowing for long periods, to allow flexibility to take advantage should rates drop.

3.25 A further £1.50 million PWLB is due to be repaid in the next quarter together with £5.00 million borrowed from another local authority. The council is still holding £17.40 million for the Global Centre of Rail Excellence (GCRE) and had until 31 March 2023 to progress to the full business case position. Correspondence with Welsh Government have since highlighted that the Council would like to return this as it feels the circumstances of the original agreement have changed significantly. Depending on the amounts being repaid during the next quarter it may need to be replaced with some short term borrowing to absorb this repayment alongside the commitments in the capital programme.

3.26 With the changes to the MRP policy and the delayed requirement to borrow, the revenue budget set aside to cover these costs is projected to be underutilised in this financial year, however as demonstrated in the tables later in the report, these costs are likely to increase year on year.

3.27 PWLB Loans Rescheduling

3.28 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. Existing borrowing rates remain lower than current rates, therefore no debt rescheduling has been undertaken to date in the current financial year.

3.29 Financing Costs to Net Revenue Stream

3.30 This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the Councils net revenue budget (net revenue stream). The estimates of financing costs include current commitments and the proposals in the capital programme.

£'m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
From the approved CTMS 2023/24			
Financing Costs	13.66	14.49	14.65
Net Revenue Stream	326.54	338.53	348.39
%	4.2%	4.3%	4.2%
Quarter 1 estimates			
Financing Costs	12.71	14.48	14.3
Net Revenue Stream	326.54	338.53	348.39
%	3.9%	4.3%	4.1%

3.31 The table above shows the capital financing costs and the change between those disclosed in the 2023/24 Treasury Management and Capital Strategy. Interest rates are expected to continue to rise in the short term before reducing. There is significant risk that these costs may increase if rates increase faster or do not fall in line with the current forecast. The latest estimates assume that significant further borrowing will be required before the end of the financial year. The amount will depend on the cash position of the council and the interest rates available so this figure may change before the end of the financial year. There is sufficient budget to cover these costs in this financial year, future years increases will need to be factored into the proposed 2024/25 budget.

3.32 The change has been caused by the reduced borrowing requirement to support the capital programme in 2022/23 and future years. This has been the result of reprofiling of budgets into future years. This has allowed the council to defer the date that it expected to take out additional borrowing, reducing the current interest costs, however this borrowing will still be required in the future.

3.33 Prudential Indicators

3.34 All Treasury Management Prudential Indicators were complied with in the quarter ending 30th June 2023.

3.35 Economic Background and Forecasts

3.36 The forecast of interest rates by the Authority's advisor at the 26th June 2023 are shown below. The rates have fluctuated over the last few months but are expected to reduce slightly over the next few years. The current higher rates will increase the cost of borrowing over the next few years. The revised Medium Term Financial Strategy has been updated to take account of these changes.

Link Group Interest Rate View		26.06.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

3.37 The economic background provided by our treasury advisers; Link Group at the 30th June 2023 is attached at Appendix A. It should be noted that this was provided at the end of the quarter and certain factors may have changed since then.

3.38 Sundry Debt

3.39 The prompt collection of debt and encouraging payment as soon as possible helps the Councils cashflow position, reducing the need for short term borrowing.

3.40 The following table outlines the Council's outstanding sundry debt at the 10th July 2023 of £17.29 million, up from £11.64 million last quarter. This does not include Council Tax arrears.

Service	Current Debt (30 days or less)	Aged Debt (31 to 60 days)	Aged Debt (61 - 90 days)	Aged Debt (Over 90 days)	Total Aged Debt	Change from previous quarter	Trend Since Q1 2022/23
Adult Services ²	1,387,853	5,143,697	217,682	6,421,736	11,783,115	4,885,980	
Childrens Services	0	36,979	989	161,131	199,099	26,589	
Corporate, Legal & Democratic Services	730	167	0	5,880	6,047	(12,854)	
Economy & Digital Services	48,379	673	304	71,177	72,153	(380,559)	
Finance	231,582	85,879	158,464	625,332	869,675	188,093	
Highways, Transport & Recycling	794,568	262,491	153,384	684,155	1,100,029	(68,003)	
Housing	103,016	22,088	630	1,027,948	1,050,665	392,491	
Community Services	12,804	4,006	4,937	43,131	52,075	3,536	
Other	36,776	5,672	1,606	36,176	43,454	(329,872)	
Property, Planning & Public Protection	280,728	48,583	34,151	1,374,661	1,457,394	630,145	
Schools	23,130	198,132	0	390,548	588,679	311,688	
Workforce & Organisation Development	130,816	40,872	10,434	17,567	68,872	(381)	
Total	3,050,382	5,849,237	582,579	10,859,442	17,291,258	5,646,854	

² There is a further £0.03 million outstanding debt with the local health board that sits outside this figure.

- 3.41 The £3.05 million shown in the current debt column relates to invoices that are less than 30 days old, overdue debt is classed as overdue when it is above 30 days after the invoice date.
- 3.42 The total debt represents 27% of the annual generated income (excluding Council Tax and NNDR), if you exclude the current debt (less than 30 days old) this falls to 23% up from 16% last quarter.
- 3.43 There is a significant level of aged debt (over 30 days old) which has increased by £5.65 million since the last quarter. The majority of that increase relates to Powys Teaching Health Board (PtHB) debt mainly within adult social care.
- 3.44 The table in 3.40 shows that around two thirds of the over three month debt is adult social care debt. This is more difficult to collect as Welsh Government will not allow bailiff action on residential care fees and court action only as a last resort. This debt relates to a high proportion of elderly and vulnerable customers, and often deferred charges are placed on their properties, which requires waiting for houses to be sold and estates to be realised which is often a lengthy process.
- 3.45 The table below shows the key performance indicators since the start of the financial year.

£'m	PtHB Debt	Non PtHB Debt	Total Debt	Deferred Charge Secured	Payments Received	Debt Written off ³	Collection Rate
April	3.130	13.280	16.410	0.470	7.491	0.000	37%
May	7.350	12.490	19.840	0.404	3.383	0.001	45%
June	6.910	11.990	18.900	0.404	4.288	0.000	48%

³ Debt is written off in line with the council's debt policy.

3.46 Council Tax and NNDR Collection

3.47 The in-year collection rates at the end of June 2023 (Quarter 1) for Council tax and NNDR are shown below.

Council Tax	27.28% (0.02% down compared to same point during 2022/23)
NNDR	31.33% (5.58% up compared to same point during 2022/23)

3.48 £5.28 million of Council Tax and £0.95 million NNDR remains uncollected from previous financial years. Collection of monies during the ongoing cost of living crisis is challenging, however robust procedures are in place to pursue all monies owed to the Council, both for the current year and previous final years.

3.49 VAT

3.50 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.

3.51 The monthly VAT returns were submitted within the required deadlines during this quarter.

3.52 Key Performance Indicators - The VAT KPI's for 2023/24 are attached at Appendix B.

4. Resource Implications

a. N/A

5. Legal implications

5.1 N/A

6. Data Protection

6.1 N/A

7. Comment from local member(s)

7.1 N/A

8. Impact Assessment

8.1 N/A

9. Recommendation

9.1 This report has been provided for information and there are no decisions required.

Contact Officer:	James Chappelle
Tel:	01597 826492
Email:	james.chappelle@powys.gov.uk
Head of Service:	Jane Thomas

Appendix A – Update provided by Link Group on the 30th June 2023

1. Economics update

- The first quarter of 2023/24 saw:
 - A 0.2% m/m rise in real GDP in April, partly due to fewer strikes;
 - CPI inflation falling from 10.1% to 8.7% in April, before remaining at 8.7% in May. This was the highest reading in the G7;
 - Core CPI inflation rise in both April and May, reaching a new 31-year high of 7.1%;
 - A tighter labour market in April, as the 3myy growth of average earnings rose from 6.1% to 6.5%;
 - Interest rates rise by a further 75bps over the quarter, taking Bank Rate from 4.25% to 5.00%;
 - 10-year gilt yields nearing the “mini-Budget” peaks, as inflation surprised to the upside.
- The economy has weathered the drag from higher inflation better than was widely expected. The 0.2% m/m rise in real GDP in April, following March’s 0.3% m/m contraction will further raise hopes that the economy will escape a recession this year. Some of the strength in April was due to fewer strikes by train workers and teachers in that month. Moreover, some of the falls in activity in other areas in April were probably temporary too. Strikes by junior doctors and civil servants contributed to the fall in health output (0.9% m/m) and the meagre 0.1% m/m increase in public administration.
- The fall in the composite Purchasing Managers Index (PMI) from 54.0 in May to a three-month low of 52.8 in June (>50 points to expansion in the economy, <50 points to contraction) was worse than the consensus forecast of 53.6. Both the services and manufacturing PMIs fell. The decline in the services PMI was bigger (from 55.2 to 53.7), but it remains consistent with services activity expanding by an annualised 2%. The fall in the manufacturing PMI was smaller (from 47.1 to 46.2), but it is consistent with the annual rate of manufacturing output falling from -0.8% in April to around -5.0%. At face value, the composite PMI points to the 0.1% q/q rise in GDP in Q1 2023 being followed by a 0.2% q/q gain in Q2 2023.
- Meanwhile, the 0.3% m/m rise in retail sales volumes in May was far better than the consensus forecast of a 0.2% m/m decline and followed the robust 0.5% m/m rise in April. Some of the rise was due to the warmer weather. Indeed, the largest move was a 2.7% m/m jump in non-store sales, due to people stocking up on outdoor-related goods. But department stores also managed to squeeze out a 0.6% m/m rise in sales and the household goods sub-sector enjoyed a reasonable performance too. Overall, the figures were far better than analysts had expected. In addition, the GfK measure of consumer confidence rebounded from -27 to a 17-month high of -24 in June.
- The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and

government handouts both supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly. Furthermore, higher interest rates will mean GDP is likely to contract later this year. Our central assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates from 5.00% now to at least 5.5% and keeps rates there until at least mid-2024. Our colleagues at Capital Economics estimate that around 60% of the drag on real activity from the rise in rates has yet to bite, and the drag on the quarterly rate of real GDP growth over the next year may be about 0.2ppts bigger than over the past year.

- The labour market became tighter over the quarter and wage growth reaccelerated. Labour demand was stronger than the consensus had expected. The three-month change in employment rose from +182,000 in March to +250,000 in April. Meanwhile, labour supply continued to recover as the size of the labour force grew by 303,000 in the three months to April. That was supported by a further 140,000 decline in inactivity as people returned to work from retirement and caring responsibilities (while inactivity due to long-term sick continued to rise). But it was not enough to offset the big rise in employment, which meant the unemployment rate fell from 3.9% to 3.8%
- The tighter labour market supported wage growth in April, although the 9.7% rise in the National Living Wage on 1st April (compared to the 6.6% increase in April last year) probably had a lot to do with it too. The 3myy rate of average earnings growth reaccelerated from 6.1% to 6.5% (consensus 6.1%) and UK wage growth remains much faster than in the US and the Euro-zone. In addition, regular private sector wage growth increased from 7.1% 3myy to 7.6%, which left it well above the Bank's forecast for it to fall below 7.0%. Overall, the loosening in the labour market appears to have stalled in April and regular private sector wage growth was well above the Bank's forecast.
- CPI inflation stayed at 8.7% in May (consensus 8.4%) and, perhaps more worryingly, core CPI inflation rose again, from 6.8% to a new 31-year high of 7.1%. The rise in core inflation built on the leap from 6.2% in March to 6.8% and means it is accelerating in the UK while it is slowing in the US and the Euro-zone (both fell to 5.3%). A further decline in fuel inflation, from -8.9% to -13.1%, and the second fall in food inflation in as many months, from 19.3% to 18.7%, explained why overall CPI inflation didn't rise. And the scheduled fall in the average annual utility price from £2,500 to £2,074 on 1st July means overall CPI inflation will probably ease in the coming months. But the problem is that the recent surge in core inflation and the reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.
- This suggests the Bank may have more work to do than the Fed or ECB. Indeed, the Bank of England sounded somewhat hawkish in the June meeting. This came through most in the MPC's decision to step up the pace of hiking from the 25bps at the previous two meetings. The 7-2 vote, with only two members voting to leave rates unchanged at 4.50%, revealed support for stepping up the fight against high inflation.
- That said, the Bank has not committed to raising rates again or suggested that 50bps rises are now the norm. What it did say was that "the scale of the recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required at this

particular meeting”. Moreover, the Committee did not strengthen its forward guidance that any further rate hikes would be conditional on the data. However, it looks highly probable, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. We still think it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, we think rates are more likely to peak between 5.50-6.00%. Our forecast is also for rates to be cut in the second half of 2024, and we expect rates to then fall further than markets are pricing in.

- Growing evidence that UK price pressures are becoming increasingly domestically generated has driven up market interest rate expectations and at one point pushed the 10-year gilt yield up to 4.49% in late June, very close to its peak seen after the “mini-budget”. Yields have since fallen slightly back to 4.38%. But growing expectations that rates in the UK will remain higher for longer than in the US mean they are still more than 70 bps above US yields. While higher interest rates are priced into the markets, the likely dent to the real economy from the high level of interest rates is not. That’s why we think there is scope for market rate expectations to fall back in 2024 and why we expect the 10-year PWLB Certainty Rate to drop back from c5.20% to 5.00% by the end of this year and to 4.20% by the end of 2024.
- The pound strengthened from \$1.24 at the start of April to a one-year high at \$1.26 in early May, which was partly due to the risks from the global banking issues being seen as a bigger problem for the US than the UK. The pound then fell back to \$1.23 at the end of May, before rising again to \$1.28 in the middle of June as the strong core CPI inflation data released in June suggested the Bank of England was going to have to raise rates more than the Fed or ECB in order to tame domestic inflation. However, sterling’s strong run may falter because more hikes in the near term to combat high inflation are likely to weaken growth (and, hopefully, at some point inflation too) to such a degree that the policy rate will probably be brought back down, potentially quite quickly, as the economic cycle trends downwards decisively. This suggests that additional rate hikes are unlikely to do much to boost the pound.

In early April, investors turned more optimistic about global GDP growth, pushing up UK equity prices. But this period of optimism appears to have been short-lived. The FTSE 100 has fallen by 4.8% since 21st April, from around 7,914 to 7,553, reversing part of the 7.9% rise since 17th March. Despite the recent resilience of economic activity, expectations for equity earnings have become a bit more downbeat. Nonetheless, further down the track, more rate cuts than markets anticipate should help the FTSE 100 rally.

MPC meetings 11th May and 22nd June 2023

- On 11th May, the Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22nd June moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.
- Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to

dampen inflation pressures anytime soon. Talk of the Bank’s inflation models being “broken” is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.

- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has already hiked short-term rates to a range of 5.00%-5.25%, but a further increase is pencilled in for July, whilst the ECB looks likely to raise its Deposit rate at least once more to a peak of 3.75%, with upside risk of higher to come.

2. Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast, made on 26th June, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, against a backdrop of a stubbornly robust economy and a tight labour market.

You will note that our forecasts have steadily increased during the quarter as the data continued to spring upside surprises, and the Bank of England continued to underestimate how prevalent inflation is, and how tight the labour market is. The Government has also noted that despite immigration increasing markedly, high levels of ill-health amongst the workforce has led to wage demands remaining strong until such time as there is a loosening in demand for business services.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate.

Link Group Interest Rate View		26.06.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

Link Group Interest Rate View		24.05.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

Link Group Interest Rate View		27.03.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	
BANK RATE	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50	
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50	
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60	
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70	
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10	
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20	
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40	
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10	

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 25th May and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened to a degree, especially as it moved to a more aggressive 0.5% hike in June but, with inflation remaining elevated, we anticipate that Bank Rate will need to increase to at least 5.5%, if not higher, to sufficiently slow the UK economy and loosen the labour market.
- Moreover, we also still anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but timing on this will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Our current judgment is that rates will have to increase and stay at their peak until the second quarter of 2024 as a minimum.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine and whether there are any further implications for Russia itself following the recent aborted mutiny by the Wagner group.
- On the positive side, consumers are still estimated to be sitting on excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, most of those excess savings are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- Gilt yield curve movements have shifted upwards, especially at the shorter end of the yield curve since our previous forecast but remain relatively volatile. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.90% to 5.60%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, the rising gilt yields we have seen of late).

- **The Bank of England** increases Bank Rate too fast and too far over the coming months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.
- **A broadening of banking sector fragilities**, which have been successfully addressed in the near-term by central banks and the market generally, but which may require further intervention if short-term interest rates stay elevated for longer than is anticipated.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening by 0.5%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

Appendix B - VAT - Key Performance Indicators

Creditor Invoices

VAT return for	N° of high value Creditor invoices checked	N° of Creditor invoices highlighted as requiring "proper" document for VAT recovery	% of creditor invoices checked requiring "proper" document for VAT recovery
Apr-23	237	4	1.7%
May-23	247	1	0.4%
Jun-23	316	0	0.0%

Income Management Entries

VAT return for	N° of entries checked by formula per the ledger account code used	N° of entries needing follow up check (but not necessarily incorrect).	% of entries needing follow up check
Apr-23	789	0	0.0%
May-23	1,775	3	0.2%
Jun-23	1,116	3	0.3%

Debtor Invoices

VAT return for	N° of Debtor invoices checked	N° of checked debtor invoices with incorrect VAT code used	% of debtor invoices with incorrect VAT code
Apr-23	117	0	0.0%
May-23	90	0	0.0%
Jun-23	95	0	0.0%

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	N° of transactions for which paperwork requested for checking	Resolvable errors discovered	Value of VAT potentially claimable but recharged to budget due to non-response	N° 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-23	106	1	£304.15	13	12.3%	£109.29
May-23	98	2	£522.91	6	6.1%	£323.64
Jun-23	76	3	£253.95	9	11.8%	£714.08

Chargebacks to service areas

The upload of appropriate documents to the BSM (Barclaycard Spend Management 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 amount charged back to service areas is £14,058 to date. The breakdown of this is as follows:

Potentially correctable errors

Reason	Amount £
Not a tax invoice	1,505
No invoice uploaded to purchase card system	9,045
Invoice(s) do not match payment	482
Total	11,032

Other errors

Reason	Amount £
Non-domestic VAT	543
No tax on invoice	299
Supply not to Powys County Council	2,120
Over-accounting for VAT	63
Total	3,025

A breakdown by service is shown below

Service	Not A Tax Invoice	No Invoice Uploaded To BSM	Inv(s) Do Not Match Payment	Foreign VAT	No Tax On Invoice	Supply Not To PCC	Over-accounting For VAT
Revenue							
Schools Delegated Budgets	63	5,238	291		237	19	48
Schools Service	232	120		23	17		32
Adults		6					
Childrens		478			6		
Highways, Transport & Recycling	304	116	191				
Community Development		87					
Property, Planning & Public Protection		51			39		
Housing General Fund		787				2,101	
Housing Revenue Account		618					
Corporate Activities		196					-16
Workforce & Organisational Development		165					
Economy & Digital Services		1,004		504			
Transformation & Communications		70		17			
Capital							
Childrens	256						
Highways, Transport & Recycling	649						
Housing Revenue Account		109					
Total	1,505	9,045	482	543	299	2,120	63

CYNGOR SIR POWYS COUNTY COUNCIL.

AUDIT COMMITTEE

24th November 2023

CABINET EXECUTIVE

12th December 2023

REPORT AUTHOR: County Councillor David Thomas
Portfolio Holder for Finance and Corporate
Transformation

REPORT TITLE: Treasury Management Quarter 2 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 30th September 2023.

2 Background

2.1 The Capital and Treasury Management Strategy (CTMS) approved by Full Council on 23rd February 2023 can be found here - powys.moderngov.co.uk/documents/s77379/Appendix_H_Capital_and_Treasury_Management_Strategy_2023-28.pdf

3 Advice

3.1 Investments

3.2 The Authority's investment priorities within the Strategy are.

- (a) the security of capital, then,
- (b) the liquidity of its investments then
- (c) the yield

3.3 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. With interest rates for investments remaining

lower than borrowing rates, the use of cash reserves as opposed to borrowing is prudent and cost-effective.

3.4 Short-term money market investment rates have continued to increase following the two increases to the Bank Rate in the last quarter. Due to the uncertainty around the short term cash requirements, we have continued to hold any surplus funds in the council's deposit accounts. These funds have earned interest totalling £0.55 million for the first quarter of this financial year.

3.5 Investment returns on inter-authority lending have increased in line with the increased interest rates. 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. With the higher interest rates, £10.00 million of inter-authority lending was arranged in September with the loans maturing in October.

3.6 The Authority had no other investments on 30th September 2023.

3.7 Credit Rating Changes

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

3.9 The Authority's Capital Position

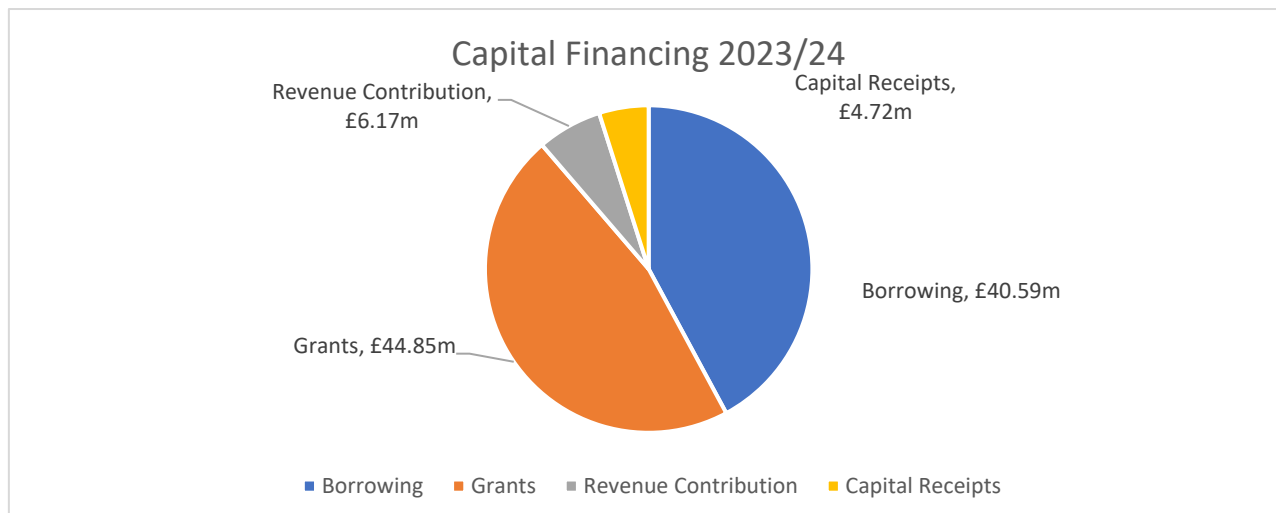
3.10 The 2023/24 Capital Programme was approved by Council on the 23rd February 2023. It included capital schemes totalling £93.29 million, of which £23.48 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects and additional grants received from Welsh Government. The revised programme at the 30th September 2023 is budgeted at £96.32 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £22.85 million, representing 24% of the total budget.

3.11 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget		Commitments
	£,000	£,000	£,000	£,000	£,000	%	£,000
Adult Services	200	922	1,122	65	1,057	94	405
Childrens Services	0	379	379	102	277	73	121
Education	33,005	(5,238)	27,767	7,670	20,097	72	10,231
Highways Transport & Recycling	12,681	7,078	19,759	7,210	12,549	64	4,442
Property, Planning & Public Protection	100	998	1,098	305	793	72	126
Community Development	922	1,337	2,259	21	2,238	99	595
Housing General Fund	1,748	1,279	3,027	1,043	1,984	66	469
Economy & Digital Services	16,196	(1,679)	14,519	1,234	13,283	91	6,821
Unallocated	4,953	(454)	4,499	0	4,499	100	75
Total Capital	69,805	4,622	74,427	17,650	56,777	76	23,285
Housing Revenue Account	23,482	(1,587)	21,895	5,195	16,700	76	4,483
TOTAL	93,287	3,035	96,322	22,845	73,477	76	27,768

3.12 Currently 42%, £40.59 million, of the capital expenditure is budgeted to be financed by borrowing, the interest cost for this is charged to the revenue account. Finance will be working with the services to ensure the profiling of budgets is accurate to effectively manage the borrowing.

3.13 Chart 1 – Capital Programme funding



3.14 Inflation continues to have a severe impact on the cost of schemes due to rising material and construction costs. It is unclear at this stage how this will impact the programme over the coming years. Services are aware of the impact and are mitigating these increases as far as possible but it is likely that schemes will be reduced or paused. Any additional funding required is likely to be raised with further borrowing, this will increase costs on the revenue budget so must be minimised.

3.15 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. 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.

3.16 Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure, the Council’s cash position is managed 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.

3.17 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.

3.18 **Capital Financing Requirement (CFR)**

The table below shows the impact of the reprofiling of schemes included in the capital programme into future years, with the CFR reducing in this financial year, delaying the increase until future years.

