

Statement of Accounts 2021 - 2022



CONTENTS

Section	Page(s)
1 Narrative Report	1 - 6
2 Statement of Responsibilities for the Statement of Accounts	7
3 Annual Governance Statement	8 - 55
4 Auditor General for Wales' Report to the Members of Carmarthenshire County Council	56 - 59
5 Financial Statements	60
5.1 Expenditure and Funding Analysis (EFA)	61
5.2 Comprehensive Income and Expenditure Statement (CIES)	62
5.3 Movement in Reserves Statement	63
5.4 Balance Sheet	64
5.5 Cashflow Statement	65
6 Notes to the Accounts	66 - 145
7 Housing Revenue Account (HRA)	146 - 147
8 Notes to the HRA Income and Expenditure Statement	148 - 150
9 Dyfed Welsh Church Fund Account	151
10 Trust Funds	151
11 Social Care/Children's Services - Client and Staff Accounts	152
12 Glossary of Terms	153 - 157

1 NARRATIVE REPORT

The following Statement of Accounts brings together in summary form the financial transactions of the Authority for the year 2021/22.

The Authority's Accounts for the year 2021/22 are set out on the following pages of this report and have been produced in line with the 2021/22 Code of Practice on Local Authority Accounting (the Code).

1.1 The accounts consist of the following financial statements:

Expenditure and Funding Analysis

Comprehensive Income and Expenditure Statement (CIES)

Movement in Reserves Statement

Balance Sheet

Cash Flow Statement

Detail on each of these financial statements can be found in Section 5.

Housing Revenue Account Income and Expenditure Statement and Movement on the Housing Revenue Account Statement

Detail on these financial statements can be found in Sections 7 and 8.

Dyfed Welsh Church Fund and Other Trust Funds

Detail on these Funds can be found in Sections 9 to 11.

The accounts are supported by the Statement of Accounting Policies (Note 6.1 - Notes to the Accounts).

1.2.1 Revenue Budget

The following table shows how the actual spend on services during 2021/22 compared with the budget set for the year.

Service	Working Budget				Actual				Variance For Year
	Expenditure	Income	Net Non Controllable	Net	Expenditure	Income	Net Non Controllable	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	34,981	(14,979)	(5,718)	14,284	36,139	(16,986)	(5,718)	13,435	(850)
Communities	161,133	(65,800)	23,700	119,033	188,458	(95,602)	24,213	117,070	(1,963)
Corporate Services	80,009	(45,883)	(2,732)	31,393	77,872	(44,911)	(2,732)	30,229	(1,164)
Education & Children	197,605	(41,885)	29,964	185,685	226,824	(71,961)	29,964	184,827	(858)
Environment	127,489	(82,374)	21,254	66,369	135,097	(90,492)	21,254	65,859	(510)
Departmental Expenditure	601,217	(250,920)	66,467	416,764	664,390	(319,952)	66,981	411,419	(5,345)
Net Interest & Capital Accounting Adjustments				(2,800)				(3,942)	(1,142)
Pension Reserve Adjustment				(37,322)				(37,322)	0
Accumulated Leave				(1,346)				(1,346)	0
Levies and Contributions:									
Brecon Beacon Nat Parks				152				152	0
Fire Authority				10,737				10,737	0
Net Expenditure				386,185				379,697	(6,487)
Contribution to/(from) General Balances				0				1,434	1,434
To/(from) Earmarked/Departmental Reserves				0				8,452	8,452
Transfer to City Deal/Pentre Awel Reserve				0				2,000	2,000
Net Budget				386,185				391,583	5,399
Revenue Support Grant				(222,063)				(225,743)	(3,680)
Non Domestic Rates				(62,757)				(62,757)	0
Council Tax				(101,365)				(102,626)	(1,261)
WG Council Tax Hardship Grant				0				(458)	(458)
				0				0	0

The 2021/22 revenue budget was approved by County Council on 3rd March 2021, when the scale of the COVID19 impact on services remained uncertain. Additional financial support measures are outlined in paragraph 1.2.2 below.

The financial position at year-end, taking all of these additional financial flows into account showed an underspend at department level of £5,345k. This does not include the underspend on schools as this is captured in the LMS reserve movement (see note 6.22).

The Chief Executives Department reported a £850k underspend. There were net underspends on Commercial properties, Industrial Premises, Members pay and travelling, and staffing savings from vacant posts across the department, offset by overspends as a result of a reduction in income from livestock markets and provision markets

The Department for Communities is underspent by £1,963k for the year. There are significant variances in social care services though these are largely resulting from reduced costs where service provision is reduced due to COVID19 restrictions, additional one off grant funding provided during the year combined with ongoing staff vacancies where it has been difficult to recruit. Social Care teams have prioritised the safe delivery of key services, meaning that the department has been unable to progress some of the planned savings' proposals.

The Corporate Services Department reported a £1,164k underspend for the year. There is a £364k underspend on pre LGR pension costs along with a £143k underspend on Rates Relief due to low take up of the scheme. Budget reductions have been incorporated into future years in the Medium Term Financial Plan (MTFP). There are also underspends on salaries due to vacancies across the department, and staff not yet at the top of their pay scale, along with a reduction in bank charges and audit fees.

The Department for Education and Children had an underspend of £858k for the year. This is largely a result of further Welsh Government (WG) grant funding across many service areas, some services were still providing limited provision due to COVID19 restrictions and delays in recruitment.

The Environment Department is reported an underspend of £510k for the financial year, largely due to increased income from internal recharges reflecting increased work completed during the year by the Property division.

These variances, plus the savings on capital financing costs and a higher than estimated collection level on Council Tax, means that the Authority transferred £1,434k to general reserves for the 2021/22 financial year.

HOUSING REVENUE ACCOUNT	Working Budget			Actual			Variance For Year
	Expenditure	Income	Net	Expenditure	Income	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account	50,303	(43,847)	6,456	41,291	(43,742)	(2,451)	(8,907)
Transfers to/(from) HRA balances	0	0	(6,456)	0	0	2,451	8,907

The Housing Revenue Account (HRA) reported an underspend of £8,907k for the year.

The main variances were:

- Underspends on Minor Works £1,311k due to capacity and procurement issues
- Overspend on Voids/Responsive/Other £1,371k mainly due to costs associated with catch up on repairs delayed by COVID19.
- Supervision & Management and Support is projecting an underspend of -£167k mainly due to staff vacancies
- Provision for bad debt not utilised due to limited write-offs and age of existing debt reduces requirement -£543k
- Capital financing charges are -£642k less than budgeted due to reduced borrowing in 2020/21 reducing the MRP requirement as result of 2020/21 end of year position, forecast reduced spend on 2021/22 capital programme and additional grants secured in 2021/22.
- The impact of additional grant funding provided during the year resulted in no borrowing in year and a reduction in the revenue contribution required by -£7,709k to fund our capital programme.

1.2.2 COVID19 Funding

Welsh Government provided an unprecedented scale and range of different financial support measures during the year to Local Authorities, including the following:

- Direct financial recompense to Local Authorities through the Emergency Hardship Fund, either for additional expenditure incurred in the provision of services or for loss

of income from reduced or closed income generating services. These grants are principal in nature.

- Formula based grant funding to Local Authorities for recognised financial strain such as reduced Council Tax collection and one-off grants to support Education catch up activities. These grants are principal in nature.
- Grants or reliefs to third parties, such as isolating citizens or businesses unable to operate due to COVID19 restrictions, where the Authority is deemed to have acted as an agent on behalf of Welsh Government. These grants are agency in nature.

The value of these additional funding streams is highly material and are summarised in the Grant Income Note 6.35.

The authority is deemed to be an agent where it is acting as an intermediary. The authority is principal where it is acting on its own behalf. Where the authority is acting as principal, the transactions are required by the Code to be included in its Comprehensive Income and Expenditure Statement.

1.3 **Reserves**

In the changeable and challenging environment facing Local Government the Authority is committed to maintaining a reasonable level of reserves. At the year-end the general reserves amounted to the following:

	£'000	£'000
Council Fund:		
Held by Schools under Local Management of Schools Regulations (LMS)	15,205	
Generally available for new expenditure	13,468	28,673
Housing Revenue Account		21,895
		<u>50,568</u>

In addition to general reserves the Authority holds earmarked reserves of £139.327m for specific purposes.

1.4 **Borrowing**

No new borrowing was taken from the Public Works Loans Board (PWLB) in 2021/22.

As at the 31st March 2022 the Authority's total borrowing stood at £401m, which was within the Authority's authorised limit of £589m. Further detail is included in Note 6.44 to the Accounts.

The Authority's borrowing procedures and limits are outlined in the Treasury Management Policy and Strategy, which is approved annually.