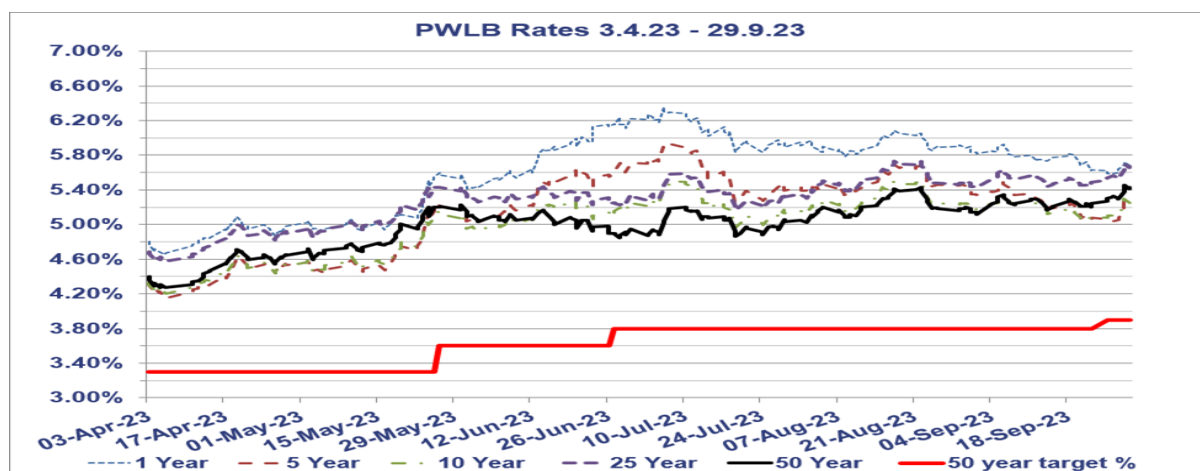
£'m	Total	HRA	Council Fund
Opening Balance – 1st April 2023			
Original Estimates ¹	439.71	108.50	331.21
Actual Balance	422.21	104.31	317.90
Closing Balance – 31st March 2024			
Original Estimates ¹	466.79	119.45	347.34
Quarter 1 Estimate	465.53	120.76	344.77
Quarter 2 Estimate	457.93	114.41	343.52
Closing Balance – 31st March 2025			
Original Estimates ¹	498.71	135.79	362.92
Quarter 1 Estimate	497.81	136.75	361.06
Quarter 2 Estimate	499.69	138.09	361.60
Closing Balance – 31st March 2026			
Original Estimates ¹	536.72	157.13	379.59
Quarter 1 Estimate	529.73	157.74	369.99
Quarter 2 Estimate	536.27	165.44	370.83

¹ Original estimate included in the CTMS approved by Full Council on 23rd February 2023.

3.19 Borrowing / Re-scheduling

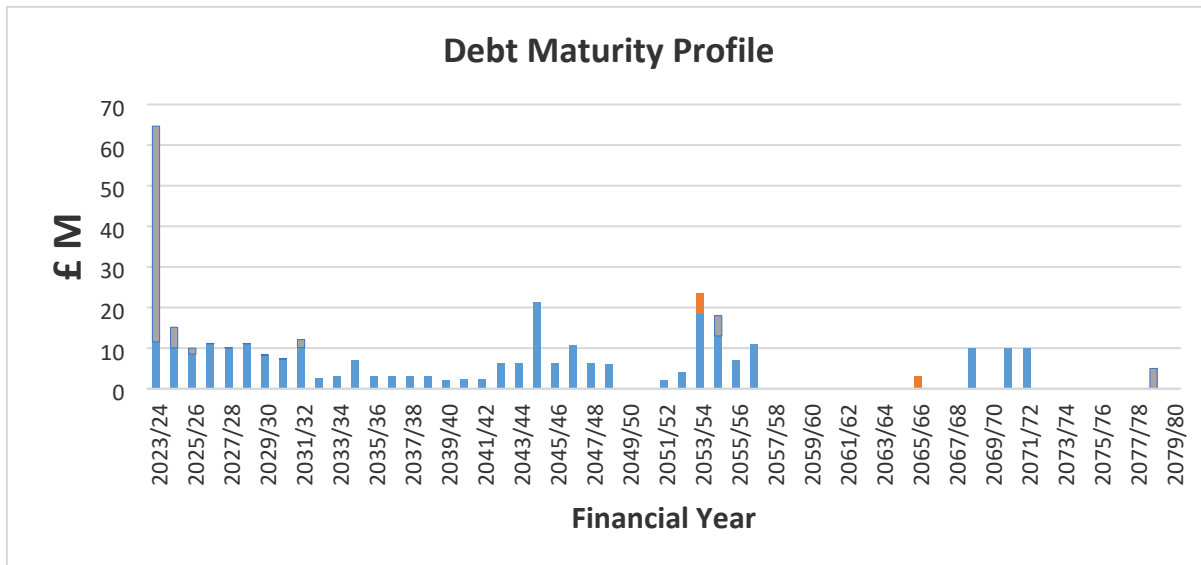
3.20 Effective management of the Authority's debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies.

3.21 The chart below shows the changes in PWLB interest rates since the start of the April 2023. PWLB borrowing rates are based on the Gilts market. Rates have fluctuated since the last report but remain significantly higher than the 50 year target.



3.22 A prohibition is still in place to deny access to borrowing from the Public Works Loan Board (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. 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.

3.23 Debt Maturity Profile



Key Blue = PWLB; Grey = Inter Authority Borrowing; Orange = Market Loans

3.24 £3.50 million PWLB and £5.00 million borrowing from another local authority has been repaid during the last quarter. The remaining £17.40 million held for the Global Centre of Rail Excellence (GCRC) has also been repaid. With the uncertain economic position and as outlined by Link later in this report, it is anticipated that borrowing rates will fall over the next few years, so we need to ensure that the council isn't locked into higher rate borrowing for long periods, to allow flexibility to take advantage should rates drop.

3.25 A further £25.00 million borrowing from other local authorities is due to be repaid in the next quarter. To cover this, £20.00 million borrowing from other local authorities has been arranged with £5.00 million received in September and the remaining £15.00 million due to be received during October. Further short term borrowing may be required in Q3 to cover these repayments alongside the commitments in the capital programme.

3.26 With the changes to the MRP policy and the delayed requirement to borrow, the revenue budget set aside to cover these costs is projected to be underutilised in this financial year, however as demonstrated in the tables later in the report, these costs are likely to increase year on year.

3.27 PWLB Loans Rescheduling

3.28 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. Existing borrowing rates remain lower than current rates, therefore no debt rescheduling has been undertaken to date in the current financial year.

3.29 Financing Costs to Net Revenue Stream

3.30 This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the Councils net revenue budget (net revenue stream). The estimates of financing costs include current commitments and the proposals in the capital programme.

£'m	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
From the approved CTMS 2023/24			
Financing Costs	13.66	14.49	14.65
Net Revenue Stream	326.54	338.53	348.39
%	4.2%	4.3%	4.2%
Quarter 1 estimates			
Financing Costs	12.71	14.48	14.30
Net Revenue Stream	326.54	338.53	348.39
%	3.9%	4.3%	4.1%
Quarter 2 estimates			
Financing Costs	12.19	13.88	13.46
Net Revenue Stream	326.54	338.53	348.39
%	3.7%	4.1%	3.9%

3.31 The table above shows the capital financing costs and the change between those disclosed in the 2023/24 Treasury Management and Capital Strategy. Markets suggest that the Bank of England interest rate is at or near its peak. It may rise if inflation remains stubborn. It is then expected that it will reduce over the next few years. There is significant risk that these costs may increase if rates increase faster or do not fall in line with the current forecast. The latest estimates assume that significant further borrowing will be required before the end of the financial year. The amount will depend on the cash position of the council and the interest rates available so this figure may change before the end of the financial year. There is sufficient budget to cover these costs in this financial year.

3.32 The change has been caused by the reduced borrowing requirement to support the capital programme in 2023/24 and future years. This has been the result of reprofiling of budgets into future years. This has allowed the council to defer the date that it expected to take out additional borrowing, reducing the current interest costs, however this borrowing will still be required in the future.

3.33 Prudential Indicators

3.34 All Treasury Management Prudential Indicators were complied with in the quarter ending 30th September 2023.

3.35 Economic Background and Forecasts

3.36 The forecast of interest rates by the Authority's advisor at the 25th September 2023 are shown below. The rates have fluctuated over the last few months but are expected to reduce slightly over the next few years. The current higher rates will increase the cost of borrowing over the next few years. The revised Medium Term Financial Strategy has been updated to take account of these changes.

Link Group Interest Rate View		25.09.23											
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

3.37 The economic background provided by our treasury advisers; Link Group at the 30th September 2023 is attached at Appendix A. It should be noted that this was provided at the end of the quarter and certain factors may have changed since then.

3.38 Sundry Debt

3.39 The prompt collection of debt and encouraging payment as soon as possible helps the Councils cashflow position, reducing the need for short term borrowing.

3.40 The following table outlines the Council's outstanding sundry debt at the 2nd October 2023 of £14.92 million, down from £17.29 million, last quarter. This does not include Council Tax arrears.

Service	Current Debt (30 days or less)	Aged Debt (31 to 60 days)	Aged Debt (61 - 90 days)	Aged Debt (Over 90 days)	Total Aged Debt	Change from previous quarter	Trend Since Q1 2022/23
Adult Services ²	1,403,080	787,181	343,237	8,533,191	9,663,609	(2,119,506)	
Childrens Services	97,728	14,048	375	165,924	180,347	(18,752)	
Corporate, Legal & Democratic Services	7,063	0	0	5,353	5,353	(695)	
Economy & Digital Services	59,179	542	516	72,870	73,929	1,775	
Finance	125,883	130,708	113	918,734	1,049,555	179,880	
Highways, Transport & Recycling	454,767	145,510	171,087	921,012	1,237,609	137,580	
Housing	34,091	785	45,920	1,042,543	1,089,248	38,583	
Community Services	55,586	3,179	2,233	53,113	58,525	6,450	
Other	29,398	6,324	10,312	40,647	57,282	13,828	
Property, Planning & Public Protection	174,070	75,446	70,539	757,153	903,138	(554,256)	
Schools	3,108	22,857	4,969	515,771	543,597	(45,083)	
Workforce & Organisation Development	92,633	17,953	12,995	21,877	52,825	(16,047)	
Total	2,536,586	1,204,532	662,297	13,048,187	14,915,016	(2,376,242)	

² There is a further £0.03 million outstanding debt with the local health board that sits outside this figure.

3.41 The £2.54 million shown in the current debt column relates to invoices that are less than 30 days old, overdue debt is classed as overdue when it is above 30 days after the invoice date.

3.42 The total debt represents 23% of the annual generated income (excluding Council Tax and NNDR), if you exclude the current debt (less than 30 days old) this falls to 19% down from 23% last quarter.

3.43 There is a significant level of aged debt (over 30 days old) which has reduced by £2.38 million since the last quarter.

3.44 The table in 3.40 shows that around two thirds of the over three month debt is adult social care debt. This is more difficult to collect as Welsh Government will not allow bailiff action on residential care fees and court action only as a last resort. This debt relates to a high proportion of elderly and vulnerable customers, and often deferred charges are placed on their properties, which requires waiting for houses to be sold and estates to be realised which is often a lengthy process.

3.45 The table below shows the key performance indicators since the start of the financial year.

£'m	PtHB Debt	Non PtHB Debt	Total Debt	Deferred Charge Secured	Payments Received	Debt Written-off ³	Collection Rate
April	3.130	13.280	16.410	0.470	7.491	0.000	37%
May	7.350	12.490	19.840	0.404	3.383	0.000	45%
June	6.910	11.990	18.900	0.404	4.288	0.001	48%
July	4.380	13.680	18.060	0.463	5.225	0.018	59%
August	3.650	12.780	16.430	0.433	4.540	0.113	59%
September	5.000	13.940	18.940	0.560	4.892	0.100	70%

³ Debt is written off in line with the council's debt policy.

3.46 Council Tax and NNDR Collection

3.47 The in-year collection rates at the end of September 2023 (Quarter 2) for Council tax and NNDR are shown below.

Council Tax 53.90% (0.22% down compared to same point during 2022/23)
 NNDR 64.36% (3.84% up compared to same point during 2022/23)

3.48 £4.31 million of Council Tax and £1.02 million NNDR remains uncollected from previous financial years. Collection of monies during the ongoing cost of living crisis

is challenging, however robust procedures are in place to pursue all monies owed to the Council, both for the current year and previous final years.

3.49 VAT

3.50 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.

3.51 The monthly VAT returns were submitted within the required deadlines during this quarter.

3.52 Key Performance Indicators - The VAT KPI's for 2023/24 are attached at Appendix B.

4. Resource Implications

4.1 Not applicable.

5. Legal implications

5.1 Not applicable.

6. Climate Change & Nature Implications

6.1 Not applicable.

7. Data Protection

7.1 Not applicable.

8. Comment from local member(s)

8.1 Not applicable.

9. Impact Assessment

9.1 Not applicable.

10. Recommendation

10.1 This report has been provided for information and there are no decisions required.

Contact Officer:	James Chappelle
Tel:	01597 826492
Email:	james.chappelle@powys.gov.uk
Head of Service:	Jane Thomas

Appendix A – Update provided by Link Group on the 30th September 2023

Economics Update

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting

closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year.

Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

Appendix B - VAT - Key Performance Indicators

Creditor Invoices

VAT return for	N° of high value Creditor invoices checked	N° of Creditor invoices highlighted as requiring "proper" document for VAT recovery	% of creditor invoices checked requiring "proper" document for VAT recovery
Apr-23	237	4	1.7%
May-23	247	1	0.4%
Jun-23	316	0	0.0%
Jul-23	262	5	1.9%
Aug-23	341	3	0.9%
Sep-23	305	6	2.0%

There has been a small increase due to housing maintenance service putting through payment vouchers instead of invoices. Whilst this practice is legitimate, accounting for VAT on these should not take place until the correct invoice is received.

Income Management Entries

VAT return for	N° of entries checked by formula per the ledger account code used	N° of entries needing follow up check (but not necessarily incorrect).	% of entries needing follow up check
Apr-23	789	0	0.0%
May-23	1,775	3	0.2%
Jun-23	1,116	3	0.3%
Jul-23	1,058	4	0.4%
Aug-23	1,063	0	0.0%
Sep-23	996	2	0.2%

Note. The sampling threshold amount for Income Management Entries will be increased in Q3 and beyond based on current performance.

Debtor Invoices

VAT return for	N° of Debtor invoices checked	N° of checked debtor invoices with incorrect VAT code used	% of debtor invoices with incorrect VAT code
Apr-23	117	0	0.0%
May-23	90	0	0.0%
Jun-23	95	0	0.0%
Jul-23	130	0	0.0%
Aug-23	102	0	0.0%
Sep-23	131	1	0.8%

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	N° of transactions for which paperwork requested for checking	Resolvable errors discovered	Value of VAT potentially claimable but recharged to budget due to non-response	N° 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-23	106	1	£304.15	13	12.3%	£109.29
May-23	98	2	£522.91	6	6.1%	£323.64
Jun-23	76	3	£253.95	9	11.8%	£714.08
Jul-23	123	6	£1,382.45	9	7.3%	£912.88
Aug-23	40	4	£1,036.15	0	0.0%	£0.00
Sep-23	119	11	£1,092.63	10	8.4%	£1,686.04

Chargebacks to service areas

The upload of appropriate documents to the BSM (Barclaycard Spend Management 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 amount charged back to service areas is £69,126 to date. The breakdown of this is as follows:

Potentially correctable errors

Reason	£
Not a tax invoice	44,822
VAT registration not shown on invoice	1,062
No invoice uploaded to purchase card system	17,052
Invoice(s) do not match payment	482
Total	63,418

Other errors

Reason	£
Non-domestic VAT	632
No tax on invoice	1,101
Supply not to Powys County Council	3,423
Over-accounting for VAT	508
Internal payments	44
Total	5,708

A breakdown by service is shown below.

Service	Not A Tax Invoice	VAT Reg Not Shown On Invoice	No Invoice Uploaded To BSM	Invoices Do Not Match Payment	Foreign VAT	No Tax On Invoice	Supply Not To PCC	Over accounting For VAT	PCC Internal Payment	Discovered Recoverable VAT
Revenue										
Schools Delegated Budgets	2,666		7,402	291	71	1,039	19	645	44	
Schools Service	2,234		532		40	17		37		
Adults	2,004		8							
Childrens	7,300		3,626							
Commissioning			3							
Highways, Transport & Recycling	13,946		210	191						
Community Development	784		84							
Property, Planning & Public Protection	4,000		(44)			39				
Housing General Fund		1,062	1,995				3,404			
Housing Revenue Account	4,448		913							
Finance			11							
Corporate Activities	20		238					(174)		(1,044)
Workforce & Organisational Development			165							
Economy & Digital Services	450		1,116		504					
Transformation & Communications			217		17					
Legal And Democratic			18							
Capital										
Childrens	256		445							
Highways, Transport & Recycling	6,424		5							
Housing Revenue Account	290		109							
Total	44,822	1,062	17,052	482	632	1,101	3,423	508	44	(1,044)

9

Powys County Council Governance and Audit Committee

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Internal Audit Adverse Reports (School Theme & Brecon High School)

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
Ian Halstead	Assistant Director (Powys) - SWAP

2. Why is the Committee being asked to consider the subject?

It is the responsibility of the Head of Internal Audit to make the Committee aware of any potential areas of significant control weakness or concern.

A cross-cutting piece of work was undertaken across schools in Powys that analysed wider patterns and trends across Governance and Finance. Whilst this piece of work was advisory i.e., without agreed actions, SWAP believe that the information outlined in the report may give further insight when it comes to considering the specific issues facing individual schools and the support that can be provided by the Council. The following reports are attached for consideration.

1. School Theme – Governance
2. School Theme - Finance

In addition, the Committee is asked to consider an internal report on Brecon High School with a “Limited Assurance” audit opinion. The main risks identified in the report are on Financial Management and Unofficial funds. The report is attached for information.

3. Brecon High School Internal Audit Report

Members can find further information on the regulatory control frameworks using the following links:

1. School Governors; Guide to the Law @ Gov.Wales
[School Governors' guide to the law | GOV.WALES](#)
2. Powys Scheme for financing of school @ Powys Public Website
https://en.powys.gov.uk/media/11740/Powys-Scheme-for-Financing-Schools/pdf/laPowys_Scheme_for_Financing_Schools_2023-24.pdf?m=1693903415507

3. Role of the Committee:

The Governance and Audit Committee’s role is to seek assurance that effective mitigation has been put in place to remediate any risks.

4. Key Questions:

The Governance and Audit Committee are asked to review the reports and the arrangements in place to ensure that:

- Management have implemented the agreed actions
- Assurance is received that the areas of risk are no longer present
- Appropriate Governance arrangements are in place
- Schools are adequately supported

Key Feeders (tick all that apply)

Strategic Risk	x	Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	x
Existing Commitment / Annual Report		Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan	x	Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members	x		
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	
Informing Policy Development		Evidence Gathering	
Risk	x	Corporate Improvement Plan	x
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	

Scope and Ambition

This review is based on responses in the Governance section of the self-assessment questionnaires, completed by 15 schools, during May 2022 to March 2023. Responses were received from 4 secondary/all through schools and 11 primary schools, together with Schools’ Governor Support Team and the Chair of Governors.

The objective was to ensure that the school has established whether the Governors play an active role in managing the school and controlling its budgets. The specific aim of this thematic review is to summarise and highlight the key themes that were evident in responses.

Key Findings

	Regular Governing Body meetings are held and documented. The frequency of financial meetings held differs greatly between schools. Having regular financial meetings would provide greater visibility if there were any financial issues.
	The Governing Body has agreed to the relevant performance documents within the required timeframe. However, only half of the schools have a business continuity and disaster recovery plan in place.
	Most of the policies have been approved. However, there is a lack of visibility centrally regarding this. The Support Services stated that no policy checklists had been received. By sharing the policies new ideas may be identified and shared throughout Powys.
	There is good visibility over the budget, although it is noted that Governors are not always given enough time to fully scrutinise the information. This may cause important information to be missed.
	The responses indicated that training was being undertaken. However, there is limited visibility centrally over what training has been undertaken and by whom.
	There is confusion within school surrounding Fraud Risks. Further guidance needs to be provided as to the controls that should be in place, and what to look out for.
	Improvement is needed with the inter working relationships and level of engagement between the schools and central teams. Greater visibility and better communication will allow issues to be raised and resolved quicker.

Page 433

Overview of Governance Assessments



- Assessed not to be in place/ operating ineffectively – requires significant improvement.
- Assessed to be partially in place – requires improvement.
- Assessed as in place/ operating effectively.

Gradients are used where there is a mixed assessment of the controls in place, for example when the majority of controls are in one area with a few important findings in another.

Governance- Schools Response

To ensure Governors play an active role in the management of the school and its budgets.

Inherent Risk

Control Assessment:

SSA Gov1

Findings in Support of the Assessment:

All Governors have completed and signed a Declaration of Business and Personal Interests.

73% of the responses stated that the declaration of interests has been completed, the remaining 27% were mostly completed. No one stated that none of the declaration of interests had been completed.

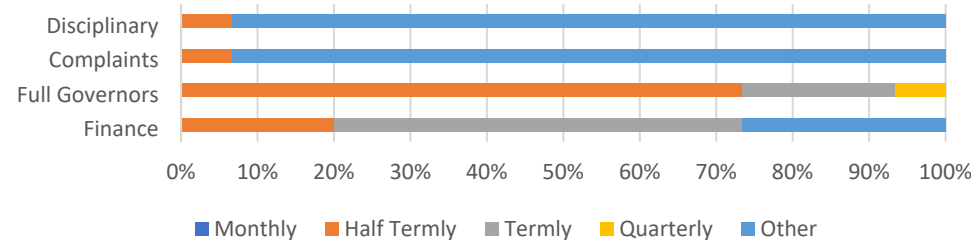
Control Assessment:

SSA Gov2

Findings in Support of the Assessment:

Appropriate sub-committees are in place and meet on a regular basis, whilst the Full Governors meetings take place on a half-termly basis. Minutes are taken of the meetings and approved by the Governing Body.

How often do the following Committees or Sub-Committees meet?



Finance committees should be undertaken regularly to ensure there is appropriate overview of the budget.

Control Assessment:

SSA Gov3

Findings in Support of the Assessment:

The Headteachers' roles and responsibilities have been approved by the Governing Body and defined for the delegation and budget management in the last 12 months.

All schools confirmed that the Headteachers' roles and responsibilities have been approved by the Governing Body and defined for the delegation and budget management in the last 12 months.

Control Assessment:

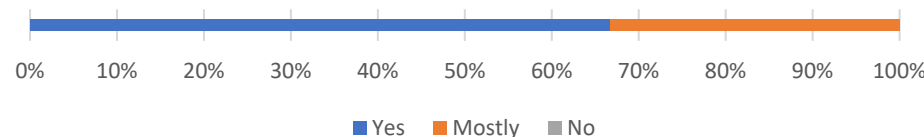
SSA Gov4

Findings in Support of the Assessment:

The school uses and has in place mandatory policies which are presented to the Governing Body on an annual basis for approval.

All Schools confirmed that there are statutory policies in place. However, only 10 schools said that policies were presented to the governors on a timely basis.

Are policies presented to Governors for approval on a timely basis?



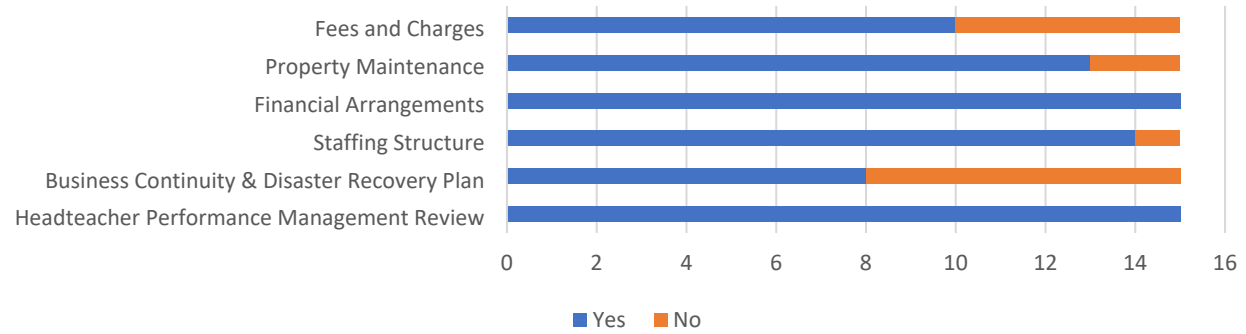
Control Assessment:

SSA Gov5

Findings in Support of the Assessment:

The Governing Body has agreed or performed the Headteachers review, Headteachers delegation, staff structure, Business Continuity & Disaster Recovery Plan, Financial Arrangements, Property Maintenance and Fees & Charges on an annual basis.

Have the following been agreed/performed by the Governing Body in the last 12 months ?



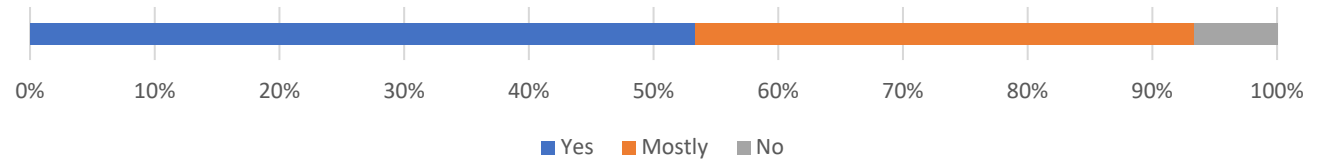
Control Assessment:

SSA Gov6

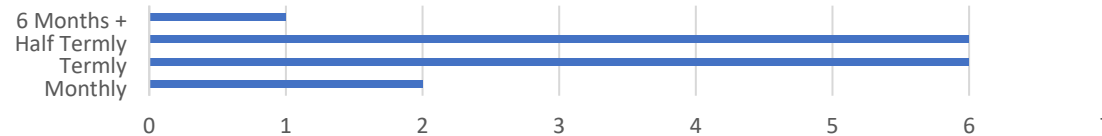
Findings in Support of the Assessment:

Detailed budget monitoring reports are seen by the Governing Body on a termly basis, ideally these should be reviewed by the Governing Body monthly.

Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?



How often does the Governing Body receive a detailed Budget Monitoring Report?