1.5 **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve of £502m therefore shows a substantial shortfall on an accounting basis in the resources the Authority has set aside to meet the benefits earned by past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

1.6 **Current Economic Climate**

The accounting statements are required to reflect the conditions applying at the end of the financial year.

All the assets of the Authority are re-valued on a cyclical basis and in many instances therefore the current valuation (last undertaken in past years) is likely to reflect current market value or a fair reflection thereof. The majority of assets are held for service delivery and therefore any changes in commercial sales market conditions do not affect values in these accounts. Where a full valuation has not been carried out at the balance sheet date, property valuations have been updated to reflect current building indices or market comparators (depending on valuation method).

The accounting statements are required to reflect the conditions applying at the end of the year. Whilst the COVID19 vaccination programme led to a significant easing of restrictions when compared to the prior financial year, the pandemic and the continued public health measures, including in particular self isolation and Test, Trace, Protect, has meant a continuation of the unprecedented level of additional financial support provided to local authorities through the Welsh Government hardship scheme. This has mitigated the overwhelming majority of additional costs and the same is true of reductions in commercial income. However, this scheme came to an end in March 2022, meaning any additional ongoing costs or reduced income will need to be met out of existing resources in future.

As the pandemic eases, multiple sectors, including local government, are experiencing a significantly tighter labour market, which has led to increased staff vacancies and pressure on services. Pent up global demand has raised inflation for commodities including building materials, food and energy, which has been further exacerbated by the war in Ukraine.

Against this backdrop, our overall financial standing has been maintained at a prudent level, with an increase in the level of general balances at the year-end. The Authority also holds earmarked reserves which are held for specific purposes, whether this is to address liabilities now or in the future e.g. insurance reserves or for financing specific capital schemes. The Authority has been able to augment these balances at the year-end to provide additional resources towards recovery activities and risk mitigation.

1.7 **Capital**

In 2021/22 the Authority spent some £82.7m on capital projects. This expenditure was financed by a combination of borrowing, useable capital receipts, government grants, contributions, reserves and direct revenue financing.

£28.6m was spent on Housing with the areas of spend being as follows:

Public Sector

Refurbishment & redevelopment of housing stock and the purchase of additional housing stock	£26.6m
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Private Sector

Disability Facility Grants	£1.5m
Other Improvements	£0.5m

The major areas of expenditure on non-housing services were as follows:

	£'m	
Education & Children's Services	13.9	New Schools, Renovations and Improvements to existing Schools & Children & Family Services Projects
Leisure	2.7	Rights of Way, Sports & Leisure, Arts & Culture and Libraries
Infrastructure	16.7	Roads, Bridges, Cycle Paths, Road Safety, Car Parks, Coast & Flood Defence and Recycling
Fleet	0.2	New Vehicles
Economic Development	12.6	Physical Regeneration Projects County Wide, Community Development, Joint Ventures and Swansea Bay City/Regional Deal projects
Social Services	0.4	Care Homes and Learning Disability Developments
Corporate	7.0	Capital Minor Works and ICT Strategy Developments
COVID19 Hospital	0.6	Rainbow Hospitals County Wide

1.8 Further Information

Further information about the accounts is available from the Head of Financial Services, Corporate Services Department, County Hall, Carmarthen, SA31 1JP.

2 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 secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

Governance & Audit Committee Approval

Approval of Statement of Accounts post audit.

Chair of Governance & Audit Committee

Dated: 9 December 2022

The Director of Corporate Services' Responsibilities

The Director of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts on pages 60 to 152 gives a true and fair view of the financial position of Carmarthenshire County Council at 31st March 2022 and its income and expenditure for the year ended 31st March 2022.

Chris Moore FCCA
Director of Corporate Services

Dated: 8 December 2022

3 ANNUAL GOVERNANCE STATEMENT

Assurance Executive Summary

The Corporate Governance arrangements of the Council are acceptable.

It is important that a Governance Statement includes an evaluation and conclusion and provides a clear judgement on whether the governance arrangements outlined are fit for purpose.

To enable this judgement the Council's Internal Audit service conducted a review of our arrangements against the adopted standards (see 3.3 below).

Table - Internal Audit Report extract:

Findings of Carmarthenshire County Council Internal Audit review of AGS and Corporate Governance	
Post Review Assurance Level	Description for Assurance Level
Acceptable	Moderate controls, some areas of non-compliance to agreed controls Medium/Low risk of not meeting objectives Medium/Low risk of fraud, negligence, loss, damage to reputation
Internal Audit found no fundamental control issues to be addressed as a high priority.	