Control Assessment:	SSA Gov7	Findings in Support of the Assessment:																				
The Governors have attended the mandatory training within agreed timescales.		<p>The majority of training has been undertaken within the required timescales. The graph below displays the breakdown of training.</p> <p>Have Governors completed the mandatory training within the allotted timescales?</p> <table border="1"> <caption>Have Governors completed the mandatory training within the allotted timescales?</caption> <thead> <tr> <th>Category</th> <th>Yes</th> <th>No</th> <th>Completed outside of timescales</th> </tr> </thead> <tbody> <tr> <td>All Governors - Data training within 12 months</td> <td>11</td> <td>1</td> <td>4</td> </tr> <tr> <td>All Governors - Induction training within 12 months</td> <td>12</td> <td>1</td> <td>3</td> </tr> <tr> <td>Clerk - Clerk training within 12 months</td> <td>14</td> <td>1</td> <td>1</td> </tr> <tr> <td>Chairman (training within 6 months)</td> <td>14</td> <td>1</td> <td>1</td> </tr> </tbody> </table>	Category	Yes	No	Completed outside of timescales	All Governors - Data training within 12 months	11	1	4	All Governors - Induction training within 12 months	12	1	3	Clerk - Clerk training within 12 months	14	1	1	Chairman (training within 6 months)	14	1	1
Category	Yes	No	Completed outside of timescales																			
All Governors - Data training within 12 months	11	1	4																			
All Governors - Induction training within 12 months	12	1	3																			
Clerk - Clerk training within 12 months	14	1	1																			
Chairman (training within 6 months)	14	1	1																			

Control Assessment:	SSA Gov8	Findings in Support of the Assessment:
There are currently no Governor vacancies.		53% of the responses stated that there were governor vacancies.

Control Assessment:	SSA Gov9	Findings in Support of the Assessment:								
The Governing Body has fully considered the risk of fraud at the school.		<p>Do you assess and report on the risk of fraud (in the school) to the Governors?</p> <table border="1"> <caption>Do you assess and report on the risk of fraud (in the school) to the Governors?</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>20%</td> </tr> <tr> <td>Partially</td> <td>33%</td> </tr> <tr> <td>No</td> <td>47%</td> </tr> </tbody> </table>	Response	Percentage	Yes	20%	Partially	33%	No	47%
Response	Percentage									
Yes	20%									
Partially	33%									
No	47%									

Control Assessment:	SSA Gov10	Findings in Support of the Assessment:
The school has taken steps to protect against fraud risks in the form of:		There is disparity in the way fraud risks are approached. There seems to be some confusion about what classifies as a fraud risk and any actions that may need to be introduced by the school.

Page 436

Governance – Chair of Governors

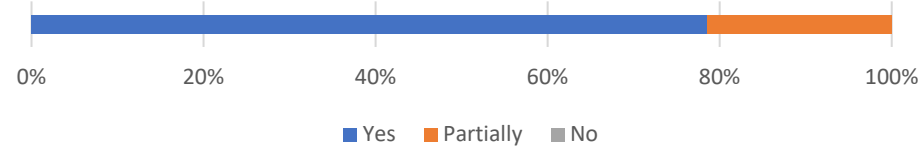
Control Assessment:

Ext CGov1

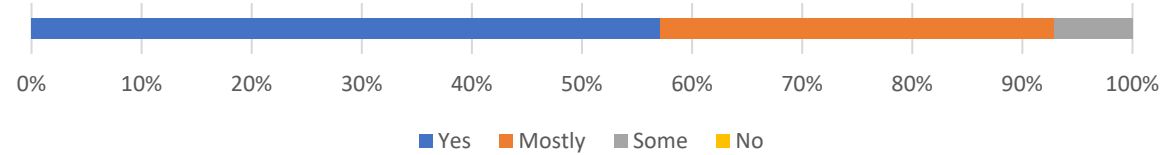
Findings in Support of the Assessment:

The school uses and has in place mandatory policies which are presented to the Governing Body on an annual basis for approval.

Do you have all of these Statutory Policies?



Does the Governing Body review the Statutory Policies within the appropriate time ?



Page 437

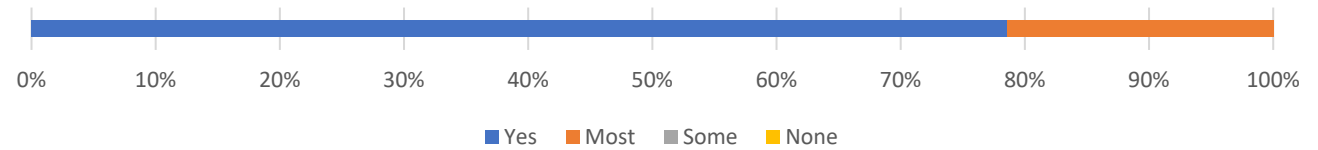
Control Assessment:

Ext CGov2

Findings in Support of the Assessment:

All Governors have completed and signed a declaration of Business and Personal interests.

Does the Governing Body understand conflicts of interest, and have you completed and signed a Declaration of Business Interest form within the last 12 months?



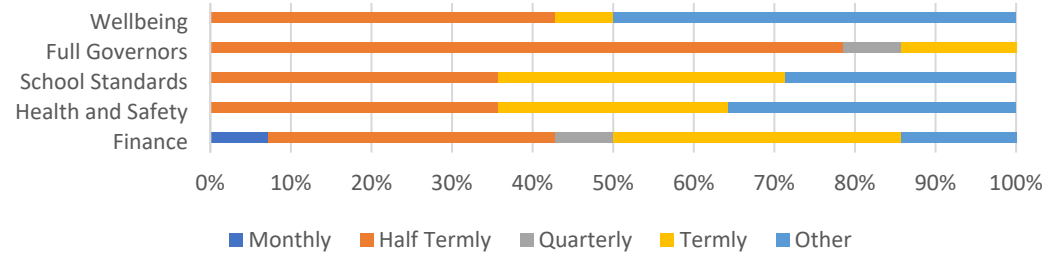
Control Assessment:

Ext CGov3

Findings in Support of the Assessment:

Appropriate sub-committees are in place and meet on a regular basis, whilst the Full Governors meetings take place on a half-termly basis. Minutes are taken of the meetings and approved by the Governing Body.

How often do the following Committees or Sub Committees meet?



It was stated within the questionnaires that all the governing body meetings were formally documented and approved. However, only 60% of the committee meetings were documented.

Page 438

Control Assessment:

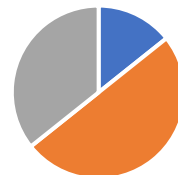
Ext CGov4

Findings in Support of the Assessment:

Detailed monthly budgets are presented to the Governing Body for scrutiny. There are controls in place to ensure that the Governors have oversight of the budgeting processes.

All the chair of governors that responded confirmed that the governors discuss the financial position of the school.

How often do the Governing Body receive a Budget Monitoring Report ?



- Monthly
- Half Termly
- Termly
- 6 Months +
- Never

Does the budget setting process allow sufficient time for the governing body to scrutinise and challenge the information provided?



- Yes
- Partly
- No
- Other

92% of the responses confirmed that they had seen and approved the latest 3-year balanced budget.

There were three common concerns that were raised within the questionnaire which were the increase in pupil numbers, staffing issues, and budget concerns.

Control Assessment:	Ext CGov5	Findings in Support of the Assessment:
<p>The Governors have attended the mandatory training within agreed timescales. The school has a training plan in place for the Governors to assess the school's needs. The governors have appropriate skills to fulfil their roles.</p>		<p>Have all governors attended their mandatory training within the agreed timescales?</p> <p>Do you have a training plan?</p> <p>One of the comments received by the Chair of Governors stated, 'Training is organised centrally by Powys, anything outstanding we should be told by them'.</p> <p>92% of responses displayed that the governing body felt they had adequate and up-to-date financial skills among its members to fulfil its role of challenge and support in the field of budget management and value for money</p>

Control Assessment:	Ext CGov6	Findings in Support of the Assessment:
<p>The Governing Body has fully considered the risk of fraud at the school.</p>		<p>Only two chairs of governors responded that the schools provided a report on the risk of fraud in the school. From the responses it was clear that there was some confusion over this area.</p>

Control Assessment:	Ext CGov7	Findings in Support of the Assessment:
<p>The Headteachers' roles and responsibilities have been approved by the Governing Body and defined for the delegation and budget management in the last 12 months.</p>		<p>12 School Governors confirmed that their school had approved the Headteacher's roles and responsibilities within the 12 months.</p> <p>Have the following been agreed/performed by the Governing Body in the last 12 months?</p>

Governance- School Governance Support

Control Assessment:	Ext SGov1	Findings in Support of the Assessment:
The Governors have attended the mandatory training within agreed timescales. The school has a training plan in place for the Governors to assess the school needs.		The school Governance Support team had an unclear picture regarding training. Two schools were reported as mostly attending, however all other responses stated, 'Don't Know'. It was also unclear what training was still outstanding.

Control Assessment:	Ext SGov2	Findings in Support of the Assessment:								
Appropriate sub-committees are in place and meet on a regular basis, whilst the Full Governors meetings take place on a half-termly basis. Minutes are taken of the meetings and approved by the Governing Body.		<p style="text-align: center;">Do the Govenors hold regular meetings to undertake their duties?</p> <table border="1"> <caption>Survey Results: Do the Govenors hold regular meetings to undertake their duties?</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>12%</td> </tr> <tr> <td>No</td> <td>0%</td> </tr> <tr> <td>Don't Know</td> <td>88%</td> </tr> </tbody> </table>	Response	Percentage	Yes	12%	No	0%	Don't Know	88%
Response	Percentage									
Yes	12%									
No	0%									
Don't Know	88%									

Page 440

Governance- School Support

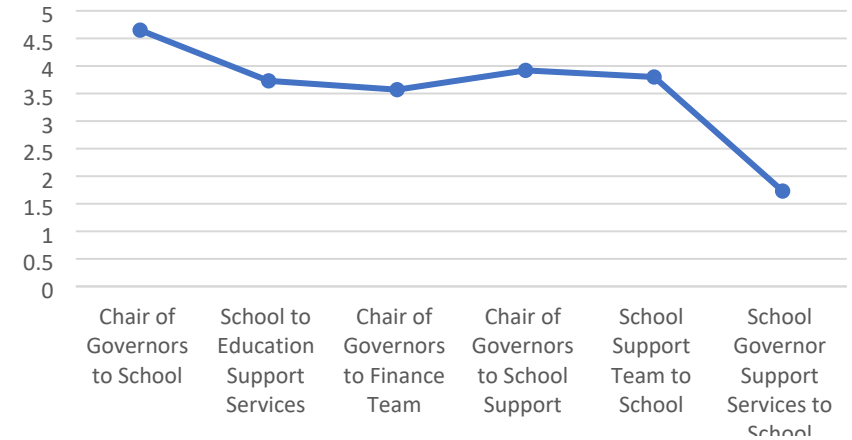
Control Assessment:	Ext SS 1	Findings in Support of the Assessment:														
The school uses and has in place mandatory policies which are presented to the Governing Body on an annual basis for approval.		<p>Audit received a response from the school support team for all 15 schools.</p> <p style="text-align: center;">What level of confidence do you have that the School has adopted and implemented the Statutory Policies?</p> <table border="1"> <caption>Survey Results: What level of confidence do you have that the School has adopted and implemented the Statutory Policies?</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Confident</td> <td>47%</td> </tr> <tr> <td>Likely</td> <td>46%</td> </tr> <tr> <td>Possibly</td> <td>7%</td> </tr> </tbody> </table> <p style="text-align: center;">Do they submit the policy checklist to you?</p> <table border="1"> <caption>Survey Results: Do they submit the policy checklist to you?</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>0%</td> </tr> <tr> <td>No</td> <td>100%</td> </tr> </tbody> </table>	Response	Percentage	Confident	47%	Likely	46%	Possibly	7%	Response	Percentage	Yes	0%	No	100%
Response	Percentage															
Confident	47%															
Likely	46%															
Possibly	7%															
Response	Percentage															
Yes	0%															
No	100%															

Support & Engagement

Within the questionnaires that were sent, responders were asked whether they felt they were provided with enough support or engagement from the school and central teams. Below are the average scores given during the questionnaires.

Working Relationship	Responder	Average Score
School – Chair of Governors	Chair of Governors	4.65
Education Support Services- School	School	3.73
Chair of Governors – Finance Team	Chair of Governors	3.57
Chair of Governors – School Support	Chair of Governors	3.92
School Support Team– School	School Support Team	3.80
School Governor Support Services – School	School Governor Support Services	1.73

Average ratings of the working relationships, (1 being poor, 5 being excellent)



Further details, including the explanations of these scores can be found in School Thematic Review- Governance Support Reviews.

A good working relationship across all areas is important to ensure that both the council's and school's goals are achieved. Better collaboration will also help to share the skills and innovative ideas across both parties.

This page is intentionally left blank

Scope and Ambition

This review is based on responses in the finance section of the self-assessment questionnaires, completed by 15 schools, during May 2022 to March 2023. Responses were received from 4 secondary/all through schools and 11 primary schools, together with Powys County Council Schools' Finance Support Team.

The objective was to ensure that the school has established a formal budget planning process and that performance against budget is reported regularly, with appropriate action taken to correct significant variances. The specific aim of this thematic review is to summarise and highlight the key themes that were evident in responses.

Key Findings

	There is a difference in opinion between the School and School Service as to what a realistic and sustainable budget looks like. Further guidance should be given to help gain a co-ordinated approach to budget strategies.
	It was displayed within the questionnaire that Primary school's hand reasonable control over the budgets, however all through school and High schools struggled with the current budgetary restrictions.
	Not all schools are procuring in line with the Councils rules. Valid VAT invoices are not being consistently attached within the Barclaycard system and purchase orders are not always being raised before a purchase has been made.
	Approved financial reports are sent monthly to the schools with 80% of schools always checking payroll expenditure monthly. A third of schools sent monthly accounts to the Finance team. Greater visibility would enable the central team to give additional support to school-based staff in areas of concern.
	67% of the schools felt they were supported by the Finance team. 73% of the schools gave ratings of 4 or higher (5 being excellent).
	It was felt that less than 50% of the schools fully engage with the central finance team. 60% of all schools received a rating of 3 or lower.

Page 443

Overview of Governance Assessments



- Assessed not to be in place/ operating ineffectively – requires significant improvement.
- Assessed to be partially in place – requires improvement.
- Assessed as in place/ operating effectively.

Gradients are used where there is a mixed assessment of the controls in place, for example when most controls are in one area with a few important findings in another.

Theme 1: Finance

To ensure that the school has established a formal budget planning process and performance against budget is reported regularly, appropriate action is taken to correct significant variances.

Inherent Risk

Control Assessment:

SSA Fin1

Findings in Support of the Assessment:

The school has a realistic, sustainable, and flexible financial strategy in place for at least 3 years, based on realistic assumptions about future funding, pupil numbers and pressures. There are appropriate procedures in place to create a realistic spending plan.

Schools Responses:

13 – yes; Explanations provided for the remaining 2 schools:

- No - as we're in the transformation process so our budget is just up to August 2023
- Balanced budget has been set but not licenced this year due to the failure of PCC to fund support needed for pupils with ALN and disabilities.

(Neither of these 2 schools have a deficit budget.)

Finance Team Responses

Yes- 10, No- 5

Although most schools are said to have a financial strategy in place, it is clear there is a difference in opinion between the schools and the central teams as to whether there is a realistic, sustainable and flexible plan in place.

Have the school submitted a 3-year budget forecast?	Yes – 12; No -3
Is the school running with a deficit balance?	Yes – 4; No-11
Is the deficit budget licenced?	Of those who replied 'yes' to previous question: Yes – 1; No - 3
Have the school produced an approved Recovery Plan/Business Case for the deficit budget?	Of those who replied 'yes' to running with a deficit balance: Yes – 0; No -4
Have the school submitted a 3-year budget forecast?	Yes – 12; No -3

Control Assessment:

SSA Fin2

Findings in Support of the Assessment:

Monthly financial reports are received from Powys Finance Department together with Collaborative Planning reports, which are monitored and approved by the Headteacher. There are controls in place to ensure that the schools monitor the budgetary spending.

Responses from the schools indicated that Schools received regular accounts reports from the finance team. It was commented from one of the central finance teams that Schools also have access to Collaborative Planning which provides up to date financial information and is updated daily.

All schools had their last financial surgery either in the Spring or Autumn 2022.

Control Assessment:	SSA Fin3	Findings in Support of the Assessment:																							
Approved monthly accounts are sent through to the finance team. There is viability of the schools spending on a regular basis.		There was a mixed response regarding whether reports are sent monthly to the Central Team.																							
		<table border="1"> <thead> <tr> <th colspan="2">Responses from the Schools</th> </tr> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>5</td> </tr> <tr> <td>Mostly</td> <td>4</td> </tr> <tr> <td>No</td> <td>6</td> </tr> </tbody> </table>	Responses from the Schools		Response	Count	Yes	5	Mostly	4	No	6	<table border="1"> <thead> <tr> <th colspan="2">Responses from the Finance Team</th> </tr> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>5</td> </tr> <tr> <td>Mostly</td> <td>3</td> </tr> <tr> <td>Sometimes</td> <td>3</td> </tr> <tr> <td>No</td> <td>4</td> </tr> </tbody> </table>	Responses from the Finance Team		Response	Count	Yes	5	Mostly	3	Sometimes	3	No	4
Responses from the Schools																									
Response	Count																								
Yes	5																								
Mostly	4																								
No	6																								
Responses from the Finance Team																									
Response	Count																								
Yes	5																								
Mostly	3																								
Sometimes	3																								
No	4																								

Control Assessment:	SSA Fin4	Findings in Support of the Assessment:									
Payroll expenditure reports are checked monthly, this includes any additional payments. There is visibility of payroll procedures monthly to help prevent fraudulent transactions.		The responses display that 80% of the schools have monthly reviews of the expenditure reports. Although, others review them less frequently there is visibility over payroll expenditure reports.									
		<p style="text-align: center;">Are Payroll reports are reviewed on a monthly basis</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Yes</td> <td>12</td> </tr> <tr> <td>Mostly</td> <td>2</td> </tr> <tr> <td>Sometimes</td> <td>1</td> </tr> </tbody> </table>		Response	Count	Yes	12	Mostly	2	Sometimes	1
Response	Count										
Yes	12										
Mostly	2										
Sometimes	1										

Page 445

Control Assessment:	SSA Fin5	Findings in Support of the Assessment:	
The school has confirmed that IR35 is applied to any off payroll working.		Where IR35 was relevant only one school stated that IR35 was not applied, however 6 other schools confirmed this was in place.	

Theme 2: Procurement **All purchases are made in line with Financial Regulations** **Inherent Risk**

Control Assessment: SSA Proc1
 There is a clear segregation of duties with all purchases being approved by a secondary officer. This helps to prevent fraudulent or unapproved transactions

Findings in Support of the Assessment:
 All schools confirmed that there was clear segregation of duties when procuring goods and services.

Control Assessment: SSA Proc2
 Invoices are attached within the Barclay Card system, with VAT invoices being used when claiming back the VAT. This is in line with Powys Policies.

Findings in Support of the Assessment:
 The majority of schools confirm that valid VAT invoices were attached within the system. The responses are shown in the graph below.

Valid VAT invoices are attached in the Barclaycard System

Response	Number of Schools
No	1
Mostly	4
Yes	10

Control Assessment: SSA Proc3
 Monthly reviews are undertaken by the budget holder on purchases. To ensure that there is visibility of spending, and that no fraudulent purchases have been made.

Findings in Support of the Assessment:
 The 10 schools review purchases monthly, however 5 schools review this weekly to ensure no fraudulent purchases have been placed.

Frequency of reviews are undertaken on purchases

Frequency	Number of Schools
Monthly	10
Weekly	5

Control Assessment: SSA Proc4
 All purchase orders are raised before goods and services are received. This is in line with Powys No Po No Pay policy.

Findings in Support of the Assessment:
 There is a mixed approach to raising purchase orders before goods and services are received. This is not in line with the Councils Procurement Rules.

Purchase orders are raised before goods and received

Response	Number of Schools
Other	1
No	2
Mostly	6
Yes	6

Page 46

Control Assessment:	SSA Proc5	Findings in Support of the Assessment:						
All invoices are passed for payment within 10 days of receiving them		It was confirmed by the schools that most invoices were processed on a timely basis.						
		<p>Invoices passed for payment on a timely basis</p> <table border="1"> <caption>Data for Invoices passed for payment on a timely basis</caption> <thead> <tr> <th>Response</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Mostly</td> <td>2</td> </tr> <tr> <td>Yes</td> <td>13</td> </tr> </tbody> </table>	Response	Count	Mostly	2	Yes	13
Response	Count							
Mostly	2							
Yes	13							

Theme 3: Income	Appropriate procedures and controls are in place for monies due direct to the school budget.	Inherent Risk
Control Assessment:	SSA Inc1	Findings in Support of the Assessment:
The school is used for lettings.		All Schools who specific that they had lettings had a letting policy.

Control Assessment:	SSA Inc2	Findings in Support of the Assessment:										
Invoices are raised to collect outstanding debt.		There is a mixture of ways schools raise invoices.										
		<p>Methods used by the Schools when raising invoices</p> <table border="1"> <caption>Data for Methods used by the Schools when raising invoices</caption> <thead> <tr> <th>Method</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Unknown</td> <td>3</td> </tr> <tr> <td>In-house using efinancials</td> <td>1</td> </tr> <tr> <td>In-house by school</td> <td>5</td> </tr> <tr> <td>Central School Support Team</td> <td>6</td> </tr> </tbody> </table> <p>Two schools that did not specify the method used to raise invoices had outstanding debt. However, it is noted that this debt is less than £200.</p>	Method	Count	Unknown	3	In-house using efinancials	1	In-house by school	5	Central School Support Team	6
Method	Count											
Unknown	3											
In-house using efinancials	1											
In-house by school	5											
Central School Support Team	6											

Page 447

Theme 4: Unofficial Funds		Sound controls are maintained, and appropriate procedures are followed in relation to school voluntary funds.	Inherent Risk																																																												
Control Assessment:	SSA Un1	Findings in Support of the Assessment:																																																													
A set of annual accounts are produced and audited on an annual basis. There are checks to determine that the accounts are credible and that they provide a true and fair picture.		14 schools hold and maintain a school fund bank account. Two schools had not audited the accounts at the time the questionnaire was answered. One provided the explanation that they had lost their regular auditor during the covid-19 Lockdown.																																																													
		<table border="1"> <thead> <tr> <th>ID</th> <th>Current balance</th> <th>Accounts audited on an annual basis?</th> <th>Last Date accounts were audited</th> </tr> </thead> <tbody> <tr><td>1</td><td>£1,017.00</td><td>Yes</td><td>14/10/2021</td></tr> <tr><td>2</td><td>£3,063.00</td><td>Yes</td><td>01/02/2023</td></tr> <tr><td>3</td><td>£16,420.57</td><td>Yes</td><td>15/10/2021</td></tr> <tr><td>4</td><td>£1,086.31</td><td>Usually,</td><td>04/07/2019</td></tr> <tr><td>5</td><td>£13,937.51</td><td>Yes</td><td>28/02/2022</td></tr> <tr><td>6</td><td>£35,446.00</td><td>Yes</td><td>08/07/2021</td></tr> <tr><td>7</td><td>£29,188.00</td><td>Yes</td><td>01/10/2021</td></tr> <tr><td>8</td><td>£400.57</td><td>Yes</td><td>20/09/2022</td></tr> <tr><td>9</td><td>£131,199.08</td><td>No</td><td>24/05/2018</td></tr> <tr><td>10</td><td>£4,320.45</td><td>Yes</td><td>26/09/2022</td></tr> <tr><td>11</td><td>£7,000.00</td><td>Yes</td><td>22/09/2022</td></tr> <tr><td>12</td><td>£6,297.29</td><td>Yes</td><td>06/07/2022</td></tr> <tr><td>13</td><td>£41,233.72</td><td>Yes</td><td>05/10/2022</td></tr> <tr><td>14</td><td>£5,830.33</td><td>Yes</td><td>27/02/2023</td></tr> </tbody> </table>		ID	Current balance	Accounts audited on an annual basis?	Last Date accounts were audited	1	£1,017.00	Yes	14/10/2021	2	£3,063.00	Yes	01/02/2023	3	£16,420.57	Yes	15/10/2021	4	£1,086.31	Usually,	04/07/2019	5	£13,937.51	Yes	28/02/2022	6	£35,446.00	Yes	08/07/2021	7	£29,188.00	Yes	01/10/2021	8	£400.57	Yes	20/09/2022	9	£131,199.08	No	24/05/2018	10	£4,320.45	Yes	26/09/2022	11	£7,000.00	Yes	22/09/2022	12	£6,297.29	Yes	06/07/2022	13	£41,233.72	Yes	05/10/2022	14	£5,830.33	Yes	27/02/2023
ID	Current balance	Accounts audited on an annual basis?	Last Date accounts were audited																																																												
1	£1,017.00	Yes	14/10/2021																																																												
2	£3,063.00	Yes	01/02/2023																																																												
3	£16,420.57	Yes	15/10/2021																																																												
4	£1,086.31	Usually,	04/07/2019																																																												
5	£13,937.51	Yes	28/02/2022																																																												
6	£35,446.00	Yes	08/07/2021																																																												
7	£29,188.00	Yes	01/10/2021																																																												
8	£400.57	Yes	20/09/2022																																																												
9	£131,199.08	No	24/05/2018																																																												
10	£4,320.45	Yes	26/09/2022																																																												
11	£7,000.00	Yes	22/09/2022																																																												
12	£6,297.29	Yes	06/07/2022																																																												
13	£41,233.72	Yes	05/10/2022																																																												
14	£5,830.33	Yes	27/02/2023																																																												
		Concerns surrounding the size of the balance of the unofficial funds were raised within the individual audits of each school.																																																													

Page 448

Control Assessment:	SSA Un2	Findings in Support of the Assessment:	
No delegated budget money is paid into the school fund. There are controls in place to ensure that the budget is not mis-spent.		3 Schools stated that ‘Some income is received and transferred back into the budget at a later date’ however 11 schools confirmed that no delegated funding was paid into the school fund.	

Control Assessment:	SSA Un3	Findings in Support of the Assessment:	
Non-school items are not purchased from the delegated budget.		All 14 schools confirmed that non-school items are not bought from the school budget to save on the VAT.	

Engagement

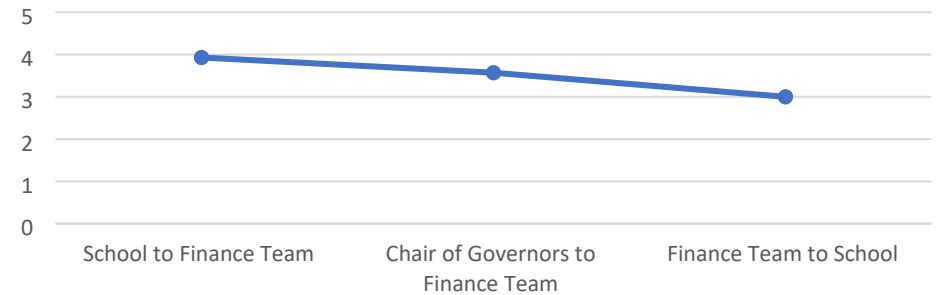
Within the questionnaires that were sent, responders were asked whether they felt they were provided with enough support or engagement from the school and central teams. Below are the average scores given during the questionnaires.

Working Relationship	Responder	Average Score
School to Finance Team	School	3.93
Chair of Governors to Finance Team	Chair of Governors	3.57
Finance Team to School	Finance Team	3

Further details, including the explanations of these scores can be found in School Thematic Review- Finance Support Reviews.

A good working relationship across all areas is important to ensure that both the Council’s and Schools goals are achieved. Better collaboration will also help to share the skills and innovative ideas across both parties.

Average ratings of the working relationships, (1 being poor, 5 being excellent)



This page is intentionally left blank

Brecon High School

360° Control Assessment

Page 451

Issue Date: 4th October 2023

Unrestricted

Summary

Overall Assurance Opinion



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

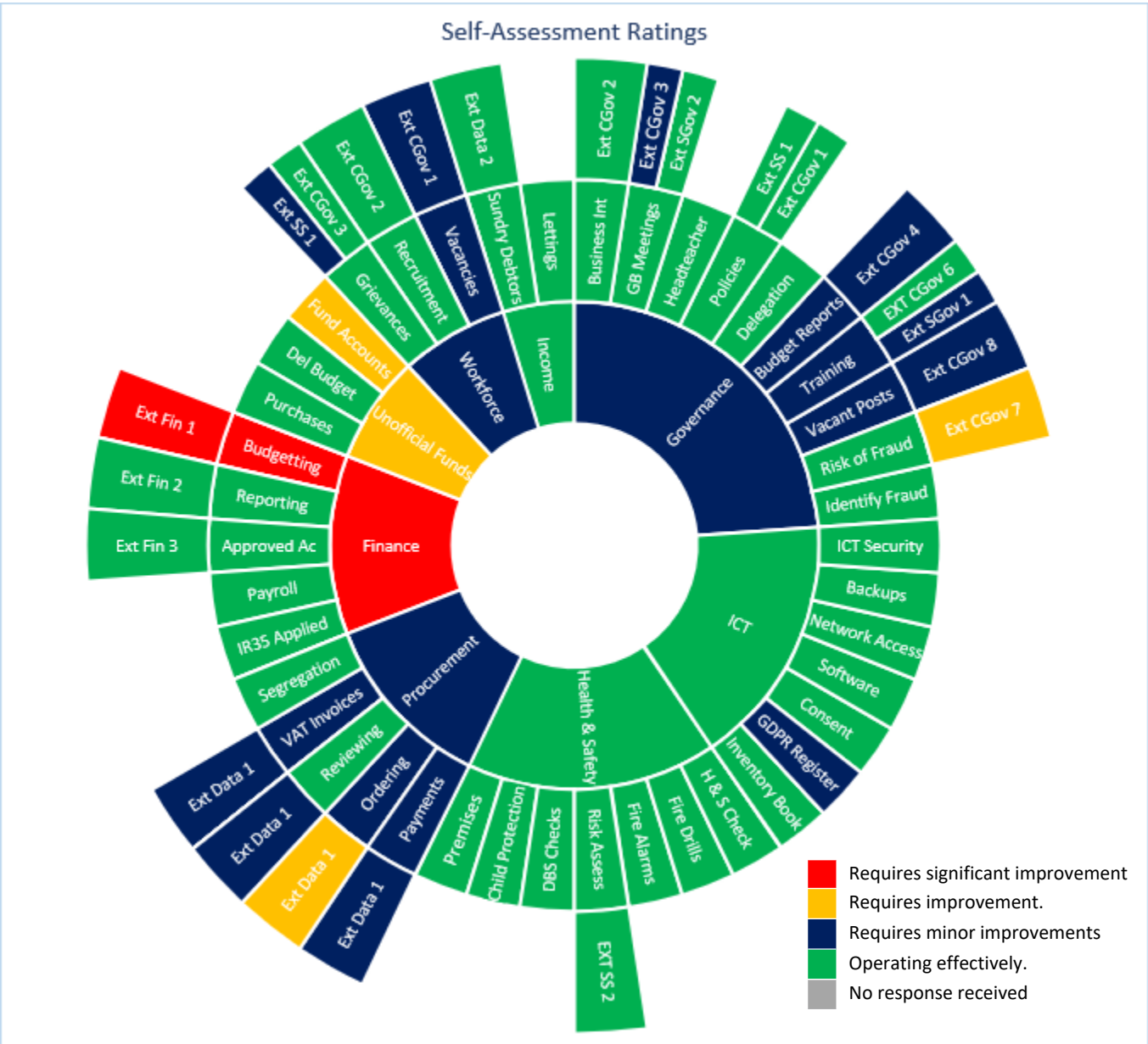
Number of Actions and Status

Priority	Total Number	Agreed By School	Not Agreed by School
Priority one	1	1	
Priority two	1	1	
Priority three	11	11	







Background and Scope of the Audit

This report is based on the self-assessment questionnaire completed by the school and various external support elements such as the Chair of Governors, Powys County Council Schools Finance and Schools Support Teams.

The Chart to the right shows the perceived score from both the school (second ring starting SSA) and the external support (outer ring starting Ext). These scores feed into an overall score for each of the seven areas assessed (third ring).



Key Findings and Agreed Actions

 Governors	<p>The school have satisfactory governance arrangements in place and the Governors play an active role in the management of the school and its budgets. Areas of concern that require improvement are:</p> <ul style="list-style-type: none"> • The school have not formally reported on the risk of fraud to the Governing Body for approval. • Detailed budget monitoring reports are presented on a termly basis. • The Headteachers roles and responsibilities have not been approved by the Governing Body and defined for the delegation and budget management. • The school have all the statutory policies in place, although not all have been reviewed.
 ICT	<p>Good controls ensure ICT security is monitored and controlled, and the school receive support from their in-house ICT Unit. The only area of concern was that the school do not maintain a complete GDPR Information Asset Register.</p>
 Health & Safety	<p>Health and Safety procedures are in place and regularly reviewed.</p>
 Procurement	<ul style="list-style-type: none"> • The school have satisfactory controls and adequate separation of duties to ensure that purchases are made in line with Financial Regulations. • The school have stated that most of the invoices are attached within the system, with the lack of invoices the school will be recharged the unrecoverable VAT. • Purchase orders are mostly raised prior to receiving the goods. However, financial control and VAT accounting will be improved if all transactions are made through the corporate Eprocurement system. • On average, there is a lengthy delay when passing invoices for payment. There were 75 Instances of purchases being made without an appropriate Purchase Order being raised.
 Finance	<p>The main area for concern at the school is the management of the budget,</p> <ul style="list-style-type: none"> • The school are operating with an unlicensed budget. • The budget plan submitted in May was balancing in-year in future years, so the school was not requested to submit a recovery plan. The schools finance team are monitoring forecasts submitted to ensure this position continues. • Financial process and internal controls within the school need reviewing for robustness. • Uncertainty over the accuracy of the budget forecast submitted. <p>The school are currently working closely with the Schools Finance Support Team to create an in year balanced budget and operate within it. This is forecast for this year and the foreseeable future, with the school expected to make a small surplus every year which will go towards recovering their accumulative overspend.</p>
 Unofficial Funds	<p>The level of the voluntary funds are high (£131k) . The School stated that procedures are followed, but the voluntary fund accounts have not been formally audited in the last 5 years. This is in breach of section 2.8 of the Powys scheme for the financing of schools. Therefore, the Auditors cannot give any assurances that expenditure is legitimate and that the relevant controls are in place to protect against fraud.</p>



Workforce

Currently there are long-term vacancies at the school which result in the school using agency staff, and this has a negative impact on the budget. There are no known issues at the school.



Income

Appropriate procedures and controls are in place for monies due direct to the school budget. The school is used for letting with an appropriate lettings policy and booking form in place.

Other Comments

The opinion given in this report is based on historic data and the known position at the time of the audit. The Auditors recognise that there is a willingness by the school to operate within a balanced budget and has faced unforeseen expenditure that has had an impact on the ability to deliver this. A follow-up audit will be undertaken within the next 6 months to confirm that the agreed actions have been implemented.

Appendix 1: Findings

Agreed Action	Responsible Officer	Target date	Priority
The Governing Body or the Finance & Premises committee to review detailed budget reports monthly.	Governing Body	31/03/2024	3
Roles and responsibilities of the Headteacher will be approved.	Governing Body	31/03/2024	3
The school and Governors will review and report on the risk of fraud within the school.	Governing Body	31/03/2024	3
All policies will be presented to the Governing Body	Headteacher	31/03/2024	3
The school will ensure that a complete full complement of Governors is in place.	Headteacher	31/03/2024	3
A complete GDPR Information Asset Register will be maintained.	Headteacher	31/03/2024	3
All receipts will be attached within the Purchase Card system.	Headteacher	31/03/2024	3
Purchase orders will be raised prior to receiving the goods.	Headteacher	31/03/2024	3
All invoices will be processed and approved for payment within the appropriate timescale.	Headteacher	31/03/2024	3
The school will comply with the regulations stipulated in the Scheme of Financing for Schools and produce an approved balanced budget and recovery plan and achieve it.	Headteacher	31/03/2024	1
Financial processes and internal controls within the school will be reviewed for robustness.	Headteacher	31/03/2024	3
Additional training will be introduced for financial related matters.	Headteacher	31/03/2024	3
The previous 4 years and current years school fund accounts will be audited and completed annually thereafter. Copies of all the audited accounts to be issued to SWAP Internal Audit Services upon completion	Headteacher	31/03/2024	2

Theme 1: Governance Arrangements

To ensure Governors play an active role in the management of the school and its budgets.

Inherent Risk

<i>Chart ref</i>	<i>School Finding</i>	<i>Chart Ref</i>	<i>Chair of Governors (Ext CGov), Schools Governance Support Findings (Ext SGov) and School Support (Ext SS)</i>
<i>Business Int</i>	All of the Governors have completed and signed a declaration of Business and Personal interests.	<i>Ext CGov 2</i>	All governors understand conflicts of interest and the Chair of Governors has confirmed they have completed and signed a Declaration of Business Interest form within the last 12 months.
<i>GB Meetings</i>	Appropriate sub-committees are in place and meet on a regular basis, whilst the Full Governors meetings take place on a termly basis. Minutes are taken of the meetings and approved by the Governing Body.	<i>Ext SGov 2</i> <i>Ext CGov 3</i>	The schools Governors hold regular meeting to undertake their duties, which are minuted. The Full Governors, Finance and School Standards meetings are held on a termly basis. Minutes are presented for scrutiny.
<i>Headteacher</i>	The Headteachers roles and responsibilities have been approved by the Governing Body and defined for the delegation and budget management in the last 12 months.	<i>Ext CGov</i>	The Governing Body have not approved all the Headteachers roles and responsibilities in the last 12 months.
<i>Policies</i>	The school has all the statutory policies in place. All policies have been presented to the Governors for approval.	<i>Ext CGov 1</i>	Not all policies have been received for approval.
<i>Delegation</i>	The Governing Body has agreed or performed the Headteachers review, Headteachers delegation, staff structure, Financial Arrangements, Property Maintenance, Business Continuity & Disaster Recovery Plan and Fees and Charges on an annual basis.		
<i>Budget Reports</i>	Detailed budget monitoring reports are seen by the Governing Body on a half termly basis, ideally the Governing Body or appropriate sub-committee should review these monthly	<i>Ext CGov 4</i>	Detailed budgets are presented to the Governing Body for scrutiny termly.
<i>Training</i>	All Governors have attended the mandatory training within agreed timescales. All Governors induction training and Data training have been completed.	<i>Ext SGov 1</i> <i>Ext CGov 5</i>	The majority of Governors have attended their mandatory training. The LA Governor appointed in June 2022 still has the mandatory training to complete. All school Governors have attended their mandatory training.
<i>Vacant Post</i>	Currently there are two vacant Governing Body Posts at the school.		Currently the school has 2 vacant posts, which relate to 1 staff Governor, and Parent governor.
<i>Risk of Fraud</i>	The Governing Body have considered the risk of fraud at the school.	<i>Ext CGov 7</i>	The Governing Body have not considered the risk of fraud at the school. The Chair is not aware that fraud risks have been considered.
<i>Identify Fraud</i>	The school works with the Local Authority to discuss fraud and identify risk and the school also follows Local Authority's policies.	<i>Ext Gov 6</i>	

Theme 2: ICT Security & Assets

To ensure ICT security is monitored and controlled and to ensure the property and assets of the school are protected against loss or theft.

Inherent Risk

Chart ref	School Finding	Chart Ref	
Info	The school receives ICT support from their own inhouse provisions. The school will receive feedback from them.		
ICT Security	Security patches and anti-virus software are updated within a week of its release		
Backups	Computers are backed up in real time.		
Network Access	Access to the network is controlled with individuals are assigned rights based on their role or requirements.		
Software	An annual software licence reconciliation is carried out.		
Consent	The school has in place a parental consent form for pupils’ access to the schools’ computers.		
GDPR Register	The school does not maintain a complete GDPR Information Asset Register.		
Inventory Book	The school have an asset inventory book, which is reviewed annually.		
	The last inventory check took place on – 31 st May 2022		

Page 456

Chart ref	School Finding	Chart Ref	School Support Findings
H & S Check	The school has had a Health & Safety check in the last 12 months.		
Fire Drills	Fire drills and school lockdown drills are carried out on a termly basis.		
Fire Alarms	Fire alarms are tested weekly.		
Risk Assess	Up to date Risk Assessments have been carried out for fire, Health & Safety, Trips, outdoor equipment, building condition, fume extraction compliance and Keeping Learners Safe. The annual risk assessments have been submitted to the School Support Team. There were minor issues arising for the latest risk assessments that have been rectified.	EXT SS 1	All risk assessments have been received from the school. No issues have been reported.
Info	Policies exist for reporting accidents and incidents.		
DBS Checks	All staff, Governors, volunteers, cleaners, and kitchen staff have appropriate DBS checks in place.		
Child Protection	All teaching staff at the school have received Child Protection training.		
Premises	Appropriate controls are in place for the general security of the building.		

Theme 4: Procurement

All purchases are made in line with Financial Regulations

Inherent Risk

<i>Chart ref</i>	School Finding	<i>Chart Ref</i>	Finance Data Findings
<i>Info</i>	The school have a comprehensive purchasing guide which staff use.		
<i>Info</i>	The school use several purchase cards, an official order book and EProcurement when making purchases for goods and services.		
<i>Segregation</i>	There is a clear segregation of duties with all purchases being approved by a secondary officer.		
<i>VAT Invoices</i>	The school has confirmed that most of the invoices are attached within the Barclay Card system, with VAT invoices being used when claiming back the VAT.	<i>Ext Data 1</i>	The Purchase card data report highlighted that there was a total of 431 transactions of which 27 did not have the official receipt attached within the system. This represents 6.3% of the overall total. By not including the official receipts a total of £69.51 is unrecoverable VAT, all of which will be recharged back to the school.
<i>Reviewing Info</i>	Weekly reviews are undertaken by the budget holder on purchases.	<i>Ext Data 1</i>	All purchases are reviewed on a regular basis.
<i>Ordering</i>	Purchase orders are mostly raised before goods and services are received.	<i>Ext Data 1</i>	On average the school spend £2,136 a month with total transactions of 38.
<i>Payments</i>	Not all invoices are passed for payment within 10 days of receiving them	<i>Ext Data 1</i>	It is found that a total of £110,000 gross relating to 75 transactions had no PO
			On average payments are passed for payment within 51 days.

Theme 5: Finance

To ensure that the school has established a formal budget planning process and performance against budget is reported regularly, appropriate action is taken to correct significant variances.

Inherent Risk

<i>Chart ref</i>	School Finding	<i>Chart Ref</i>	School Finance Findings
<i>Info</i>	Balance at end of last Financial Year was – in deficit of £1,470,703		£1,470,703 deficit
<i>Budgeting</i>	The school does have a realistic sustainable and flexible financial strategy in place.	<i>Ext Fin 1</i>	<p>The schools are forecasting to balance in year 2024/25 with a prediction to reduce the deficit each year thereafter. The budget is unlicensed due to the scale of the cumulative deficit but subject to an agreement by Senior Management of the Council. A Warning Notice was issued in 2019 and continues to be in place.</p> <p>Deficit balances for the period: End of 2022/23 £1,717,436 End of 2023/24 £1,733,745 End of 2024/25 £1,692,342 End of 2025/26 £1,503,342 End of 2027/28 £1,293,446</p> <p>Whilst the school have prepared an informal financial proposal, they have not produced an approved recovery plan/business case for reducing a deficit budget The budget plan submitted in May was balancing in-year in future years, so the school was not requested to submit a recovery plan. The Schools finance team are monitoring forecasts submitted to ensure this position continues.</p> <p>PCC's Central Schools Finance team are not confident that the budget forecast submitted is achievable as there are large fluctuations in net expenditure between months.</p> <p>At the time of the audit (September 2022), the School's Finance Manager had been in post for 18 months and needed a lot of support from the central school's finance team. Financial processes and internal controls needed to be reviewed for robustness. The central Schools Finance team (with support from School Improvement and HR) were offering an in-depth finance and curriculum review to help the School identify potential options for reducing their net expenditure.</p> <p>The fluctuating balances and lack of confidence in the achievability of the budget forecast submitted is a significant risk and concern to the authority.</p>

<i>Info</i>	The school is in a deficit position, which is not licensed, and the school has not produced a Business Case or recovery plan for the deficit	<i>Info</i>	The school is forecasting a reduction in the deficit each year.
<i>Reporting</i>	Monthly financial reports are received from Powys Finance Department, which are monitored and approved by the Headteacher.	<i>Ext Fin 2</i>	Monthly reports are sent to the school, and the school has the facility to run Governors reports.
<i>Approved Ac</i>	Approved monthly accounts are being sent through to the finance team.	<i>Ext Fin 3</i>	Monthly accounts are generally received from the school.
<i>Payroll</i>	Payroll expenditure reports are checked monthly, this includes any additional payments.		
<i>IR35 Applied</i>	The school has confirmed that IR35 is applied to any off-payroll work.		
<i>Info</i>	At the time of the audit the last financial surgery had taken place on 9 th November 2022. There has since been one on 11 September 2023.		

Theme 6: Unofficial Funds

Sound controls are maintained, and appropriate procedures are followed in relation to school voluntary funds.

Inherent Risk

<i>Chart ref</i>	School Finding	<i>Chart Ref</i>	
<i>Info</i>	The school maintains an unofficial school fund bank account, the current balance is £131, 199		This is a high balance for a voluntary fund. School Officers are the stewards of these funds
<i>Annual Ac</i>	The school accounts have not been audited on an annual basis,		The voluntary fund accounts have not been audited for five years. It is an annual requirement of the school scheme of finance to maintain records, prepare accounts, undertake independent audits and present those to the parents.
<i>Info</i>	The last audit of accounts took place on – 24 th May 2018		
<i>Del Budget</i>	No delegated budget money is paid into the school fund.		Without formal accounts and independent audit, no assurance can be given in this area.
<i>Purchases</i>	Non-school items are not purchased from the delegated budget.		Without formal accounts and independent audit, no assurance can be given in this area.

Theme 7: Workforce

Effective recruitment processes are in place and issues/grievances are well managed.

Inherent Risk

<i>Chart ref</i>	School Finding	<i>Chart Ref</i>	Chair of Governors (Ext CGov) and Schools Support Findings (Ext SS)
<i>Vacancies</i>	The school currently have long terms vacancies that has a minor impact on the school's ability to operate efficiently.	<i>Ext CGov 1</i>	
<i>Recruitment</i>	The school struggle to recruit permanent members of staff that they have to rely on agency staff which has a detrimental impact on the school budget.	<i>Ext CGov 2</i>	
<i>Grievances</i>	There are currently no issues or grievances ongoing at the school	<i>Ext CGov 3 Ext SS 1</i>	Currently there are known grievances/complaints ongoing at the school.

Theme 8: Income

Appropriate procedures and controls are in place for monies due direct to the school budget.

Inherent Risk

<i>Chart ref</i>	School Finding	<i>Chart Ref</i>	Finance Data Findings
<i>Info</i>	Income received at the school is receipted. Income is locked within the safe prior to banking. Banking is carried out as soon as possible.		
<i>Info</i>	ParentPay is used by parents to pay for school meals and school trips. Currently there is a total of £775 in outstanding debts.	<i>Ext Data 1</i>	ParentPay Data reports highlight that the total debt outstanding is £1,716, of which £1,150 related to the Ski Trip for 2023 and £566 for the New York trip 2023.
<i>Lettings</i>	The school is used for lettings.		
<i>Info</i>	An appropriate booking form and lettings policy are in place.		
<i>Sundry Debtors</i>	Invoices are raised in-house using Efinancials.	<i>Ext Data 2</i>	

Springing Forward Asset Management – Powys County Council

Audit year: 2021-22

Date issued: August 2023

Document reference: 3743A2023

This document has been prepared for the internal use of Powys County Council as part of work performed/to be performed in accordance with Section 17 of the Public Audit (Wales) Act 2004, and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at info.officer@audit.wales.

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

This document is also available in Welsh.

Contents

The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring.

Summary report

Summary 4

Recommendations 5

Detailed report

The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring 7

The Council has a clear high-level Asset Management Strategy in place with links to its Corporate and Strategic Equality Plan 7

The Council is collaborating with internal and external partners on long-term property-related initiatives 9

The Council has developed high-level key performance indicators but there is opportunity to align and enhance business plans and performance monitoring 10

Summary report

Summary

What we reviewed and why

- 1 We reviewed the Council's arrangements for managing its assets with a focus on office accommodation and buildings from which the Council delivers services to its residents. We looked at how the Council strategically plans the use of its assets, how it monitors the use of its assets and how it reviews and evaluates the effectiveness of its arrangements.
- 2 We delivered this review as the world moves forward, using the experiences from the global COVID-19 pandemic, to look at how councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 3 We have undertaken this project at all councils as part of our 2021 audit plans to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 15 of the Well-being of Future Generations (Wales) Act 2015.
- 4 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 (the Act) we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is approaching seven years since the Act was passed and we are now into the second reporting period for the Act. Therefore, we would expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 5 Under the Act, councils must carry out sustainable development in accordance with the sustainable development principle. To do something in accordance with the sustainable development principle means that the Council must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. To act in that manner, the Council must take account of the five ways of working: long-term, integration, involvement, collaboration, and prevention. Statutory guidance on the Act sets out seven core organisational activities that it is essential that the sustainable development principle is applied to. Assets is one of those core organisational activities.
- 6 This review had three main aims:
 - to gain assurance that councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that councils are taking both individually and collectively to strengthen their arrangements; and

- to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 7 We undertook the review during the period November 2021 to May 2022 and updated it in May 2023.
- 8 The Council holds a wide range of building assets including: administrative buildings, leisure centres, libraries, schools, children’s centres, care homes, community centres, day centres and commercial properties. The value of the Council’s properties, excluding housing and infrastructure assets, is approximately £421 million.

What we found

- 9 Our review sought to answer the question: Is the Council’s strategic approach to its assets effectively helping the Council to strengthen its ability to transform, adapt and maintain the delivery of its services in the short and longer term?
- 10 Overall, we found that: The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring.
- 11 We reached this conclusion because:
- the Council has a clear high level Asset Management Strategy in place with links to its Corporate and Strategic Equality Plan;
 - the Council is collaborating with internal and external partners on long-term property-related initiatives; and
 - the Council has developed high-level key performance indicators but there is opportunity to align and enhance business plans and performance monitoring.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Asset Management Planning	
R1	To implement and achieve the objectives of the Asset Management Plan the Council should ensure there is alignment between the Strategy, Policy and business plans so that the strategy is driving operational delivery. .

Recommendations

Performance management

R2 The Council should improve the performance management of its assets to assure itself progress is being made on its Asset Management Plan by:

- developing a suite of actions and measures within the Property, Planning and Public Protection Integrated Business Plans that reflect the Council's ambitions for its assets; and
- benchmarking asset management approaches with other organisations.