The emerging Draft Guidance on Self-Assessment Provisions in Local Government and Elections (Wales) Act 2021 expects the Council to have regard to these principles when considering the effectiveness of its governance arrangements.

3.1 Scope of Responsibility

Carmarthenshire County Council (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement in this regard.

The Authority is responsible for putting in place proper arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk.

The Authority details how it deals with all aspects of Governance through its Constitution which defines the standards, roles and responsibilities of the Executive, its Members, Committees and its Officers. The Constitution includes a Scheme of Delegation outlining the decision making process, taking into account the relevant legislation.

A **Corporate Governance Group** comprising key Officers and 2 Cabinet Members is in place to inform and monitor progress on issues affecting Governance, including the **Code of Corporate Governance**, approved by Council in June 2012 and updated by the

Governance and Audit Committee in March 2016, and revisited and presented to Governance and Audit Committee in July 2021. The Chair of the Governance and Audit Committee is invited to the Corporate Governance Group meetings in an observer capacity.

The Code of Corporate Governance recognises policies and processes that are consistent with the principles of the CIPFA/SOLACE Framework '**Delivering Good Governance in Local Government**' (Guidance Notes for Welsh Authorities 2016 Edition – Published September 2016). This framework identifies 7 key principles of good governance which complement the Well-being of Future Generations Act requirements.

This Statement explains how the Authority has complied with the various elements of the Governance Framework.

3.2 The Governance Framework

The Council sees Corporate Governance as “doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.” The Governance Framework comprises the systems, processes, cultures and values by which the Authority is directed and controlled and also the way it accounts to, engages with and leads the Community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of Internal Control is a significant part of that framework and is designed to manage risk to a reasonable level. It aims to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately. Our duty under the Local Government and Elections Wales Act 2021 is to ensure that governance is effective for ensuring that

- we are using our resources economically, efficiently and effectively.
- our governance is effective for securing the above..

3.3 The Governance Environment

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

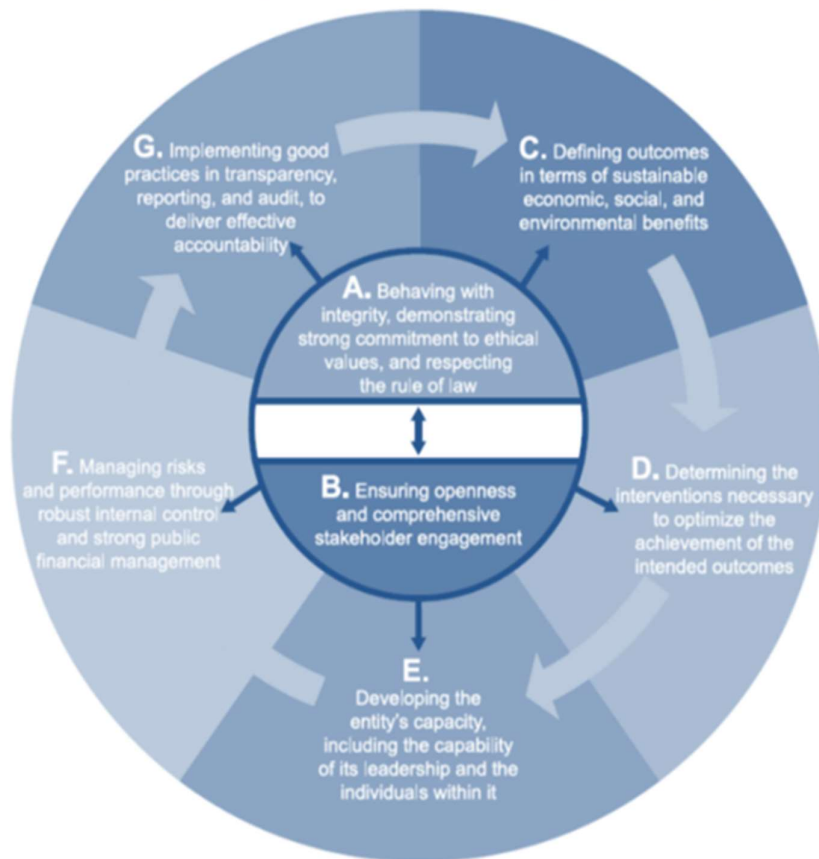
1. **Integrity and Values** - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*
2. **Openness and engagement** - *Ensuring openness and comprehensive stakeholder engagement.*
3. **Making a difference** - *Defining outcomes in terms of sustainable economic, social, and environmental benefits.*
4. **Making sure we achieve what we set out to do** - *Determining the interventions necessary to optimise the achievement of the intended outcomes.*
5. **Valuing our people; engaging, leading and supporting** - *Developing capacity and the capability of leadership and individuals.*
6. **Managing risks, performance and finance** - *Managing risks and performance through robust internal control and strong public financial management.*
7. **Good transparency and accountability** - *Implementing good practices in transparency, reporting, and audit to deliver effective accountability.*

Since 2018/19 the Council has had a Well-being Objective on Building a Better Council and Making Better Use of Resources and the steps taken to achieve this objective are sub headed by the above 7 principles.

Sitting behind these principles are 91 behaviours which guide our work.

The Council has created a Well-being Objective on Better governance and use of resources (Well-Being Objective 13) with an action plan for delivery which embeds the above 7 principles thus demonstrating that the Council commits itself to each of these principles.

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



The Authority addresses the 7 Fundamental Principles through the following:



3.3.1 Integrity and Values - *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

3.3.1.1 Standards Committee

❖ How we do it

Standards Committee, chaired by a lay member, oversees standards of members conduct, arranges training for members of the Council and members of Town and Community Councils on the Code of Conduct, and considers applications for dispensations to participate in meetings where members identify personal and prejudicial interests in the business in hand and to receive annual reports on the operation of the council's complaints procedure and the whistle-blowing policy with a view to incorporating references to those matters in the committee's annual report. The Chair of Standards Committee presents an annual report to full Council on the Standards Committee's activities.

This Committee also has oversight of the Whistleblowing Policy and Procedure.

❖ How well are we doing and how do we know?

No referrals were made by the Public Services Ombudsman for Wales about the conduct of Carmarthenshire members, either to the Standards Committee nor the Adjudication Panel for Wales during 2021/22.

The lay member chair of the Standards Committee delivered the Committee's annual report to County Council on the 19th January 2022 and had no areas of concern to raise.

❖ What and how can we do better?

From May 2022 onwards new provisions introduced by the Local Government and Elections (Wales) Act 2021 will require Group Leaders to work with the Standards Committee to promote good conduct amongst the members of their Groups.

3.3.1.2 The Constitution

❖ How we do it

The Authority adopted a new form of Constitution in the form promoted by the Welsh Assembly Government upon the modernisation of local government, following the Local Government Act 2000, and this has been kept under constant review since then to ensure that it meets the needs of the Authority and its regulators in terms of transparency of Governance, accountability and decision making.

The Constitution is published on the Council's website and essentially explains the way the Council operates and how it takes decisions. It comprises 8 parts, namely:

1. *Summary & Explanation – a brief overview of the make-up of the Council and its decision making bodies.*
2. *The Articles – a fuller description of the Council and its constituent parts.*
3. *Functions / Delegations - This Part explains which Members are responsible for which decisions, and in particular whether they are decisions which can only be taken by the Council, or only by the Cabinet, and the decisions which have been delegated to officers to take under a Scheme of Delegation.*
4. *Rules of Procedure - including the rules relating to the Conduct of Council and Committee meetings (commonly known as “**Standing Orders**”), rules relating to proceedings of the Cabinet and Scrutiny Committees, rules relating to access to information, **Contract Procedure Rules, Financial Procedure Rules and Officer Employment Rules.***
5. *Codes & Protocols - Amongst the Codes included in this Part is the statutory **Code of Conduct for Members.** In this respect Members’ conduct is strictly governed whether it be in respect of their role as Councillors or as decision makers. In particular Members having a personal and prejudicial interest in any business being transacted at meetings have to declare their interest and withdraw from the meeting (unless they have obtained a dispensation to participate).*
6. *a) Councillors and Co-Opted Members’ Scheme of Allowances - which sets out the respective Job Profiles and Personal Specifications for Members, Cabinet Members, and Chairs and Vice-Chairs of Committees, as well as details of payments which Members are entitled to. In relation to payments to Members as of the 1st April 2012 the Independent Remuneration Panel for Wales, which is the body formed to determine Members’ payments (now called “salaries”), used its new powers to actually prescribe the amounts to be paid as opposed to prescribing maximum payments which could be made. The purpose of this prescription was to make payments more consistent across Wales.
b) Management Structures.*
7. *Names & Addresses of Councillors.*
8. *Bilingual Composition of the Cabinet and Committees.*

The Constitution is a living document and individual amendments are reported to Council for decision on an as and when required basis, following consideration by the Constitutional Review Working Group.