Detailed report

The Council has developed a clear Asset Management Strategy but has not yet aligned its business plan and performance monitoring

The Council has a clear high-level Asset Management Strategy in place with links to its Corporate and Strategic Equality Plan

- 12 The Council recognises the importance assets have in the county's communities, and the role effective asset management has in enabling effective service provision. The Council also recognises decision making relating to assets can drive corporate objectives. This is particularly relevant to a Council with a large geographical area and allows asset management to be about opportunity as well as managing risk.
- 13 The Council has assets across a range of services and intended to rationalise its asset base before the pandemic began. The Council implemented a 'New Ways of Working Strategy' in September 2021 building on the different ways the Council had been delivering services since the beginning of the pandemic. Its New Ways of Working Strategy has categorised staff into three distinct groups:
 - Place Based Workers
 - On the Go Workers
 - Flexible Workers
- 14 The Council initiated a Strategic Asset Review in 2021. The aims of the review were to provide the Council with a clear methodology for effective asset management and business planning and to provide key decision makers with critical information to make informed decisions. The Council is in the early stages of implementing its vision on assets and it is too early to say whether the review has fully achieved its intended outcomes.
- 15 The impact of the pandemic and the requirement for people to work from home where possible expedited some of the Council's plans around more flexible and agile working, and this impacts how it uses its assets as a result. The Council approved a high-level Asset Management Strategy in October 2022 which is due for review in 2025.
- 16 The Asset Management Strategy provides a useful starting point for the Council's vision for its assets which is in part 'The efficient and effective acquisition, management, use and release of property assets is fundamental to sound financial management and the delivery of exemplary public services.' The Asset Management Strategy also provides strategic guidance to the Council's decision makers on asset management. But the Council should embed this vision in the service going forward to ensure it can implement and deliver intended outcomes.

- 17 The Council's recently approved Asset Management Strategy contains an action plan with four key areas.
- a) Condition assessments/surveys
 - b) User Reviews and Action Plans
 - c) A new Asset Management Policy
 - d) Asset Reviews
- 18 The Council has identified the condition and compliance of its assets could be a corporate risk if there is insufficient revenue for maintenance.
- 19 The Council is responding to the corporate risk relating to asset condition by creating arrangements within the service to address it both in the medium and longer term. This will help mitigate the possibility of unknown asset deterioration and help financial planning in relation to remedial work and repairs. The Council intends for all its assets to have further condition assessments/surveys on a minimum five-year rolling period by creating a relevant key performance indicator which requires 100% of Council assets to have had condition assessments/surveys by 2025-26.
- 20 The Council's future approach to asset management is to improve engagement with asset users through user reviews and action plans. The Council has developed another new key performance indicator requiring annual reviews of asset service users' and tenants' experience from 2023-24 onwards. The Council's intention is that information gathered from these annual reviews and any related action plans will inform 'user choice and corporate landlord decisions to deliver the Corporate Plan'. The Council will need to consider the practical implications of carrying out this large programme of activity on an annual basis, including the resources required and how it will respond to this volume and frequency of information.
- 21 The action plan within the Asset Management Strategy includes reviewing and refreshing the operational guidance relating to the management of its assets. This is contained in the Council's current Corporate Asset Policy which was updated in 2017 and provides day to day guidance for the use of assets by services. There are existing mechanisms within the Council's current Corporate Asset Policy for the community to benefit from Council assets under the Community Asset Transfer process and Disposal of Surplus Property guidance. The Corporate Asset Policy also contains criteria relating to the organisation hoping to take over the asset which must be community led. Communities must be able to use and enjoy any transferred assets in line with Council guidance. Having an option to transfer assets to community groups for public use helps the Council's services to support its Corporate Strategic Equality Plan and the aim to have well connected communities.
- 22 The Council's current Corporate Asset Policy also encourages collaboration and engagement with key stakeholders such as Registered Social Landlords and the Local Health Board where surplus property has been identified. This is positive and creates opportunity to increase income and maximise output from Council assets which may otherwise be unused.

- 23 Updating the current Corporate Asset Policy provides an opportunity for the Council to enhance the positive aspects of the current guidance and create better alignment with the newly updated Asset Management Strategy. This will strengthen the link between the sustainable development principle-based approach in the strategic guidance and the operational delivery of assets.
- 24 The action plan requires the Council's Strategic Property Team to undertake specific asset reviews (appraisals) every five years. The purpose of these appraisals is to consider relevant data and inform recommendations on the future of particular assets. This should provide better assurance for the Council that assets are regularly assessed for their purpose and future use.
- 25 The Council has designed a matrix within its Asset Management Strategy for assessing the future use of an asset using a broad range of considerations. These considerations have clear links to the objectives within the Council's updated Corporate and Strategic Plan 'Stronger, Fairer, Greener'.
- 26 This matrix-based review should help the Council demonstrate a consistent way of applying criteria which considers key aspects of both the Corporate and Strategic Equality Plan and elements of the Sustainable Development Principle. The matrix considers future demand for an asset and the social impacts of investing in or withdrawing an asset from a community. The matrix assessment encourages the Council to reflect on the long-term impact of asset value to its users and consider what assets represent in communities, which is often much more than the physical asset itself.

The Council is collaborating with internal and external partners on long-term property-related initiatives

- 27 The Council's vision in its Asset Management Strategy intends to 'promote collaboration' in the way it manages assets. This allows the Council to maximise opportunities in areas such as grant funding and joint asset use. The Council already has numerous examples of current asset collaboration with partners, reflecting aspects of the Council's strategic ambition. Our judgement is the Asset Management Strategy is likely to help encourage more asset collaboration going forward.
- 28 The Council continues to progress its joint asset projects with Powys Teaching Health Board, and the North Powys Wellbeing Programme is currently underway. This Programme will have medical and training facilities. The Council intends that one of the outcomes this new project could help ease some of its wider risks, such as a lack of social work resource, as the facility will provide training for future health and social care workers. This is an example of the role assets can play to help mitigate Council challenges in the medium to long term.
- 29 The pace and ambition at which the Council collaborates with assets since the pandemic have increased, and the New Ways of Working Strategy has created more flexibility for the Council to consider how it uses assets. This will help the Council be more agile in how it uses assets and maximises benefits.

- 30 The Council recognises that whilst financial considerations are not the only aspect to determine the future use of an asset, it is an important one. The Council's Strategic Asset Review is likely to help identify any potential future income and liabilities relating to its assets. In 2020-21 the Council achieved £2.098 million for corporate land and property capital receipts against a disposal target of £2 million.
- 31 The Council has integrated the management of its assets into other internal plans and strategies, which supports its Council-wide approach to asset management. This is positive and demonstrates how integral assets are in service design and delivery. The Workforce and Organisational Design Strategy for 2020-21 recognises agile working as a substantial part of its approach to organisational agility. The Council's Red Kite Climate Vision and Strategy 2021-2030 recognises the role its assets have in how the Council plans to achieve carbon zero by 2030 and become carbon net positive beyond 2030. There are five key areas within the Climate Vision and Strategy and 'Buildings' is one of them, with the aim to make the estate energy efficient and by using renewable energy solutions.

The Council has developed high-level key performance indicators but there is opportunity to align and enhance business plans and performance monitoring

- 32 The Council has developed a new suite of high-level Key Performance Indicators as part of the action plan in the Asset Management Strategy. These relate to:
- percentage of assets with condition assessment or condition survey within the last five years:
 - 2023-24 onwards – 100% of service areas and tenants have an annual asset review with clear action points as appropriate; and
 - 2023-24 – at least 25% of assets have had an asset review undertaken within the last five years (with this target rising to 100% by 2026-27).
- 33 The Council has not yet developed a clear line of sight between its strategic Asset Management Strategy, its updated operational Asset Management Policy, and its service level integrated business plans. Currently the integrated business plan for Property, Planning and Public Protection has high level performance aims including 'having a cost effective and efficient strategic property service' and 'implementing a new IT system'. However, clearer alignment between strategy, actions and measures would ensure the service is working towards the strategic ambitions and facilitate clear accountability.
- 34 The Council has not developed these performance aims with the sustainable development principle in mind. The Council's broader approach to assets focusses on collaboration and involvement and there is an opportunity to ensure that this thinking, as well as consideration of other ways of working, also informs their business planning.

- 35 The Council established an internal Strategic Asset Board before the pandemic comprising the relevant Cabinet Member, Heads of Service and relevant officers to discuss and monitor the work involving assets. The Board receives regular updates on the progress of the Strategic Asset Review. To date, high-level findings have been reported to Governance and Audit Committee, Executive Management Team and Cabinet. However, the relevant scrutiny committee does not have regular updates on the progress of the Strategic Asset Review and its impact, which limits the overview of this important area.
- 36 The Council told us that it has informal learning discussions about its approach to asset management, however, it does not formally capture this learning or data to inform future decisions. The Council aims to improve this within its new IT system which could also strengthen monitoring and review.
- 37 The Council is not actively benchmarking its performance in relation to asset management and recognises this is an area it should develop. This will help it determine whether and how it is delivering value for money and opportunities to improve.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

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

Rheoli Asedau Llamu Ymlaen – Cyngor Sir Powys

Blwyddyn archwilio: 2021-22

Dyddiad cyhoeddi: Awst 2023

Cyfeirnod y ddogfen: 3743A2023

Paratowyd y ddogfen hon at ddefnydd mewnol Cyngor Sir Powys fel rhan o waith a gyflawnir/i'w gyflawni yn unol ag Adran 17 o Ddeddf Archwilio Cyhoeddus (Cymru) 2004, ac Adran 15 Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.

Nid yw'r Archwilydd Cyffredinol na staff Archwilio Cymru yn cymryd unrhyw gyfrifoldeb mewn perthynas ag unrhyw aelod, cyfarwyddwr, swyddog neu weithiwr arall yn rhinwedd ei swydd unigol, nac i unrhyw drydydd parti.

Os derbynir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000.

Mae Cod adran 45 yn nodi'r arfer wrth ymdrin â cheisiadau a ddisgwylir gan awdurdodau cyhoeddus, gan gynnwys ymgynghori â thrydydd partïon perthnasol. O ran y ddogfen hon, mae Archwilydd Cyffredinol Cymru ac Archwilio Cymru yn drydydd partïon perthnasol. Dylid anfon unrhyw ymholiadau ynghylch datgelu neu ailddefnyddio'r ddogfen hon at Archwilio Cymru yn swyddog.gwybodaeth@archwilio.cymru.

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

Mae'r ddogfen hon hefyd ar gael yn Saesneg.

Cynnwys

Mae'r Cyngor wedi datblygu Strategaeth Rheoli Asedau glir, ond nid yw wedi alinio ei gynllun busnes a monitro perfformiad eto.

Adroddiad cryno

Crynodeb 4

Argymhellion 5

Adroddiad manwl

Mae'r Cyngor wedi datblygu Strategaeth Rheoli Asedau glir, ond nid yw wedi alinio ei gynllun busnes a monitro perfformiad eto

7

Mae gan y Cyngor Strategaeth Rheoli Asedau lefel uchel glir ar waith gyda chysylltiadau â'i Gynllun Cydraddoldeb Corfforaethol a Strategol

7

Mae'r Cyngor yn cydweithio â phartneriaid mewnol ac allanol ar fentrau hirdymor sy'n gysylltiedig ag eiddo

9

Mae'r Cyngor wedi datblygu dangosyddion perfformiad allweddol lefel uchel ond mae cyfle i alinio a gwella cynlluniau busnes a monitro perfformiad

10

Adroddiad cryno

Crynodeb

Yr hyn y gwnaethom ni ei adolygu a pham

- 1 Fe wnaethom adolygu trefniadau'r Cyngor ar gyfer rheoli ei asedau gan ganolbwyntio ar ddarpariaeth swyddfa ac adeiladau mae'r Cyngor yn darparu gwasanaethau i'w drigolion ohonynt. Fe wnaethom edrych ar sut mae'r Cyngor yn cynllunio'n strategol y defnydd o'i asedau, sut mae'n monitro'r defnydd o'i asedau a sut mae'n adolygu ac yn gwerthuso effeithiolrwydd ei drefniadau.
- 2 Fe wnaethom gyflwyno'r adolygiad hwn wrth i'r byd symud ymlaen, gan ddefnyddio'r profiadau o bandemig byd-eang COVID-19, i edrych ar sut mae cynghorau'n cryfhau eu gallu i drawsnewid, addasu a chynnal darpariaeth gwasanaethau, gan gynnwys y rhai a ddarperir mewn partneriaeth â rhanddeiliaid a chymunedau allweddol.
- 3 Rydym ni wedi ymgymryd â'r prosiect hwn ym mhob cyngor fel rhan o'n cynlluniau archwilio 2021 i helpu i gyflawni dyletswyddau'r Archwilydd Cyffredinol o dan adran 17 o Ddeddf Archwilio Cyhoeddus (Cymru) 2004 (Deddf 2004) ac adran 15 o Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.
- 4 Pan ddechreuom ein gwaith archwilio o dan Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 (y Ddeddf) fe wnaethom gydnabod y byddai'n cymryd amser i gyrff cyhoeddus ymgorffori'r egwyddor datblygu cynaliadwy, ond fe wnaethom hefyd nodi ein disgwyliad y byddem ni'n disgwyl i gyrff cyhoeddus allu dangos sut mae'r Ddeddf yn llywio'r hyn maen nhw'n ei wneud. Mae'n agosáu at saith mlynedd ers i'r Ddeddf gael ei phasio ac rydym ni bellach yn yr ail gyfnod adrodd ar gyfer y Ddeddf. Felly, byddem yn disgwyl i gyrff cyhoeddus allu dangos bod y Ddeddf yn rhan annatod o'u ffordd o feddwl a'i bod wir yn llywio'r hyn maen nhw'n ei wneud.
- 5 O dan y Ddeddf, rhaid i gynghorau gynnal datblygu cynaliadwy yn unol â'r egwyddor datblygu cynaliadwy. Mae gwneud rhywbeth yn unol ag egwyddor datblygu cynaliadwy yn golygu bod rhaid i'r Cyngor weithredu mewn modd sy'n ceisio sicrhau y bodlonir anghenion y presennol heb gyfaddawdu gallu cenedlaethau'r dyfodol i ddiwallu eu hanghenion eu hunain. Er mwyn gweithredu yn y modd hwnnw, rhaid i'r Cyngor ystyried y pum ffordd o weithio: hirdymor, integreiddio, cyfranogi, cydweithio, ac atal. Mae canllawiau statudol ar y Ddeddf yn nodi saith gweithgaredd sefydliadol craidd y mae'n hanfodol cymhwyso'r egwyddor datblygu cynaliadwy iddynt. Asedau yw un o'r gweithgareddau sefydliadol craidd hynny.
- 6 Roedd gan yr adolygiad hwn dri phrif nod:
 - cael sicrwydd bod cynghorau'n rhoi trefniadau ar waith i drawsnewid, addasu a chynnal darpariaeth gwasanaethau;
 - egluro'r camau mae cynghorau'n eu cymryd yn unigol ac ar y cyd i gryfhau eu trefniadau; ac

- ysbrydoli cyngorau a sefydliadau eraill i gryfhau eu trefniadau ymhellach trwy ddal a rhannu enghreifftiau o ymarfer nodedig a dysgu a gwneud argymhellion priodol.

- 7 Fe wnaethom gynnal yr adolygiad yn ystod y cyfnod rhwng Tachwedd 2021 a Mai 2022 a'i ddiweddarau ym mis Mai 2023.
- 8 Mae gan y Cyngor ystod eang o asedau sy'n adeiladau, gan gynnwys: adeiladau gweinyddol, canolfannau hamdden, llyfrgelloedd, ysgolion, canolfannau plant, cartrefi gofal, canolfannau cymunedol, canolfannau dydd ac eiddo masnachol. Gwerth eiddo'r Cyngor, ac eithrio asedau tai a seilwaith, yw tua £421 miliwn.

Yr hyn y gwnaethom ni ei ddarganfod

- 9 Roedd ein hadolygiad yn ceisio ateb y cwestiwn: Ydy dull strategol y Cyngor o ymdrin â'i asedau'n effeithiol yn helpu'r Cyngor i gryfhau ei allu i drawsnewid, addasu a chynnal darpariaeth ei wasanaethau yn y tymor byr a'r tymor hwy?
- 10 Yn gyffredinol, fe wnaethom ganfod y canlynol: Mae'r Cyngor wedi datblygu Strategaeth Rheoli Asedau glir, ond nid yw wedi alinio ei gynllun busnes a monitro perfformiad eto.
- 11 Rydym ni wedi dod i'r casgliad hwn oherwydd:
- mae gan y Cyngor Strategaeth Rheoli Asedau lefel uchel glir ar waith gyda chysylltiadau â'i Gynllun Cydraddoldeb Corfforaethol a Strategol;
 - mae'r Cyngor yn cydweithio â phartneriaid mewnol ac allanol ar fentrau hirdymor sy'n gysylltiedig ag eiddo; ac
 - Mae'r Cyngor wedi datblygu dangosyddion perfformiad allweddol lefel uchel ond mae cyfle i alinio a gwella cynlluniau busnes a monitro perfformiad.

Argymhellion

Arddangosyn 1: argymhellion

Mae'r tabl isod yn nodi'r argymhellion a nodwyd yn dilyn yr adolygiad hwn.

Argymhellion

Cynllunio Rheoli Asedau

- A1 Er mwyn gweithredu a chyflawni amcanion y Cynllun Rheoli Asedau, dylai'r Cyngor sicrhau bod aliniad rhwng y Strategaeth, Polisi a'r cynlluniau busnes fel bod y strategaeth yn ysgogi darpariaeth weithredol.

Argymhellion

Rheoli perfformiad

A2 Dylai'r Cyngor wella rheolaeth perfformiad ei asedau er mwyn sicrhau ei fod yn gwneud cynnydd ar ei Gynllun Rheoli Asedau drwy'r canlynol:

- datblygu cyfres o gamau gweithredu a mesurau o fewn y Cynlluniau Busnes Integredig Eiddo, Cynllunio a Gwarchod y Cyhoedd sy'n adlewyrchu uchelgeisiau'r Cyngor ar gyfer ei asedau; a
- meincnodi dulliau rheoli asedau gyda sefydliadau eraill.

Adroddiad manwl

Mae'r Cyngor wedi datblygu Strategaeth Rheoli Asedau glir, ond nid yw wedi alinio ei gynllun busnes a monitro perfformiad eto

Mae gan y Cyngor Strategaeth Rheoli Asedau lefel uchel glir ar waith gyda chysylltiadau â'i Gynllun Cydraddoldeb Corfforaethol a Strategol

- 12 Mae'r Cyngor yn cydnabod pwysigrwydd asedau yng nghymunedau'r sir, a'r rôl mae rheoli asedau effeithiol yn ei chwarae wrth alluogi darpariaeth gwasanaeth effeithiol. Mae'r Cyngor hefyd yn cydnabod y gall gwneud penderfyniadau sy'n ymwneud ag asedau ysgogi amcanion corfforaethol. Mae hyn yn arbennig o berthnasol i Gyngor sydd ag ardal ddaearyddol fawr ac mae'n caniatáu i reoli asedau ymwneud â chyfle yn ogystal â rheoli risg.
- 13 Mae gan y Cyngor asedau ar draws ystod o wasanaethau a'i fwriad oedd ad-drefnu ei sylfaen asedau cyn i'r pandemig ddechrau. Gweithredodd y Cyngor 'Strategaeth Ffyrdd Newydd o Weithio' ym mis Medi 2021 gan adeiladu ar y gwahanol ffyrdd y bu'r Cyngor yn darparu gwasanaethau ers dechrau'r pandemig. Mae ei Strategaeth Ffyrdd Newydd o Weithio wedi categorio staff yn dri grŵp gwahanol:
 - Gweithwyr sy'n Seiliedig ar Le
 - Gweithwyr sy'n Mynd o Le i Le
 - Gweithwyr Hyblyg
- 14 Cychwynnodd y Cyngor Adolygiad Asedau Strategol yn 2021. Nodau'r adolygiad oedd darparu methodoleg glir i'r Cyngor ar gyfer rheoli asedau effeithiol a chynllunio busnes a rhoi gwybodaeth feirniadol i'r rhai sy'n gwneud penderfyniadau allweddol i wneud penderfyniadau gwybodus. Mae'r Cyngor yng nghyfarfod cynnar gweithredu ei weledigaeth ar asedau ac mae'n rhy gynnar i ddweud p'un a yw'r adolygiad wedi cyflawni ei ganlyniadau arfaethedig yn llawn.
- 15 Fe wnaeth effaith y pandemig a'r gofyniad i bobl weithio gartref lle bo hynny'n bosibl hwyluso rai o gynlluniau'r Cyngor ynghylch gweithio mwy hyblyg ac ystwyth, ac mae hyn yn effeithio ar sut mae'n defnyddio ei asedau o ganlyniad. Cymeradwyodd y Cyngor Strategaeth Rheoli Asedau lefel uchel ym mis Hydref 2022 a disgwylir iddi gael ei hadolygu yn 2025.
- 16 Mae'r Strategaeth Rheoli Asedau yn darparu man cychwyn defnyddiol ar gyfer gweledigaeth y Cyngor ar gyfer ei asedau, sef yn i raddau 'Mae caffael, rheoli, defnyddio a rhyddhau asedau eiddo yn effeithlon ac effeithiol yn hanfodol i sicrhau rheolaeth ariannol gadarn a darparu gwasanaethau cyhoeddus rhagorol.' Mae'r Strategaeth Rheoli Asedau hefyd yn rhoi arweiniad strategol i benderfynwyr y Cyngor ar reoli asedau. Ond dylai'r Cyngor ymgorffori'r weledigaeth hon yn y gwasanaeth wrth symud ymlaen i sicrhau y gall weithredu a chyflawni'r canlyniadau a fwriadwyd.

- 17 Mae Strategaeth Rheoli Asedau'r Cyngor a gymeradwywyd yn ddiweddar yn cynnwys cynllun gweithredu gyda phedwar maes allweddol.
- a) Asesiadau/arolygon cyflwr
 - b) Adolygiadau Defnyddwyr a Chynlluniau Gweithredu
 - c) Polisi Rheoli Asedau newydd
 - d) Adolygiadau Asedau
- 18 Mae'r Cyngor wedi nodi y gallai cyflwr a chydymffurfiad ei asedau fod yn risg gorfforaethol os nad oes digon o refeniw ar gyfer cynnal a chadw.
- 19 Mae'r Cyngor yn ymateb i'r risg gorfforaethol sy'n ymwneud â chyflwr asedau drwy greu trefniadau o fewn y gwasanaeth i fynd i'r afael â hyn yn y tymor canolig a'r tymor hwy. Bydd hyn yn helpu i liniaru'r posibilrwydd o ddirywiad asedau anhysbys ac yn helpu cynllunio ariannol mewn perthynas â gwaith adfer ac atgyweirio. Mae'r Cyngor yn bwriadu i'w holl asedau fod yn destun asesiadau/arolygon cyflwr pellach ar gyfnod treigl o bum mlynedd o leiaf trwy greu dangosydd perfformiad allweddol perthnasol sy'n ei gwneud yn ofynnol i 100% o asedau'r Cyngor fod wedi cael asesiadau/arolygon cyflwr erbyn 2025-26.
- 20 Dull y Cyngor o reoli asedau yn y dyfodol yw gwella ymgysylltiad â defnyddwyr asedau trwy adolygiadau defnyddwyr a chynlluniau gweithredu. Mae'r Cyngor wedi datblygu dangosydd perfformiad allweddol newydd arall sy'n gofyn am adolygiadau blynyddol o brofiad defnyddwyr gwasanaethau asedau a thenantiaid o 2023-24 ymlaen. Bwriad y Cyngor yw y bydd gwybodaeth sy'n cael ei chasglu o'r adolygiadau blynyddol hyn ac unrhyw gynlluniau gweithredu cysylltiedig yn llywio 'dewis defnyddwyr a phenderfyniadau landlordiaid corfforaethol i gyflawni'r Cynllun Corfforaethol'. Bydd angen i'r Cyngor ystyried goblygiadau ymarferol cyflawni'r rhaglen fawr hon o weithgarwch yn flynyddol, gan gynnwys yr adnoddau sydd eu hangen a sut y bydd yn ymateb i'r swm a'r amllder hwn o wybodaeth.
- 21 Mae'r cynllun gweithredu o fewn y Strategaeth Rheoli Asedau yn cynnwys adolygu ac adnewyddu'r canllawiau gweithredol sy'n ymwneud â rheoli ei asedau. Mae hyn wedi'i gynnwys ym Mholisi Asedau Corfforaethol cyfredol y Cyngor a ddiweddarwyd yn 2017 ac mae'n darparu canllawiau o ddydd i ddydd ar gyfer defnyddio asedau gan wasanaethau. Mae mecanweithiau presennol o fewn Polisi Asedau Corfforaethol cyfredol y Cyngor i'r gymuned elwa o asedau'r Cyngor o dan y broses Trosglwyddo Asedau Cymunedol a chanllawiau Gwaredu Eiddo Gwag. Mae'r Polisi Asedau Corfforaethol hefyd yn cynnwys meini prawf sy'n ymwneud â'r sefydliad sy'n gobeithio cymryd yr ased drosodd, y mae'n rhaid iddo gael ei arwain gan y gymuned. Rhaid i gymunedau allu defnyddio a mwynhau unrhyw asedau sy'n cael eu trosglwyddo yn unol â chanllawiau'r Cyngor. Mae cael opsiwn i drosglwyddo asedau i grwpiau cymunedol at ddefnydd y cyhoedd yn helpu gwasanaethau'r Cyngor i gefnogi ei Gynllun Cydraddoldeb Strategol Corfforaethol a'r nod o gael cymunedau sydd â chysylltiadau da.
- 22 Mae Polisi Asedau Corfforaethol presennol y Cyngor hefyd yn annog cydweithio ac ymgysylltu â rhanddeiliaid allweddol megis Landlordiaid Cymdeithasol Cofrestredig a'r Bwrdd Iechyd Lleol lle mae eiddo dros ben wedi'i nodi. Mae hyn yn gadarnhaol

ac yn creu cyfle i gynyddu incwm a sicrhau'r allbwn mwyaf posibl o asedau'r Cyngor a allai fel arall gael eu gadael heb eu defnyddio.

- 23 Mae diweddaru'r Polisi Asedau Corfforaethol presennol yn rhoi cyfle i'r Cyngor wella agweddau cadarnhaol y canllawiau cyfredol a chreu gwell aliniad â'r Strategaeth Rheoli Asedau sydd newydd ei diweddaru. Bydd hyn yn cryfhau'r cysylltiad rhwng y dull seiliedig ar egwyddor datblygu cynaliadwy yn y canllawiau strategol a darparu asedau'n weithredol.
- 24 Mae'r cynllun gweithredu yn ei gwneud yn ofynnol i Dîm Eiddo Strategol y Cyngor gynnal adolygiadau asedau penodol (arfarniadau) bob pum mlynedd. Pwrpas yr arfarniadau hyn yw ystyried data perthnasol a llywio argymhellion ar ddyfodol asedau penodol. Dylai hyn roi gwell sicrwydd i'r Cyngor bod asedau'n cael eu hasesu'n rheolaidd o ran eu diben a'u defnydd yn y dyfodol.
- 25 Mae'r Cyngor wedi cynllunio matrices o fewn ei Strategaeth Rheoli Asedau ar gyfer asesu'r defnydd o ased yn y dyfodol gan ddefnyddio ystod eang o ystyriaethau. Mae cysylltiadau clir rhwng yr ystyriaethau hyn a'r amcanion yng Nghynllun Corfforaethol a Strategol diwygiedig y Cyngor 'Cryfach, Tecach, Gwyrddach'.
- 26 Dylai'r adolygiad hwn sy'n seiliedig ar fatrics helpu'r Cyngor i ddangos ffordd gyson o gymhwysio meini prawf sy'n ystyried agweddau allweddol ar y Cynllun Cydraddoldeb Corfforaethol a Strategol ac elfennau o'r Egwyddor Datblygu Cynaliadwy. Mae'r matrices yn ystyried galw am ased yn y dyfodol ac effeithiau cymdeithasol buddsoddi mewn ased neu ei dynnu yn ôl o gymuned. Mae'r asesiad matrices yn annog y Cyngor i fyfyrion ar effaith hirdymor gwerth asedau i'w ddefnyddwyr ac ystyried beth mae asedau yn ei gynrychioli mewn cymunedau, sy'n aml yn llawer mwy na'r ased ffisegol ei hun.

Mae'r Cyngor yn cydweithio â phartneriaid mewnol ac allanol ar fentrau hirdymor sy'n gysylltiedig ag eiddo

- 27 Bwriad gweledigaeth y Cyngor yn ei Strategaeth Rheoli Asedau yw 'hyrwyddo cydweithio' yn y ffordd mae'n rheoli asedau. Mae hyn yn galluogi'r Cyngor i fanteisio i'r eithaf ar gyfleoedd mewn meysydd fel cyllid grant a defnyddio asedau ar y cyd. Mae gan y Cyngor eisoes nifer o enghreifftiau o gydweithio asedau cyfredol gyda phartneriaid, gan adlewyrchu agweddau ar uchelgais strategol y Cyngor. Ein barn ni yw bod y Strategaeth Rheoli Asedau yn debygol o helpu i annog mwy o gydweithio asedau wrth symud ymlaen.
- 28 Mae'r Cyngor yn parhau i ddatblygu ei brosiectau asedau ar y cyd â Bwrdd Iechyd Addysgu Powys, ac mae Rhaglen Lles Gogledd Powys ar y gweill ar hyn o bryd. Bydd gan y rhaglen hon gyfleusterau meddygol a hyfforddiant. Bwriad y Cyngor yw y gallai canlyniadau'r prosiect newydd hwn helpu i leddfu rhai o'i risgiau ehangach, fel diffyg adnoddau gwaith cymdeithasol, gan y bydd y cyfleuster yn darparu hyfforddiant i weithwyr iechyd a gofal cymdeithasol yn y dyfodol. Dyma enghraifft o'r rôl y gall asedau ei chwarae i helpu i liniaru heriau'r Cyngor yn y tymor canolig i'r tymor hir.

- 29 Mae cyflymder ac uchelgais y Cyngor wrth gydweithio ag asedau ers y pandemig wedi cynyddu, ac mae'r Strategaeth Ffyrdd Newydd o Weithio wedi creu mwy o hyblygrwydd i'r Cyngor ystyried sut mae'n defnyddio asedau. Bydd hyn yn helpu'r Cyngor i fod yn fwy ystyrlt o ran sut mae'n defnyddio asedau ac yn sicrhau'r buddion mwyaf posibl.
- 30 Mae'r Cyngor yn cydnabod, er nad ystyriaethau ariannol yw'r unig agwedd i benderfynu ar y defnydd o ased yn y dyfodol, mae'n un pwysig. Mae Adolygiad Asedau Strategol y Cyngor yn debygol o helpu i nodi unrhyw incwm a rhwymedigaethau posibl yn y dyfodol sy'n ymwneud â'i asedau. Yn 2020-21 cyflawnodd y Cyngor £2.098 miliwn ar gyfer derbyniadau cyfalaf tir corfforaethol ac eiddo yn erbyn targed gwaredu o £2 filiwn.
- 31 Mae'r Cyngor wedi integreiddio rheolaeth ei asedau i gynlluniau a strategaethau mewnol eraill, sy'n cefnogi ei ddull gweithredu ar draws y Cyngor o reoli asedau. Mae hyn yn gadarnhaol ac yn dangos pa mor hanfodol yw asedau wrth ddylunio a darparu gwasanaethau. Mae'r Strategaeth Gweithlu a Dylunio Sefydliadol ar gyfer 2020-21 yn cydnabod bod gweithio ystyrlt yn rhan sylweddol o'i dull o ymdrin ag ystyrlthder sefydliadol. Mae Gweledigaeth a Strategaeth Hinsawdd Barcud Coch y Cyngor 2021-2030 yn cydnabod y rôl sydd gan ei asedau o ran sut mae'r Cyngor yn bwriadu cyflawni carbon sero erbyn 2030 a dod yn garbon positif-net y tu hwnt i 2030. Mae pum maes allweddol o fewn y Weledigaeth a'r Strategaeth Hinsawdd ac mae 'Adeiladau' yn un ohonynt, gyda'r nod o wneud ynni'r ystâd yn effeithlon a thrwy ddefnyddio atebion ynni adnewyddadwy.

Mae'r Cyngor wedi datblygu dangosyddion perfformiad allweddol lefel uchel ond mae cyfle i alinio a gwella cynlluniau busnes a monitro perfformiad

- 32 Mae'r Cyngor wedi datblygu cyfres newydd o Ddangosyddion Perfformiad Allweddol lefel uchel fel rhan o'r cynllun gweithredu yn y Strategaeth Rheoli Asedau. Mae'r rhain yn ymwneud â'r canlynol:
- Canran yr asedau sydd ag asesiad cyflwr neu arolwg cyflwr o fewn y pum mlynedd diwethaf:
 - 2023-24 ymlaen – mae 100% o ardaloedd gwasanaeth a thenantiaid yn cael adolygiad asedau blynyddol gyda phwyntiau gweithredu clir fel y bo'n briodol; a
 - 2023-24 – mae o leiaf 25% o asedau wedi cael adolygiad asedau o fewn y pum mlynedd diwethaf (gyda'r targed hwn yn codi i 100% erbyn 2026-27).
- 33 Nid yw'r Cyngor wedi datblygu llinell glir eto rhwng ei Strategaeth Rheoli Asedau strategol, ei Bolisi Rheoli Asedau gweithredol wedi'i ddiweddarau, a'i gynlluniau busnes integredig lefel gwasanaeth. Ar hyn o bryd, mae gan y cynllun busnes integredig ar gyfer Eiddo, Cynllunio a Gwarchod y Cyhoedd nodau perfformiad lefel uchel gan gynnwys 'cael gwasanaeth eiddo strategol cost-effeithiol ac effeithlon' a 'gweithredu system TG newydd'. Fodd bynnag, byddai alinio cliriach rhwng

strategaeth, camau gweithredu a mesurau yn sicrhau bod y gwasanaeth yn gweithio tuag at yr uchelgeisiau strategol ac yn hwyluso atebolrwydd clir.

- 34 Nid yw'r Cyngor wedi datblygu'r nodau perfformiad hyn gyda'r egwyddor datblygu cynaliadwy mewn golwg. Mae dull ehangach y Cyngor o ymdrin ag asedau'n canolbwyntio ar gydweithio a chyfranogiad ac mae cyfle i sicrhau bod y meddylfryd hwn, yn ogystal ag ystyried ffyrdd eraill o weithio, hefyd yn llywio eu camau cynllunio busnes.
- 35 Sefydlodd y Cyngor Fwrdd Asedau Strategol mewnol cyn y pandemig gan gynnwys yr Aelod Cabinet perthnasol, Penaethiaid Gwasanaeth a swyddogion perthnasol i drafod a monitro'r gwaith sy'n ymwneud ag asedau. Mae'r Bwrdd yn derbyn diweddariadau rheolaidd ar gynnydd yr Adolygiad Asedau Strategol. Hyd yn hyn, adroddwyd ar ganfyddiadau lefel uchel i'r Pwyllgor Llywodraethu ac Archwilio, y Tîm Rheoli Gweithredol a'r Cabinet. Fodd bynnag, nid yw'r pwyllgor craffu perthnasol yn cael diweddariadau rheolaidd ar gynnydd yr Adolygiad Asedau Strategol a'i effaith, sy'n cyfyngu ar drosolwg y maes pwysig hwn.
- 36 Dywedodd y Cyngor wrthym ei fod yn cael trafodaethau dysgu anffurfiol am ei ddull o reoli asedau, fodd bynnag, nid yw'n dal y dysgu na'r data hwn yn ffurfiol i lywio penderfyniadau yn y dyfodol. Nod y Cyngor yw gwella hyn o fewn ei system TG newydd a allai hefyd gryfhau monitro ac adolygu.
- 37 Nid yw'r Cyngor yn meincnodi ei berfformiad yn rhagweithiol mewn perthynas â rheoli asedau ac mae'n cydnabod bod hwn yn faes y dylai ei ddatblygu. Bydd hyn yn ei helpu i benderfynu p'un a yw'n darparu gwerth am arian a chyfleoedd i wella.



Archwilio Cymru

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: info@audit.cymru

Gwefan: www.archwilio.cymru

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

Organisational response

Report title: Springing Forward Asset Management – Powys County Council

Completion date: August 2023

Ref	Recommendation	Organisational response Please set out here relevant commentary on the planned actions in response to the recommendations	Completion date Please set out by when the planned actions will be complete	Responsible officer (title)
R1	<p>To implement and achieve the objectives of the Asset Management Plan the Council should ensure there is alignment between the Strategy, Policy, and business plans so that the strategy is driving operational delivery.</p>	<p>The Council is currently undertaking a review of the Corporate Asset Policy and County Farm Estate Delivery Plan as required by the adopted Asset Management Strategy. This process is to ensure alignment between the council's corporate plan, asset strategy, asset policy, and business plans.</p> <p>In 2024/25, Strategic Property will commence work on service area action plans. These plans will seek to ensure the councils assets are appropriately managed to facilitate the delivery of exemplary public services as outlined within the Asset Management Strategy. This workplan will complement work currently underway to produce place plans.</p>	<p>March 2024.</p> <p>March 2025</p>	<p>Head of Property, Planning & Public Protection.</p> <p>Professional Lead – Strategic Property.</p>
R2	<p>The Council should improve the performance management of its assets to assure itself progress is being made on its Asset Management Plan by:</p> <ul style="list-style-type: none"> Developing a suite of actions and measures within the Property, Planning and Public Protection Integrated Business Plan that 	<p>As part of the annual review of the Property, Planning & Public Protection Service Integrated Business Plan, the Strategic Property team will further develop its current actions and measures to reflect the councils' ambitions as set out within the council asset strategy.</p> <p>The Council via participation in local authority property groups (Consortium of</p>	<p>March 2024</p> <p>March 2024</p>	<p>Head of Property, Planning & Public Protection.</p> <p>Professional Lead – Strategic Property.</p>

reflects the Council's ambitions for its assets; and

- Benchmarking asset management approaches with other organisations.

Local Authorities in Wales), will look to promote the development of local authority performance benchmarking. It is hoped that discussions with Data Cymru will assist on the delivery of suitable indicators.

This page is intentionally left blank

**Powys County Council
Governance and Audit Committee Template**

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Corporate Safeguarding Board Activity Report, regarding August and September's Meetings

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
Nina Davies	Interim Director of Social Services and Housing
Councillor Church	Portfolio Holder for a Safer Powys

2. Why is the Committee being asked to consider the subject?

To scrutinise the way the Corporate Safeguarding Board monitors safeguarding across the whole Council, and progress against the Action Plan.

3. Role of the Committee:

The role of the Committee in considering the subject is to:

To read and note contents of the update regarding the Corporate Safeguarding Board, scrutinise the work and its impact, and provide constructive challenge to the Council about its safeguarding activity in an impartial and independent manner.

4. Key Questions:

What Key areas should the Committee focus on:

Summary of most recent Corporate Safeguarding Board activity including updates about work in progress, achievements, and action plans.

Key Feeders (tick all that apply)

Strategic Risk	x	Cabinet Work Plan	
Director / Head of Service Key Issue	x	External / Internal Inspection	x
Existing Commitment / Annual Report	x	Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	x
Informing Policy Development		Evidence Gathering	
Risk	x	Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

For Cabinet 21st November 2023
For Governance and Audit 24th November 2023
For Health and Care Scrutiny 1st December 2023

REPORT AUTHOR: Nina Davies, Interim Director of Social Services and Housing

SUBJECT: Corporate Safeguarding Board Activity Update

REPORT FOR: Information

1. Introduction

1.1 Cabinet is asked to note this update from the Corporate Safeguarding Board.

1.2 A confidential meeting of the Corporate Safeguarding Board was held on 4th August 2023.

1.3 This Activity report relates to the meetings of the Corporate Safeguarding Board on 4th August 2023 and 15th September 2023, and summarises the information provided at those meetings, where appropriate.

2. Agenda discussions 4th August 2023

2.1 The Board considered a confidential report from the Head of Education.

3. Agenda discussions 15th September 2023

3.1 The Board considered a confidential report from the Head of Education. This agenda item will also be considered in the December and March Board meetings to review progress.

3.2 Review of Progress against actions on Safeguarding Regulatory Tracker

The tracker was reviewed and progress noted, with 9 actions rated as green (on track), and one amber (slightly off-track).



Corporate
Safeguarding Regulat

Recommendation /Action 97 (amber) – The Council needs to clarify its expectation of contractors in respect of safeguarding training because there are currently discrepancies in the Council's approach.

Achievements

- A Contract Annual Self-Assessment document is in development. This will assess the extent to which all services with Powys County Council contract have a safeguarding policy in place, training undertaken to assure understanding and the implementation of that policy in all settings.

- Freedom Leisure (management & delivery partner) have Safeguarding Policy & training for all staff in place. This is regularly checked through client visits, meetings and compliance audits. Freedom Leisure undertake 'safe recruitment processes' in line with Powys' Safer Recruitment Policy.
- DBS checks are undertaken for all Freedom Leisure staff as appropriate to roles. There is a named, designated safeguarding officer and safeguarding champions. Staff know who they are able to report concerns against workers to and are trained to recognise when children or adults may be at risk and know what procedures to follow.
- Policies and procedures are available to all Freedom Leisure staff, and they know where to locate them. Public access points are monitored, and all staff are easily identifiable. There are policies and procedures in place for contractors who attend the leisure facilities. Safeguarding risk assessments are undertaken if staff work off site and ICT policies are in place for safe use of the internet by users. Updates and changes are communicated to staff and users.

Future Actions

1. Agree and define Contract Self-Assessment form. Clarify sections of form that apply to all suppliers and sections that only apply to social care contracted services. By 31.12.2023
2. Self-Assessment to be issued to suppliers for completion. By 31.01.2024
3. Contract managers to analyse responses and respond to compliance issues. By 31.03.2024
4. Review Standard Services Contract with a view to achieving consistency across all contracted services. By 31.01.2024

3.3 Annual Safeguarding Self-Assessment / Audits.

The Board were informed that the Safeguarding Self-Assessment information has been built into a dashboard, which allows actions to be monitored and progress tracked. Work is underway with Heads of Service to update their relevant actions.

3.4 Safeguarding in Contract Management.

The Board were shown a presentation about the implementation of a tiered approach to contract management, prioritising resources for the top tier contracts. It was noted that both value and risk need to be prioritised to ensure resources are used effectively. It was suggested that Schools would benefit from accessing Contract Management Awareness training.

3.5 Channel and Community Safety Partnership Arrangements.

The Council has a duty to provide support for people vulnerable to being drawn into terrorism. There is a multi-agency approach to identify individuals at risk; assess the nature and extent of the risk and develop the most appropriate support plan for the individuals concerned.

The Channel duty requires Local Authorities to administer a Channel Panel that has both a Panel Chair and Deputy Chair. Concern has been expressed about the resilience of existing arrangements. Emergency Planning, Social Services and Education colleagues will review the arrangements and propose options for the Council going forward. Discussions are ongoing about attendance at the Community Safety Partnership, and dialogue continues with relevant internal and external partners.

This matter will return to the December Board.

3.6 Preparations for National Safeguarding Week.

The Board were reminded of the Conference taking place on 16th November 2023 during National Safeguarding Week and updated on plans regarding the programme and keynote

speakers. There will be capacity limits on attendees from different regions, so the Safeguarding Senior Manager will ask if keynote speakers can be live streamed for those unable to attend.

3.7 Safeguarding 'Theme of the Month'

The Board were informed that the VAWDASV Coordinator will lead on this work now badged as a '*Spotlight on Safeguarding*'. The first theme will focus on '*what is safeguarding*' and different themes will follow each month, with November being '*rural safeguarding*' to align with National Safeguarding Week.

The Board were informed that White Ribbon Day is 25th November, and four walks have been arranged across the county on that date.

3.8 Reports by Exception were provided as below:

a) Young People's Housing (16/17-year-olds)

An instant access Triage Centre is being proposed for the longer term; work is underway with Social Services on this.

The Board discussed the location of presentations and consideration of reflective conversations to consider what might have prevented accommodation breakdowns.

b) Safeguarding in Education, including Elective Home Education

The Board were informed that numbers of children educated at home are still higher than pre-pandemic levels. The Board were taken through the new Welsh Government Guidance published in May 2023. It clarified the legal position regarding duties in the Education Act 1996, strengthening the expectation that parents who educate their children at home are to engage with the Local Authority. Escalation processes in Wales were discussed and the steps taken to encourage pupils back into school.

The Board were informed that Education and Childrens Services are looking at the reasons why children are taught at home and developing a reporting mechanism to feed into the Regional Safeguarding Board so children are identified at the earliest opportunity.

The Board were informed that some reports of potential poor child employment practices by some businesses at the Royal Welsh Show were made. This led to proactive liaison with the Builth Welsh Safety Group to plan ahead for future events. This matter will be discussed further at the December Board.

c) Mandatory Safeguarding Training, including VAWDASV

Compliance rates across the Council sat at 92.4% at 1st September 2023. Compliance rates in HTR have improved with 3 training options being offered (eLearning, workbooks, toolbox talks).

The Board were informed that Health and Care Scrutiny had requested statistics on volunteer training, which is being explored. Discussion was held about Safeguarding Training for School Governors, and about School's responsibility to checking Supply/Agency Staff.

d) Adult Social Care Safeguarding Performance, including Deprivation of Liberty Safeguards.

The Board were informed that Adult Services are seeing increasing numbers of safeguarding referrals, with a 95% compliance rate with the 7-day assessment target, only two low level referrals were out of timescale.

The Board were informed that there were 260 outstanding DoLS assessment, and work to engage internal Best Interest Assessors has been progressed to undertake the assessments.

e) Childrens Social Services Safeguarding Performance

The Board were informed of the multi-agency Joint Inspection of Child Protection Arrangements taking place in October.

The Board were informed that contacts to Children Services' Front Door remains high, with 91% being dealt with by Early Help Services. The Board were informed that there is an upward trajectory in child protection arrangements both nationally and locally, although the Child Protection numbers remain fairly stable.

4. Future Agenda Items, in addition to the standing agenda items, are currently to include:
The Board noted the Forward Plan

Dec 2023 Director of Social Services 22/23 Annual Report - safeguarding
Feedback on National Safeguarding Week in November
Child Performance Licencing and Child Work Permits Update
Review of Channel and Community Safety Partnerships
Builth Wells Safety Group
Safeguarding VLOG from Education for Members and Governors
Education Safeguarding Action Plan

March 2024 Education Safeguarding Action Plan

June 2024 Preparations for National Safeguarding Week (annually, November)
Annual Private Fostering Report
Annual Safeguarding Audits
Annual 'Spotlight on Safeguarding' programme

Sept 2024 Director of Social Services Annual Report - safeguarding

5. Other business included

5.1 The *Volunteering for Powys County Council Policy* was included in the agenda for the Board's information.

5.2 The Board were informed that 98.5% of Member's were compliant with Safeguarding Mandatory training, with mitigating circumstances for the 1.5% non-compliance.

5.3 The Board were informed that the Safeguarding VLOG for Members and Governors would be provided to the December Board, and that the Schools Service will develop some 'talking heads' to answer those questions regularly received.

4. Future Corporate Safeguarding Board Meetings

4.1 Future meetings are scheduled for 14th December 2023; 14th March 2024, 13th June 2024 and 12th September 2024.

5. Recommendation.

Cabinet receives this briefing as an update from the Chair of the Corporate Safeguarding Board, to ensure awareness of work to date.

Contact Officer:	Nina Davies, Interim Director of Social Services and Housing
Tel:	01597 827683
Email:	nina.davies@powys.gov.uk

This page is intentionally left blank

Working Group Report to the Governance and Audit Committee.

Name of Working Group:	Internal Audit Working Group
Date of Meeting:	1 st November 2023

Brief Details of Matters considered at the meeting:Assurance update – Housing Statutory Compliance Audit

- The Head of Housing provided an assurance update for Internal Audit Working Group Members, regarding the Housing Statutory Compliance Audit.
- The audit focused on the Council's duty of care to test several types of appliances within its housing stock, such as boilers and smoke alarms.
- There were 4 key actions:
 1. To review the Council Housing Repairs and Maintenance policy (dated May 2017).
 2. Implement new ICT system to collectively manage all compliance data.
 3. To undertake stock condition surveys on the remaining overdue properties.
 4. Ensure that compliance data were accurate before the new ICT system was implemented.
- The Head of Housing provided updates in relation to the outstanding compliance testing and the audit actions.

Questions from Members included:

- Where did the Council stand in terms of insurance when compliance was not at 100%?
- Regarding non-access cases, who bears the court costs?
- What is the compliance target?
- Were compliance data required to be submitted to any statutory bodies?
- In the interim, data cleansing was ongoing, were there any other risks which required managing in the interim period, such as relying on spreadsheets?

Accountability Framework / Delay, Barriers and Blockages

- Head of Internal Audit reported that the Accountability Framework would be presented to the Senior Leadership Team shortly.
- The Head of Internal Audit would like to discuss streamlining the grant process with the Head of Finance/Deputy-Head of Finance. Assurance was required for auditors regarding grant certification and deadlines.
- Levelling Up projects – Montgomeryshire Canal and Theatr Brycheiniog.
- Project briefs were available, enabling review of performance reporting and governance processes.
- SWAP to undertake a more granular and in-depth Security Framework Review, noted that the review was on hold until the details/scope of Audit Wales' review was known.

Quality Assurance/Feedback Questionnaire Update

- Members viewed an example post-audit questionnaire and discussed the overall process.

Working Group Report to the Governance and Audit Committee.

- Members were concerned that there were 20 overdue actions, although noted that the new action tracker dashboard would allow greater senior manager oversight.

Dashboard Update

- The Head of Internal Audit reported that the new Executive Dashboard was now available to the Head- and Deputy-Head of Finance.
- Further training could be provided, and access granted to additional officers and Members.

Outcomes / Observations:

Assurance update – Housing Statutory Compliance Audit

- Members were assured by the Head of Housing's responses to the audit actions and their questions.
- The Head of Internal Audit advised there would be routine follow-up of evidence. If Members had further concerns, the audit could be revisited.

Dashboard Update

- The Chair requested that Committee Members be given at least one hour's training.

Management Actions

- The Chair felt that the Internal Audit Working Group should focus on the limited assurance audits.
- Once the Executive Dashboard had launched and Members had been trained, the working group would be in a good place to assist the Head of Internal Audit with gaining assurance from responsible officers regarding limited assurance audits.

Future Actions / Items to be added to the Work Programme:

- To add to the Governance and Audit Committee's Forward Work Programme:
- Annual review of the Council's whistleblowing policy.
- To review which Officers/Members require access to the AuditBoard Executive Dashboard (new audit action tracker).

Potential future items:

1. Risk Horizon Scanning
 - a. Focusing on the risks involved with Sustainable Powys.
2. CHC/Deprivation of Liberty Follow-up
3. Technology Framework Review
4. Continue to review limited assurance audit reports.
5. Once the Teacher remuneration payment work had been completed, this could be reviewed at a future Internal Audit Working Group meeting.
6. The Head of Finance had requested the Head of Internal Audit to complete a piece of work regarding the Red Dragon housing project and contract compliance.
7. To review the new housing compliance ITC system following its implementation.

Recommendations to the Governance and Audit Committee:

- To note the Internal Audit Working Group Report.

This page is intentionally left blank

Month		November		December	
Day	Item No.	24 th	Notes	8 th	Notes
Time		10:00-12:30		10:00-11:30	
Regular Items	1.	To approve draft minutes: <ul style="list-style-type: none"> 29/09/2023 		To approve draft minutes: <ul style="list-style-type: none"> 24/11/2023 	
	2.	Q2 Work Programme Springing Forward Assets Review (Audit Wales)			
	3.	SWAP Quarterly Report Internal Audit Reports (Limited): <ul style="list-style-type: none"> Brecon High School 		SWAP Quarterly Report Internal Audit Reports (Limited): <ul style="list-style-type: none"> Ysgol Calon Cymru 	
	4.	Q2 Strategic Risk Management			
	5.	2023/24 Q1 & Q2 Treasury Management Reports			
	6.	Corporate Safeguarding Board Activity Report <i>20 minute comfort break</i>			
	Risk Deep Dive	7.	EDR0011 – Climate Emergency		
Other Items	8.	<i>Statement of Accounts (including Letters of Representation, ISA260)</i>			
	9.	<i>Pension Fund Accounts</i>			
	10.	<i>Annual Governance Statement</i>			
	11.	Working Group reports: <ul style="list-style-type: none"> Internal Audit Working Group Finance Panel feedback:			
	12.	Work Programme		Work Programme	

2024 Governance and Audit Committee Meetings

Month		January		March		
Day	Item No.	12 th	Notes	1 st	Notes	14 th or 20 th
Time		10:00-12:30		10:00-12:30		10:00 – 12:30
Regular Items	1	To approve draft minutes: • 23/11/2023		To approve draft minutes: • 12/01/2024		GAC Self-assessment
	2	Audit Wales reports: Digital Strategy Review		Audit Wales reports?		Scrutiny Team
	3	SWAP Quarterly Report		Internal Audit Plan 2024-25		
	4	Q3 Fraud and Error		Q3 Strategic Risk Management Report		
	5	Self-assessment action plan update		Q4 Fraud and Error		
	6	Working Group Report: Finance Panel feedback		2023/24 Q3 Treasury Management Report		
	7	Q1/Q2 Regulatory Tracker update		Corporate Safeguarding Board Activity Report		
Risk Deep Dive	8	HTR0018 – Nature Emergency		IAWARD0009 - Fraud		
	9	Work Programme		Work Programme		
Other Items	10	NWOW policy assurance from Senior Officers, including update on how many employees were requiring support to		Corporate Regulatory Tracker		

		reduce their flex time balance				
	11	<i>Updated policies for information</i> <ul style="list-style-type: none"> • <i>Anti-fraud policy</i> 		Sustainable Powys update – confidential session if necessary <ul style="list-style-type: none"> • Procurement of supplier, • To provide assurance that the specification was robust and fit for purpose, Engagement process. 		
		<i>Whistleblowing Policy – TBC</i>				
		<i>Global Internal Audit Standards presentation – TBC</i>		Self-Assessment Action Plan update		

2024 Governance and Audit Committee Meeting

2024 Governance and Audit Committee Meeting					
Month		April		June	
Day	Item No.	18 th	Notes	14 th	Notes
Time		10:00-12:30		10:00-12:30	
Regular Items	1	To approve draft minutes: • 01/03/2024		<ul style="list-style-type: none"> Election of Chair (must be a Lay/Independent Member) Election of Vice Chair 	
	2	Audit Wales reports?		To approve draft minutes: • 18/04/2024	
	3	SWAP Quarterly Report		Audit Wales reports?	
	4			SWAP Quarterly Report	
	5			Q4 Strategic Risk Management Report	
	6			2023/24 Q4/Year end Treasury Management Report	
	7			Q1 Fraud and Error	
	8			Corporate Safeguarding Board Activity Report	
Risk Deep Dive	10	ICT0010 - Non-compliance with GDPR ICT0029 – Cyber Security Threat		PCC0003 – Negative Regulatory Inspection Reports	
	11	Work Programme		Work Programme	
Other Items	12	Working Group Report:		Working Group Report:	

Month		July (Seminar)		July	
Day	Item No.	19 th	Notes	26 th	Notes
Time		10:00-12:30		10:00-12:30	
	1	Draft Annual Governance Statement		To approve draft minutes: <ul style="list-style-type: none"> 14/06/2024 19/07/2024 	
Regular Items	2	Council Self Assessment		Audit Wales Audit Plan	
				Audit Wales Reports	
	3			SWAP Quarterly Report	
	4			Q1 Strategic Risk Management Report	
	5			Q1 Treasury Management	
	6			Council Annual Self Assessment	
	7			Draft Annual Governance Statement – <i>Cabinet response</i>	
Risk Deep Dive				<i>Postponed to next meeting</i>	
	8			Work Programme	
Other Items	9			Self Assessment Action Plan - update	
	10			Working Group Report:	
				Finance Panel feedback	
				Regulatory Tracker update TBC	

2024 Governance and Audit Committee Meeting

Month		September		October (Seminar)	
Day	Item No.	27 th	Notes	11 th	Notes
Time		10:00-12:30		10:00-12:00	
Regular Items	1	To approve draft minutes: <ul style="list-style-type: none"> • 26/07/2024 		Draft Statement of Accounts	
	2	Audit Wales reports			
	3	SWAP Quarterly Report			
	4	Q2 Fraud and Error			
	5	Q1 Strategic Risk Management			
	6	Q1 Treasury Management			
		Corporate Safeguarding Board			
Risk Deep Dive	7				
	8	Work Programme		Work Programme	
Other Items					

2024 Governance and Audit Committee Meetings

Month		October		November	
Day	Item No.	18 th	Notes	29 th	Notes
Time		10:00-12:30		10:00-12:30	
Regular Items	1	To approve draft minutes: • 27/09/2024		To approve draft minutes: • 18/10/2024	
	2	Audit Wales reports		Audit Wales reports	
	3	Annual Governance Statement		SWAP Quarterly Report	
	4	Statement of Accounts (including Letters of Representation, ISA 260 etc)		Q2 Treasury Management	
	5	Pension Fund Accounts		Q2 Strategic Risk Management	
					Corporate Safeguarding Board Activity Report
Risk Deep Dive	6	PCC0008 – Planned Power Outages		PPPP0030 – Insufficient level of revenue maintenance and capital funding	
	7	Work Programme		Work Programme	
Other Items	8	Self Assessment Action Plan - update		Self Assessment Action Plan - update	
	9	Working Group Report: Finance Panel feedback		Working Group Report: Finance Panel feedback	
	10			Regulatory Tracker update TBC	

This page is intentionally left blank

**Powys County Council
Governance and Audit Committee**

Committee:	Governance and Audit Committee
Date:	24 th November 2023
Subject:	Strategic Risk Register Report Quarter 2 2023/2024

1. Who will be the Lead Officer(s) / Lead Cabinet Member(s) presenting the report?

Name:	Role:
Jane Thomas	Head of Finance (Section 151 Officer)
Bets Ingram	Strategic Equalities and Risk officer
County Councillor David Thomas	Cabinet Member for Finance and Corporate Transformation

2. Why is the Committee being asked to consider the subject?

The Governance and 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.

3. Role of the Committee:

- Gain assurance that risk management is being properly undertaken including governance of risk, leadership, integration of risk management into wider governance arrangements, and ownership and accountability for risks and their controls.
- Oversee the risk management policy and guidance and their implementation in practice.
- Oversee the integration of risk management in governance and decision-making processes.
- Consider the effectiveness of internal controls and monitor the implementation of agreed actions.
- Oversight of strategic risk adherence and undertake deep dives into specific service / project risk as part of their annual plan activity.

4. Key Questions:

- Consider the effectiveness of controls.
- Seek assurance regarding the implementation of agreed actions.
- Review proposals in the report in relation to G&A committees' role (see above point 3).

Key Feeders (tick all that apply)

Strategic Risk	x	Cabinet Work Plan	
Director / Head of Service Key Issue		External / Internal Inspection	
Existing Commitment / Annual Report		Performance / Finance Issue	
Suggestion from Public		Referral from Council / Committee	
Corporate Improvement Plan		Impacting Public / other services	
Service Integrated Business Plan			
Suggestion from Members			
Partnerships			

Key Impact (tick all that apply)

Policy Review		Performance	
Informing Policy Development		Evidence Gathering	
Risk	x	Corporate Improvement Plan	
Service Integrated Business Plan		Partnerships	
Pre-Decision Scrutiny		Finance / Budget	

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
Tuesday 16th January 2024**

REPORT AUTHOR: County Councillor David Thomas
Cabinet Member for Finance and Corporate Transformation

REPORT TITLE: Strategic Risk Register Report Quarter 2 2023/2024

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this report is to set out the Council's latest position on managing its key risks, contained in the Strategic Risk Register (SRR).

2. Background

- 2.1 Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the Council has faced and is still facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Stronger, Fairer, Greener: Our Corporate plan, deliver services more efficiently and using innovative and cost-effective means.

3. Advice

- 3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that Cabinet.
- Review progress to mitigate strategic risks
 - Review SRR proposals

Review of progress to mitigate Strategic Risks

- 3.2 As at the end of quarter 2 2023-2024, there are 15 risks on the strategic risk register and all strategic risk owners have provided a short summary of progress since last quarter, to give assurance that mitigating actions are being actioned and monitored.
- 3.3 Please see appendix A for full details of the 14 strategic risks including the mitigating actions identified to control them and progress reviews and appendix C in relation to RCPCH0007.

- 3.4 Please see appendix B to view a heat map which presents the results of the quarter 2 risk assessment process visually. It highlights (for the residual risks) the following:

Five out of the fourteen risks have a probability of 'likely' and an impact of 'major', one has a probability of 'almost certain' and an impact of 'major', and one has a probability of 'likely' and an impact of 'severe'.

- 3.5 During Qtr. 2 the following risks have changed their probability or impact:

PROC000: IF global supply chain issues arise such as Brexit, Russian invasion of Ukraine, or, other economic or environmental pressures affect the global market then this could lead to increased price variations and labour & material shortages.

Probability change: possible to unlikely

Score: moved down to 6

PCC0008: IF planned power outages (rota disconnections) occurs then it may affect our ability to deliver services.

Probability change: unlikely to rare

Score: moved down to 3

HTR0018: Impact of nature emergency on our ability to deliver services.

Impact change: minor to major

Score: gone up to 6

ASC0064: IF Welsh Community Care Information System (WCCIS) is not fit for purpose, then it will impact upon service area's ability to carry out our statutory operational duties.

Impact change: major to severe

Score: gone up to 20

De-escalation of risks to the Strategic Risk Register

- 3.5 Executive Management Team would like to de-escalate the following risk:

PCC0008: IF planned power outages (rota disconnections) occurs then it may affect our ability to deliver services. Rating score 3.

With a current risk profile of 'rare' and 'moderate', EMT feels the risk is being managed successfully, and can be deescalated from the strategic risk register to EMTs risk register. In the event of rota disconnections an internal incident management team would be established together with corresponding multi-agency structures within the Local Resilience Forum.

Closed session – monitoring of risk

- 3.6 Review of risk RCPCH0007 in a closed session due to financial monitoring of risk having a commercial sensitivity. Please see appendix C.

4. Resource Implications

- 4.1 There are no direct resource implications in relation to this report however all risk owners need to consider the resource implications of managing the risk and decide if the best course of action is to tolerate or treat.
- 4.2 The Strategic Risk Register outlines the key risks to the Council's activities, as well as risk to delivery of objectives contained within the Corporate Improvement Plan. There are no direct financial implications from the report although these may arise as new risks are identified on an on-going basis.

The Head of Finance (Section 151 Officer) notes the comment above, financial implications are identified through the relevant service and are considered through the financial management processes in line with the authorities' financial regulations. All services are considering the financial impact of any risks that are expected to continue into 2023/24 and beyond in their Service Integrated Business Plans.

5. Legal implications

- 5.1 Legal: The recommendations can be supported from a legal point of view
- 5.2 The Head of Legal Services and the Monitoring Officer has commented as follows: I note the legal comment and support the recommendations.

6. Climate Change and Nature Implications

There is a strategic risk regarding climate and another on nature. Both topics are considered by all services when assessing and managing risk.

7. Data Protection

- 7.1 N/A

8. Comment from local member(s)

- 8.1 N/A

9. Integrated Impact Assessment

- 9.1 N/A. The Service Risk Register is not setting out any changes or proposals to service delivery.

10. Recommendation

It is recommended that Cabinet notes the current Strategic Risk Register and is satisfied with progress against mitigating actions for quarter 2, approves the de-escalation of PCC0008 (detailed under point 3.5).

The recommendation above will ensure:

- **Appropriate understanding and management of strategic risks which could prevent us from achieving our objectives**
- **A risk managed approach to decision making and good governance of the Council**

Contact Officer: Jane Thomas, Head of Finance

Tel: 01597 827789

Email: Jane.Thomas@powys.gov.uk

Head of Service: Jane Thomas, Head of Finance


Corporate Director: Emma Palmer, Chief Executive officer.

CABINET REPORT NEW TEMPLATE VERSION 3

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
ASC0064 Nina Davies Escalated From :- Powys County Council Page 513	IF Welsh Community Care Information System (WCCIS) is not fit for purpose, then it will impact upon service area's ability to carry out our statutory operational duties.	<ul style="list-style-type: none"> Veracity of decision making around adults and children in Powys could be compromised, leading to poor outcomes The safeguarding of children and adults in Powys could be compromised There could be significant delays in securing time critical packages of care Our ability to manage transfers of people from hospital to the community could be compromised We may not be able to respond effectively to out of hours emergencies There may be delays in making decisions and taking action to keep children safe Staff morale could be affected, leading to increased sickness absence and staff leaving Potential for reputational damage to the council and negative impact on our ability to recruit and retain social workers. Additional financial pressure due to not being able to utilise all staff/agency staff efficiently while the system is down 	<p>19/10/2023 Qtr 2 23/24 Review Summary: WG announcement made with regards to future plans regarding a national system. Options Paper updated and currently being considered by Directors (end of October 23). A recommendation on a way forward is expected in November.</p> <p>24/07/2023 Qtr 1 23/24 Review Summary: The Council have yet to receive the options appraisal as currently waiting on decisions by Welsh Government to inform next steps.</p> <p>The risk profile has been increased due to WCCIS being consistently not available recently due to issues with WCCIS and the VPN system, this created a risk particularly within the Front Door for Children's Services where children's files were not able to be processed in a timely manner due to no system being available. This resulted in a significant backlog of information to be processed creating delay in responses for children and their families.</p> <p>26/04/2023 Review Summary: An options report considering future options for a data management system is expected shortly. This is part of the ongoing Digital Transformation project.</p> <p>16/01/2023 Qtr 3 22/23 Review Summary: Digital Transformation of Social Services Project is ongoing. The review is considering future options for a data management system.</p>	Cllr Sian Cox Nina Davies	12	20	<ul style="list-style-type: none"> Performance issues raised to Welsh Government through SBAR Follow correct change management processes Monthly Contract review meetings with Supplier Internal Review Admin support to update records after down time 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action Completed 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
ASC0066 Rachel Evans Escalated From :- Powys County Council Page 514	IF a Social Care provider(s) fail THEN the pressure on care homes, domiciliary care providers, supported living and other providers would become unsustainable.	Potential of care services becoming unviable and not sustainable, resulting in requirement to support residents to access different services/care homes etc. Potential of care staff not being paid. Potential of harm to residents in having to be moved or having care provider unavailability. Potential of financial implications to residents, Council and local economy. Potential of reputational damage. Potential of increased failure and a large number of care staff not being paid appropriately	17/10/2023 Qtr 2 2023/24 Review Summary: Additional contract monitoring is now in place. One home is subjected to provider performance measures and the escalated contract monitoring process has been initiated as a precautioned measure. Contingency planning for provider failure in this instance has been under taken. 17/07/2023 Qtr 1 23/24 Review Summary: Care home support continues. Additional contract monitoring capacity has been agreed which will add further support to care homes 30/03/2023 Qtr 4 22/23 Review Summary: Care home support being undertaken jointly with PTHB to identify risks Contract monitoring in place to support care home quality and early identification or risk issues Care uplift in progress - which will provide information on financial risks Direct Payment - Recommissioning project in progress and contingency plan in place A deep dive took place on the 31st March 2023 by Governance and Audit committee and a presentation given. The presentation gave fuller detail into the situation and controls in place at the end of Qtr 4, explaining and evidencing the rationale behind the current scoring with service moderation across all risks. 18/01/2023 Qtr 3 22/23 Review Summary: On behalf of service: <ul style="list-style-type: none"> • Joint PCC and PTHB provider workshop held with domiciliary care and care home providers 18.12.22 to explore creative solutions and business continuity / resilience • Additional contract monitoring capacity in place to support care homes • Rapid Action Plan developed in conjunction with PTHB • Contingency and focused support around direct payments commissioning • Increase in travel mileage rate for domiciliary care workforce • Commissioning exploring sustainable new models 	Cllr Sian Cox Nina Davies	20	12	<ul style="list-style-type: none"> • Care Home Staffing and Resilience Review • Direct Payment Support Scheme • Care Home Support • Joint Support for Residents and Care Homes 	Action In Progress Action In Progress 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
ASC0071 Sharon Frewin Escalated From :- Powys County Council	If there is insufficient capacity to respond to the longer term demand in ADULTS' services in timely manner	Then the Local Authority will be unable to discharge its statutory duty, safeguard adults, maintain the resilience of the workforce and delivery on transformation then citizens may be at risk of harm: - because they would not have their needs met and be at risk of deconditioning - Quality of services may reduce - Fined - Failure to listen to citizens' views - Unpaid carers may fail to provide care resulting in requirement for LA provision - Untrained staff may provide service users at risk - Individuals who lack capacity may be deprived of liberty without authority - More people may become unwell due to COVID-19 - Increased complaints	03/10/2023 Qtr 2 23/24 Review Summary: Risk still remains high despite progress being made against reducing outstanding assessments and reviews. Work is ongoing to review operational procedures to maximise efficiently way of working in order to be sustainable in moving forward. We continue to see increased demand and complexity in presentation of needs. 30/06/2023 Qtr 1 23/24 Review Summary: This risk has been reviewed Senior Management Team. The risk remains high even though extra resources have been allocated in order to meet statutory requirements with the service. The service needs to be sustainable going forward.	Cllr Sian Cox Nina Davies		<ul style="list-style-type: none"> Agency Staff and reconfiguring existing resources Increase inhouse domiciliary care capacity Ensuring there are sufficient well being responses in place 	Action In Progress 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 516								

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
EDR0011 Ellen Sullivan Escalated From :- Powys County Council	A climate emergency has been declared by Powys County Council. IF we experience the extreme consequences of not taking action then we will experience flooding, poor air quality, impact on nature and our communities.	<p>-Exceeding acceptable CO2 emissions</p> <p>-Increasing demand on flood alleviation and response (including increase demand on resources)</p> <p>-Increased emissions due to depletion of natural carbon stores and sequestration</p> <p>-Unable to meet demand for housing linked to land suitability</p> <p>-Unable to meet future public building needs</p> <p>-Councils reputation is hurt if by lack of prevention/resilience planning and being perceived to be a contributor</p> <p>-Deteriorating river and water way quality</p> <p>-Increased phosphates due to extreme weather events i.e. flooding</p> <p>-Investing in adapting service delivery</p> <p>-Risk to Biodiversity - see Nature Emergency risk</p> <p>-Risk of increased wildfires and their impact</p> <p>-Negative effect on supply of food, goods and vital services due to climate related collapse of supply chains and distribution networks</p> <p>-Risks to the people and the economy climate related failure of the power system</p> <p>-increased risks to human health, wellbeing and productivity from increased exposure to heat, in homes and other buildings</p> <p>-possible multiple risks</p>	<p>16/10/2023</p> <p>Qtr 2 23/24 Review Summary: Dr. Alan Netherwood (Netherwood Sustainable Futures) was commissioned by Powys County Council to review and challenge the Council's current approach in the delivery of its Climate Change Programme. The commission findings provide a set of priorities identifying several ways the council can improve and strengthen the approach, and delivery of our climate change programme, and climate & nature emergency declarations. The scope for the commission asked Netherwood Sustainable Futures to consider several key areas these included:</p> <ul style="list-style-type: none"> • Leadership and collaboration (internal and external) • Strategic direction, prioritisation, and pace of decarbonisation • Actions and the financial commitments for achieving Net Zero 2030 for PCC • Approaches to progress Net Zero Powys 2050 across partnerships in Powys • Climate risk and adaptation for the Council and across Powys • Capacity building and resources for an enhanced approach <p>The commission drew on NSF's extensive work and research at UK, Wales, partnership and local authority levels on climate change policy, practice, and governance.</p> <p>The recommendations provided within the report will be considered by senior officers and members to support prioritisation and strategic level planning. The outcomes of the prioritisation exercise will influence appropriate alignment of resources in key areas which are required to undertake transformation at an increased pace. The report will also serve as a key evidence base, providing a backdrop from which robust and clear business cases can be developed to unlock financial barriers to delivery.</p> <p>The Council is currently co-ordinating a period of review with key internal officer and</p>	Cllr Jackie Charlton Diane Reynolds	25	20	<ul style="list-style-type: none"> • Workstream Action Plans developed • Engagement with stakeholders and experts • Carbon accounts reporting • EMT/SLT dedicated session to take place in December to focus on risk and plan strategic mitigation • Implement Powys' Climate Strategy 	<p>Action In Progress</p> <p>Action In Progress</p> <p>Action In Progress</p> <p>Action Completed</p> <p>Control In Place</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
		to the County from Climate change impact from overseas. -Inadequate planning for unforeseen events	<p>member working groups, the approach will review each of the recommended priority areas from Dr Alan Netherwood and consider what actions are required to be taken forward, where the action should be managed, and the suggested timeline and cost for implementation.</p> <p>06/07/2023 Qtr 1 23/24 Review Summary: No change however progress has been made with some of the controls.</p> <p>- Climate action plans for Mobility & Transport, Sustainable Procurement, Buildings and Land, Energy and Governance continue to be refined. Action plan leads have been tasked to cost action plans to coincide with forthcoming budget setting timescales and to inform future business case proposals to transformation delivery board which identifies the costs and resource requirements alongside potential return of investment.</p> <p>-Climate and Nature event took place on 14th June as part of this ongoing control</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>30/03/2023</p> <p>Qtr 4 22/23. Review Summary: Action towards addressing the climate and nature emergency declarations of the council are taking shape with a climate and nature transformation programme being added to the existing portfolio, increased governance, working groups and stakeholder groups being established and closer engagement between members and officers to shape the councils response.</p> <p>Further work is required to fully embed climate and nature into the organisation aligned to the corporate plan and the greener priority objective and to refine and clearly articulate and prioritise our resources in areas where most impact can be achieved. Prioritisation will be driven by the carbon accounts and action plans which have now been developed by service areas but more work is needed. The Council can reduce the risk through mitigation, adaptation and reducing our carbon emission, however, more evidence will be required to reduce the risk further. As well as improve our environmental wellbeing, nature recovery and biodiversity enhancement this risk rating relates to mitigation and adaptation'. Action plans are being developed by service areas but more work is needed. As the Council improves its awareness of its carbon footprint and evidence base the action required as an organisation to meet our climate and nature emergency declarations will begin to inform targeted interventions which will reduce the residual risk impact.</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>18/01/2023</p> <p>Qtr 3 22/23 Review summary. On behalf of service. The risk is ongoing. The Climate Emergency Programme Board continue to meet monthly and work on developing workstream action plans has continued. A climate stakeholder group has been established to plan for an event in June aimed at supporting Town and Community Councils to declare climate and nature emergencies. A climate and nature engagement group has also been established and had it's first meeting in December</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
FIN0001 Jane Thomas Escalated From :- Powys County Council Page 521	The Council may be unable to deliver a financially sustainable budget over the short and medium term. The continued impact of Covid coupled with the more recent events around rising inflation, energy costs and the situation in Ukraine impacting on supply chains and prices all increase the risk on the Council financial resilience.	<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 obligations - Inability to deliver the Council objectives 	<p>23/10/2023 Qtr 2 23/24 Review Summary: The outturn for 2022/23 was extremely welcome and we used the funding opportunities provided to set up a specific reserve to support the likely pay award pressures and capital financing which will be required in this and future years. Quarter 1 projected an underspend for 2023/24 with limited draw on the risk budget to date. This budget helps to manage financial risk during the year and use becomes more likely as the year progresses. Cabinet received a report in September that revised the assumptions in the MTFS which increased the projected budget gap across the 5 years. Work has intensified in recent weeks in developing the budget proposal to bridge the gap both for 2024/25 and future years. Discussions continue at a national level through the WLGA and Welsh Treasurers with Welsh Government</p> <p>04/07/2023 Qtr 1 23/24 Review Summary: The final outturn 2022/23 reports a net underspend, after contributions to specific reserves, of £6.7 million against the £221.9 million budget a 3.0% variance (excluding Schools and the Housing Revenue Account). This position will release one off funding to support the increasing pressure already facing the 2023/24 revenue budget particularly that relating to teachers and staff pay as pay award negotiations create unfunded pressure in next financial year. This goes some way to de-risk the Councils financial position in the short term but does not reduce the ongoing base budget pressure that continues to create a gap in our budget plans for next year and future years. The Sustainable Powys programme will seek to identify the opportunities to reduce council spend in order to bridge the budget gap over the next few years.</p>	Cllr David Thomas Jane Thomas	25	16	<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 • The Reimagining the Council programme will fundamentally review and reshape the Council for the future • Instruction to all services across the council to pull back on expenditure through 2022/23 to manage the projected deficit • Service Integrated Business Plans will be reviewed and refreshed • Keen focus on procurement issues - sharing information and knowledge across the LA/WLGA network • WG claims for Hardship and lost income continue and expect to remain in place til march 2021 • Cell in place to monitor rising costs, supply chain issues and sharing of information across the Council • Regularly monitor and review the financial position on monthly basis. • 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 • 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 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action Completed Action Completed Action Completed Action Completed Control In Place Control In Place Withdrawn Withdrawn 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>17/04/2023 Qtr 4 22/23 Review Summary: The council approved a balanced budget for 2023/24 with the inclusion of a 5% increase in Council Tax. The budget recognises the impact of increasing inflation across all services which have in the main been funded, although significant cost reductions are required to delivered within budget. The financial year for 2022/23 has now closed and the accounts are being finalised, the latest forecast based on the position at the end of February projects a surplus budget albeit with the draw down of specific reserves, as set aside last year. Work must now quickly turn to addressing the projected budget for 2024/25 and beyond.</p> <p>16/01/2023 Qtr 3 22/23 Review Summary: The development of the budget through the Autumn has seen Cabinet propose a balanced budget for 2023/24 which will be set out at Cabinet on the 17th January. Significant cost pressures across all services can be managed through the increased WG settlement, the delivery of costs reductions and an increase in Council Tax. The longer term 5 year strategy sees further significant shortfalls through to 2028. Work is now underway to reimagine the Council for the future delivered at a lower cost.</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
HTR0018 Matthew Perry Escalated From :- Powys County Council	Impact of nature emergency on our ability to deliver services	<ul style="list-style-type: none"> Reduced productivity of agriculture, forestry and fisheries impacting the livelihoods of residents and economic stability. Reduced food availability through declines in pollination, soil health and soil fertility. These will lead to decreased yields, a decrease in food and fodder production, and a decreased availability of wild foods. Ecosystems are more susceptible to invasion by pests and diseases. This will reduce the resilience of the natural environment and require investment in pest and disease prevention/control/eradication. Reduced capacity for land to sequester carbon and thus our ability to tackle the climate emergency – see climate risks (interlinked) Reduced capacity for land to perform other basic ecological functions such as water storage, water purification, nutrient cycling and air filtration. Deteriorating river and water quality. Reduced health and wellbeing of residents through increase of diseases, reduced protection against pollution, health effects associated with increased malnutrition and increased exposure to agricultural chemicals, 	<p>10/10/2023</p> <p>Qtr 2 23/24 Review Summary: Secured Shared Prosperity Funding for Nature Recovery Officer Role until the end of March 2025. The Nature Recovery Officer has been appointed in Quarter 2, which has expanded the specialist staff capacity which will be available to deliver nature recovery actions and work with partners.</p> <p>Powys County Council has been allocated Local Places for Nature Funding to implement greenspace improvement strategy for housing services sites for 23/25.</p>	<p><i>Cllr Jackie Charlton</i></p> <p>Matthew Perry</p>	25	16	<ul style="list-style-type: none"> Delivering on our Section 6 duties Implementing the Nature Recovery Action Plan with partners 	<p>Action In Progress</p> <p>Action In Progress</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>a loss of cultural values, reduced access to traditional medicines, reduced options for future drug development, and poorer mental health.</p> <ul style="list-style-type: none"> • A decline in tourism due to loss of nature and poor condition of the natural environment. • Unable to meet demand for housing linked to land suitability. • Unable to meet future public building needs. • Council's reputation is hurt by lack of prevention/resilience planning and being perceived to be a contributor. • Investing in adapting service delivery. 	<p>30/06/2023</p> <p>Qtr 1 23/24 Review Summary: Our Biodiversity officer has been in post now close to 6 months and much progress has been made around delivery of section 6 duties. A report reflecting on the actions taken in the period from December 2019 to December 2022 was presented to Cabinet in Spring 2023 and was approved. Publication of this report fulfils the Council's duty to report on its progress against section 6 duties every three years.</p> <p>Local Places for Nature funding has been confirmed for the period from April 2023-March 2025; this will allow for 'Nature on your doorstep' projects to be carried out on the Council estate around maintaining and enhancing biodiversity. This funding has a specific revenue element around section 6 duties, which will allow for the Nature Recovery officer (for which funding has been made available) to work with Council services to look at biodiversity opportunities and support Town and Community Councils in implementing their section 6 duties.</p> <p>Due to time constraints, it was not possible to commission a contractor to carry out a desktop review of progress against the Powys Nature Recovery Action Plan in spring 2023. However, a progress tracker has been developed at officer level to identify the projects and initiatives in which the Nature Partnership is involved and the actions in the Nature Recovery Action Plan against which each delivers. This will continue to be populated as projects develop and progress.</p> <p>Work is also under way through the Powys Nature Partnership to map the extent to which Powys is already contributing to the 30x30 target (which is a worldwide initiative for governments to designate 30% of Earth's land and ocean area as protected areas by 2030.) In combination, the progress tracker and 30x30 mapping will help to target future work to deliver against the Nature Recovery Action Plan.</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>Local Places for Nature capital and revenue funding have been confirmed for the period from April 2023 to March 2025 and will underpin delivery of projects that deliver 'Nature on the Doorstep' by the Council, the Powys Nature Partnership and community groups and organisations over the next 18 months.</p> <p>05/04/2023 Qtr 4 22/23 Review Summary: Section 6 report completed outlining all the achievements to improve biodiversity throughout Powys and the ongoing collaboration with our partners through Powys Local Nature Partnership. Report is Scheduled for Cabinet/EMT W/C 17th April 2023.</p> <p>17/01/2023 Qtr 3 22/23 Review Summary: Work is underway to review the 2022 outcomes which will show progress from 2019. There are 15 Local Places for Nature projects under way this year to deliver against the Powys Nature Recovery Action Plan (PNRAP) and 5 of those are on Council land including schools, so will deliver against section 6 duties too. Interest from within and outside the Council is growing rapidly, with enquiries being made by other Services and community organisations around development of projects to be funded in the next year. We have now also been formally awarded SPF funding to appoint a Nature Recovery Officer for the next two years, which achieves one of the aims set out in the declaration of a Nature Emergency</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
IAWARD0009 Yvette Kottaun Escalated From :- Powys County Council Page 526	If the Council is susceptible to higher levels of fraud as people struggle with the cost of living crisis and as organised fraud take advantage of the challenging environment. This could lead to lost income revenues or increased service provision costs.	Then this could lead to lost income revenues, increased service provision costs, some schools will have escalating deficits which will have a financial impact on the rest of the Council and the learners in their care. Other consequences could be: - increased service provision costs because of lost income/reduced budget - Reputational Damage - Lost in stakeholder confidence	29/09/2023 Qtr 2 23/24 Review Summary: On behalf of Service: The situation remains the same for the Council as evidenced by fraud reports. Fraud reports are revealing increased levels of fraud with the 'Cost of living' situation believed to be a contributing and motivating factor.' 20/07/2023 1st Qtr 23/24 Review Summary: On behalf of Service: Of the remaining 4 service areas fraud risk assessments that were outstanding by SWAP, 3 have been completed however the last one has not. A meeting has been scheduled with SWAP to discuss those that have been carried out, as the Council would like further work to take place to give a more robust/realistic view. The Councils team have shared their work plan to ensure there is no duplication of work, and an effort to try and make work around fraud risk, fraud investigation and error work, more joined up. Regarding the remaining fraud risk assessment, SWAP have advised the delay is because of time and capacity resource however are still planning on completing the final one (at the Councils request) but currently unable to give a time frame. 04/04/2023 Qtr 4 22/23 Review Summary: The fraud team are awaiting guidance from SWAP on which service areas they intend to do further fraud risk work with. Once this is established Corporate Fraud will determine their action plan of service workshops so not duplicate work and cost with SWAP. Progress has been made with 3 more service risk assessments having been completed, leaving only one outstanding. It is worth noting despite the work that has been carried out to reduce the risk probability and impact, the service are noting increased incidents of fraud, put down to the cost of living crisis and therefore the scoring remains the same. 13/03/2023 Review Summary: The risk is now live	Cllr David Thomas Jane Thomas	16	12	<ul style="list-style-type: none"> Fraud team to review fraud risks with service areas and determine action plan SWAP Undertake the remaining fraud risk assessments in 4 service areas Provide section 151 officer with fraud risk Intelligence bi-annually. regular fraud activities 	Action In Progress Action In Progress 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
			16/01/2023 Qtr 3 22/23 Review Summary: Activities to monitor and aide compliance continue, as per previous quarters. Corporate Information Governance Group (CIGG) took place November 2022				information asset and ROPA	

Page 528

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
							<ul style="list-style-type: none"> • NCSC 10 Steps Actions Vulnerability Management • Detection and Response Tools • Cyber Exercising 	Control In Place Control In Place Withdrawn

Page 530

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
PCC0008 Matthew Perry	IF planned power outages (rota disconnections) occurs then it may affect our ability to deliver services.	Then there will be immediate impacts on telephony, communication, ICT, fuel, transport, medical, retail, sanitation, emergency response, banking and & water distribution which will impact on our ability to deliver services. The impact will vary in severity depending upon the length of time without power (The UK Gov target for 100% restoration from 100% outage is currently (Dec 2022) 7 days therefore in theory POs can be anything from seconds to 7 days.	17/10/2023 Qtr 2 23/24 On behalf of Nigel Brinn. The risk for winter 2023/24 appears to be lower than was the case for winter 2022/23. Nevertheless rota disconnections are still a possibility for the winter ahead. Given the size of the County it is likely (should rota disconnections occur) that some areas would be without power for short periods, but more unlikely that the whole of the County would be impacted. In the event of rota disconnections an internal Incident Management Team would be established together with corresponding multi-agency structures within the Local Resilience Forum (LRF). 06/07/2023 Qtr 1 23/24 Review Summary: The risk profile has been reduced due to lowered demands for heating, lighting etc during the summer months however as we cannot predict the winter months ahead, and the risk of regional and national power outages remains on the National Security Risk Assessment (with their Risk Assessment unchanged) the risk will remain on the Strategic Risk Register. However the risk and its controls will remain under review by the Emergency Planning Team and the Local Resilience Forum. 04/04/2023 Review Summary: Qtr 4 22/23 Risk Summary, on behalf of Nigel Brinn. The risk has been reviewed and probability reduced to 'unlikely' at present however the risk itself will remain under review by the Emergency Planning Team and the LRF. 10/03/2023 Review Summary: Rescheduling date to 1st April inline with Strategic Risk Register review.	Cllr Richard Church Matthew Perry	15	3	<ul style="list-style-type: none"> Further electrical work at Penybont depot to ensure access to bunkered fuel supplies of diesel (to drive the generator). SLT to agree a priority list of services/people to have access to county hall and continued use of systems. SLT to agree which services/people get access to county hall and continued use of systems. Property and HTR to agree a forward plan to deliver fuel to County Hall's generator if needed Commission care providers' business continuity planning The Council has contacted providers like EE to see what their plans are Consider UPS at the homes of identified key officers Paper to SLT to initiate discussion on power outages All services to review Business Continuity plans in relation to power outage ICT has setup an management Whatsapp group for all team leaders Uninterrupted power supplies on our key ICT servers monitoring their own readiness Generator at County Hall tested on a monthly basis SLT instructed to relocate to County Hall at first sign of a prolonged outage and activate the SLT Incident Response Guide , Attendance (virtual) at national seminars on planning for Power Outages Take part in major exercises scheduled to test the response to power outages. 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Action Completed Control In Place Control In Place 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
PPPP0030 Gwilym Davies Escalated From :- Powys County Council Page 532	IF the Council has an insufficient level of revenue maintenance and major improvement capital funding, then it is likely to result in unsafe and unfit assets within School properties.	Withdrawal of use of the asset by the school leading to disruption to educational continuity with the partial or full closure of the school.	<p>23/10/2023 Qtr 2 23/24 Review Summary: Corporate Compliance Board and Education Property Compliance and Operational Safety Board are actively monitoring compliance and managing risk. Risk assessments are undertaken where compliance risks are identified and appropriate actions taken to manage risk to an acceptable level. Condition surveys are being commissioned to identify program and planned maintenance priorities. This will enable the identification of risks and inform the programme of works to be created.</p> <p>21/07/2023 Qtr 1 23/24 Review Summary: Compliance Board and Education Working group have been set up to monitor compliance and manage risk. Risk assessments are undertaken where compliance risks are identified and appropriate actions taken to manage risk to an acceptable level. Condition surveys are considered necessary to identify risks and enable an informed programme of works to be created.</p> <p>30/03/2023 Qtr 4 22/23 The Council is continuing to tolerate (with controls in place) as the risk is in relation to insufficient level of revenue maintenance and major improvement capital funding. The Council has an ongoing assessment of all school properties to plan for essential works to maintain safe and operational premises. The Council has received confirmation from WG of additional capital/revenue maintenance grant and the associated terms and conditions for financial year 2023/24. This risk has been transferred from Educations risk register to Property, Planning and Public Protection risk register however remains cross linked with Education so both services have sight. The service is currently planning and commissioning project work for school property financial year 23/24.</p>	Cllr Jake Berriman Nigel Brinn	20	16	<ul style="list-style-type: none"> Monitor statutory compliance and implement remedial works and programme capital improvements to maintain service 	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>07/11/2022</p> <p>Qtr 3 22/23 Currently the Council is tolerating (with controls in place) as the risk is in relation to the possibility of insufficient level of revenue maintenance and major improvement capital funding. The Council has an ongoing assessment of all school properties to plan for essential works to maintain safe and operational premises. The Council is awaiting confirmation from WG about additional capital/revenue maintenance grant and the associated terms and conditions for financial year 2023/24. This risk has been transferred from Educations risk register to Property, Planning and Public Protection risk register however remains cross linked with Education so both services have sight.</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
PPPP0031 Gwilym Davies Escalated From :- Powys County Council Page 534	IF the school building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them, then they could become un-safe and not fit for purpose.	Disruption to the operational continuity of the building which may either result in the partial or full closure of the school building to ensure the health and safety of all occupants.	03/10/2023 Qtr 2 23/24 Review Summary: Compliance Board and Education Working group have been set up to monitor compliance and manage risk. Risk assessments are undertaken where compliance risks are identified and appropriate actions taken to manage risk to an acceptable level. Condition surveys are considered necessary to identify risks and enable an informed programme of works to be created. 21/07/2023 Qtr 1 23/24 Review Summary: Compliance Board and Education Working group have been set up to monitor compliance and manage risk. Risk assessments are undertaken where compliance risks are identified and appropriate actions taken to manage risk to an acceptable level. Condition surveys are considered necessary to identify risks and enable an informed programme of works to be created. 30/03/2023 Qtr 4 22/23 Review Summary: This risk although sits with PPPP is cross linked with Education so both services have sight. Meeting took place as a matter of urgency with all relevant service areas to review the risk and in particular the controls and actions in place during the last Qtr. School premises critical compliance assessment is being prepared for all school and non school buildings with a view to presenting 'work in progress' document to Corporate Compliance and Strategic Property Board. Also we are completing the major improvement capital programs 22/23 including other capital grant funded schemes and a planned maintenance program to maintain and upgrade school buildings, safeguarding, external infrastructure and school facilities. This is to maintain safe operational school facilities.	Cllr Jake Berriman Matthew Perry	20	16	<ul style="list-style-type: none"> Implement the schools asset management plan within the budget available and escalate to the Transforming Education Programme Actively input into the HOWPS transition working group 	Action In Progress 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>09/01/2023</p> <p>Qtr 3 22/23 Review Summary: Risk reviewed in Schools SSMT. This risk has been transferred from Educations risk register to Property, Planning and Public Protection risk register however remains cross linked with Education so both services have sight. Meeting to take place as a matter of urgency with all relevant service areas to review the risk and in particular the controls and actions in place.</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
PROC0008 Wayne Welsby Escalated From :- Powys County Council	IF global supply chain issues arise such as Brexit, Russian invasion of Ukraine, or, other economic or environmental pressures affect the global market then this could lead to increased price variations and labour & material shortages.	Effect on capital and revenue budget which may result in: Council's ability to deliver services, meet its corporate plan objectives and manage its budget. Council unable to deliver statutory and non statutory services which could result in a backlog of work, reputational damaged, quality of buildings and knock-on consequences. Examples of a key consequence include, delayed or cancelled housing development reduces capacity to address homelessness and other housing needs, Delays or affordability of delivery of schools transformation, etc. Potential for businesses ceasing to operate or provide specific specialist services where alternative options are limited.	19/10/2023 Qtr 2 23/24 Review Summary: Commercial Performance and Risk Board is effectively identifying and mitigating known supply chain risks. 10/07/2023 Qtr 1 23/24 Review Summary: Ongoing risk management via the Commercial Performance and Risk Board. 15/05/2023 Review Summary: Risk management is on going via the new Commercial Board. 05/01/2023 Qtr 3 22/23 Review Summary: The new Commercial Performance and Risk Board has been created and now operational and includes increased viability of supply chain risks and thus promoting actions to mitigate.	Cllr David Thomas Jane Thomas	15	6	<ul style="list-style-type: none"> Review and update contract management reporting of supply chain risks Financial Risk Reporting - use of D&B reports etc..... New Commercial Performance and Risk Board created. Controlling costs and supply price increases. Access to Market Intelligence Value Engineering &/or Material substitution Re-evaluate project timescales Value engineering Ukraine Cell Set up to report to Gold on consequences and to manage Develop a Process for approval by S151 officers for minimising effect of Price Increases - replaced by PROC0008/007. 	Action In Progress Action In Progress Control In Place Control In Place Control In Place 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
WO0021 Gemma Gabriel Escalated From :- Powys County Council	IF the Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer term due to an expected long term decrease in the local working age population	Then: *the Council will be unable to secure the services needed by the local population, including care and assessment provision, education, waste, highways, housing culture and support services. *services may not be able to respond to and fully meet increasing demand. *services also may not be able to deliver their normal / planned levels of service provision. Where this is acute or could lead to the inability of the Council to deliver statutorily required services, the Council may need to temporarily step-down elements of its non-business critical activities in order to deploy staff to business-critical work.	13/10/2023 Qtr 2 23/24 Review Summary: Successful recruitment event for reablement and support worker positions. Event enabled staff to received job offers on the day (4 made on the day). This model of recruitment event will therefore be a focus moving forward. 5 apprentices appointed on Q2 (6 others currently being advertised) 21/07/2023 1st Qtr 23/24 Review Summary: • Presentation given to Economy, Residents and Communities Scrutiny Committee, with positive feedback and contributions. • Successful recruitment campaign for housing trades roles resulting in an overwhelming response and significant numbers of offers made and vacancies filled. • Further success recruiting to vacancies in Children's Residential services following recruitment events and leaflet drops to homes across Powys. • 6 apprentices appointed in Q1 with 3 starts and 3 due to start in Q2. • Review meetings in place to discuss system development with e-recruitment provider 17/04/2023 Qtr 4 22/23 Review Summary: This work continues. We are seeing some impact in key roles for example in social care and environmental health. Metrics are being developed which will used in future reports to review and measure risk.	Cllr Jake Berriman Paul Bradshaw	25	16	<ul style="list-style-type: none"> Recruitment and Retention working group delivery Developing a health and care workforce for the future Ensure a robust and effective Apprenticeship programme Improving the skills and employability of young people and adults Telehealth and telecare Formal partnership with the Open University and secondment of students increase use of direct payments and the dynamic purchasing system are intended to secure more creative approaches Support communities to be able to do more for themselves and reduce demand on public services Promoting Powys as a place to live, visit and do business Developing digital solutions and services Developing a workforce strategy which ensures Council is an excellent employer Develop an Adults' Service recruitment and retention strategy , based on a strong brand promoting positive values and working/l Growing our own workforce, including the scoping of a rural academy of learning which would offer social care qualifications t Conduct research to understand the workforce profile in health and social care To maintain rolling adverts for key staff and to link the adverts to relevant sites / job boards To activate the Emergency Plan as may be required in order to facilitate the move of resources to business critical work To internally deploy staff from non business critical work to business critical activities where possible. To develop and run a national recruitment campaign to best attract candidates to social care roles To further develop the Council's recruitment practice, site and campaigns to best promote employment opportunities Improving skills and supporting people to get good quality jobs Improving education attainment of all pupils Consideration of a joint bank of staff available to maintain staffing levels and reduce risk Build better connections with Powys schools & universities within Wales & just across the border in order to attract students 	Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Action Completed Action Completed Action Completed Action Completed Control In Place Control In Place 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>23/12/2022</p> <p>Qtr 3 22/23 Review Summary: The health and care partners in Powys have a multi-faceted Workforce Futures Strategic Framework is in place and being implemented, which is designed to recruit and develop the workforce needed to support the people of Powys now and for the future. As part of this it's essential that we have people with the education and skills that will be needed, which is supported by the Council's Transforming Education Programme which sets out a ten year strategy and is in the process of being implemented.</p> <p>IN order to best respond to the tight UK and local labour market, a high level resourcing group has been established to ensure that the Council takes every possible step to recruit and retain the workforce needed, including growing our own staff. This group is working with the leadership team and so far has:</p> <ul style="list-style-type: none"> • piloted an easier process to apply for roles, leading to a significant increase in interest in the roles and led to 3 staff being recruited, this will be rolled out • developed a new website with an enhanced search function to make it easier for applicants to search our vacancies • introduced a new process to use existing vacancies as apprenticeship opportunities for people in our apprentice talent pool. • undertaken a staff pulse survey to all staff to obtain feedback on why they chose to work at Powys, the findings from which will be used to support recruitment and retention plans. • Are working closely with our partners (e.g. PTHB, PAVO) to identify where we can jointly address recruitment and retention challenges • Firm plans in place for 15 social care staff under our grow one own initiative to qualify as Social Workers during 2023 • Developed a new vibrant and attractive advertising brand which will be launched early January 2023 • We have a - New Year, New Job recruitment campaign ready to launch 					

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>during January 2023</p> <ul style="list-style-type: none"> And have reviewed and condensed our application form, making it easier for candidates to complete which will be launched in the new year <p>AS can be seen, much work has already been completed to address our recruitment needs and we have many more initiatives and improvements planned for Quarter 4 and beyond.</p> <p>The Council is also working closely with PTHB and our partners to support the release of patients from hospital into reablement and care, this work will continue over the winter period and will focus on joint recruitment initiatives, joint induction and development, with a key focus on reablement.</p> <p>IN addition we are widening access to the health and care sector in Powys by / through:</p> <ul style="list-style-type: none"> an employability skills hub project (NPTC delivering employability skills training to a range of groups including staff currently within the health and care system, carers, volunteers and new staff trying to access employment in the sector) by widening our apprenticeship offer And enabling access for carers and volunteers to statutory education packages 					

This page is intentionally left blank

Heatmap Inherent and Current



Inherent Ratings Summary Heatmap

Residual Ratings Summary Heatmap

Probability



Page 541

Insignificant

Minor

Moderate

Major

Severe

Impact

Insignificant

Minor

Moderate

Major

Severe

Impact

Detailed Risk Information

Residual and Target Rating Changes since 17/05/2023

Risk Ref	Risk Identified	Owner	Service Area	Prev Inherent	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
EDR0011	A climate emergency has been declared by Powys County Council. IF we experience the extreme consequences of not taking action then we will experience flooding, poor air quality, impact on nature and our communities.	Ellen Sullivan	Powys County Council	25	→	25	20	→	20
ASC0064	IF Welsh Community Care Information System (WCCIS) is not fit for purpose, then it will impact upon service area's ability to carry out our statutory operational duties.	Nina Davies	Powys County Council	12	→	12	12	↗ 8	20
FIN0001	The Council may be unable to deliver a financially sustainable budget over the short and medium term. The continued impact of Covid coupled with the more recent events around rising inflation, energy costs and the situation in Ukraine impacting on supply chains and prices all increase the risk on the Council financial resilience.	Jane Thomas	Powys County Council	25	→	25	16	→	16
HTR0018	Impact of nature emergency on our ability to deliver services	Matthew Perry	Powys County Council	25	→	25	16	→	16
WO0021	IF the Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer term due to an expected long term decrease in the local working age population	Gemma Gabriel	Powys County Council	25	→	25	16	→	16
PPPP0030	IF the Council has an insufficient level of revenue maintenance and major improvement capital funding, then it is likely to result in unsafe and unfit assets within School properties.	Gwilym Davies	Powys County Council	20	→	20	16	→	16
PPPP0031	IF the school building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them, then they could become un-safe and not fit for purpose.	Gwilym Davies	Powys County Council	20	→	20	16	→	16
ASC0066	IF a Social Care provider(s) fail THEN the pressure on care homes, domiciliary care providers, supported living and other providers would become unsustainable.	Rachel Evans	Powys County Council	20	→	20	12	→	12
IAWA00009	If the Council is susceptible to higher levels of fraud as people struggle with the cost of living crisis and as organised fraud take advantage of the challenging environment. This could lead to lost income revenues or increased service provision costs.	Yvette Kottaun	Powys County Council	16	→	16	12	→	12
ICT0029	IF the Council incurs a serious Cyber Attack or Security Incident this can result in financial costs to recover, and data loss if recovery is not possible. This will result in disruption and damage to the reputation and running of the Council and its services.	Ellen Sullivan	Powys County Council	16	→	16	12	→	12
ICT0010	IF the Council is found non-compliant with either UK General Data Protection Regulations (GDPR) and or the Data Protection Act (DPA) 2018 then, it could be subject to monetary penalties or other regulatory action, data protection audits, civil action and associated consequences, including suffering reputational damage, and resultant detriment to the affected data subjects.	Ellen Sullivan	Powys County Council	12	→	12	12	→	12
ASC0071	If there is insufficient capacity to respond to the longer term demand in ADULTS' services in timely manner	Sharon Frewin	Powys County Council	No Previous		25	No Previous		9
PROC0008	IF global supply chain issues arise such as Brexit, Russian invasion of Ukraine, or, other economic or environmental pressures affect the global market then this could lead to increased price variations and labour & material shortages.	Wayne Welsby	Powys County Council	15	→	15	12	↘ -6	6
PCC0008	IF planned power outages (rota disconnections) occurs then it may affect our ability to deliver services.	Matthew Perry	Powys County Council	15	→	15	8	↘ -5	3

Report Selection Criteria

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