The biggest change the Authority made to its Constitution during 2020/21 was to use the flexibilities granted to local authorities during the COVID19 pandemic to hold its formal meetings wholly online. In line with Legislation the Cabinet Member attend Scrutiny Committee. It is an expectation for Cabinet Members to attend the Scrutiny Committee/s relevant to their portfolios to present reports and answer questions.

❖ **How well are we doing and how do we know?**

At its meeting of the 14th July 2021 The Council committed to becoming a Diverse Council. Its draft Diversity in Democracy Action Plan was endorsed by Council on the 9th March 2022.

❖ **What and how can we do better?**

From May 2022 onwards we will be introducing a hybrid democratic meetings model which will allow members to choose whether to attend meetings physically or attend online.

3.3.1.3 Corporate Governance Group

❖ **How we do it**

As stated in Section 3.1, a Corporate Governance Group has been established to co-ordinate, manage and report on the Governance arrangements of the Authority. The Group comprises:

- Cabinet Member - Resources
- Cabinet Member - Business Manager
- Chair of Governance and Audit Committee (in an observer capacity)
- Director of Corporate Services (s.151 Officer)
- Head of Administration & Law (Monitoring Officer)
- Head of Financial Services
- Head of IT and Corporate Policy
- Corporate Policy Manager
- Assistant Chief Executive (People Management)
- Head of Revenues and Financial Compliance
- People Services Manager
- Nominated substitutes allowable

The Group are responsible for updating the Code of Governance and developing the Annual Governance Statement, for the approval by:

- the Leader
- the Chief Executive
- the Governance and Audit Committee in compliance with the requirements of The Local Government (Wales) Measure 2011

In addition, the Group now oversees the work of the Information Management Group.

Minutes of the Corporate Governance Group are reported to the Governance and Audit Committee.

❖ **How well are we doing and how do we know?**

Co-ordinated approach the drafting of the Annual Governance Statement and challenge of the contents, to ensure it reflects the actual governance position and what

improvements are required. Action plan produced annually, these governance issues monitored through the quarterly Governance Group Meetings.

❖ **What and how can we do better?**

Improve on the timescale for producing the Annual Governance Statement.

3.3.1.4 Monitoring Officer

❖ **How we do it**

The Monitoring Officer (Head of Administration & Law) is responsible for maintaining the Constitution to ensure that it reflects up to date legislative requirements and the Authority's Governance needs and is also responsible for ensuring that the provisions are fully complied with at all levels of the Authority's activities. As Chief Legal Officer supported by the in-house legal team, the Monitoring Officer has access to all meetings of the Authority including the Cabinet and the Authority's Corporate Management Team. The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Authority's own procedures. As the Head of Service with ultimate responsibility for the Democratic Services Unit, the Monitoring Officer is also responsible for the formal recording and publication of the democratic decision making process.

The Monitoring Officer works closely with the Chief Executive as the Head of Paid Service and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Council or the Cabinet if they consider that any proposal will give rise to unlawfulness.

There is an All Wales Network of Monitoring Officers which meets on a quarterly basis to discuss topical issues and share best practice, which the Monitoring Officer attends.

❖ **How well are we doing and how do we know?**

The Monitoring Officer did not have to publish any statutory report during the 2021/22 year.

❖ **What and how can we do better?**

The Monitoring Officer did not have to publish any statutory report during the 2021/22 year.

3.3.2 Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.

3.3.2.1 Consulting and Engaging with Citizens and Service Users

❖ **How we do it**

The Authority has a well-established method of consulting and engaging with citizens and service users. There are numerous network groups representing a range of interests from the youth forum to the ageing well network as well as fora that we engage to seek the views of those with specified protected characteristics as recognised by The Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.

The Council publishes all of its on-going consultations on the Council website.

The Authority also makes extensive use of the annual **National Survey for Wales** commissioned by Welsh Government. The results are used to help the Authority in its self-assessment of services and are included in our Annual Report. However, parts of this survey has been affected by the COVID 19 Pandemic and the same level of detail is not as available as in previous years - but we plan to resume full analysis when available.

The Authority has been webcasting all Full Council meetings since May 2013 and Planning Committee since November 2014 and Cabinet meetings from September 2015. Since October 2020 the Council has also been webcasting its virtual Scrutiny Committee meetings.

The Authority normally undertakes extensive consultation on its Budget annually, which includes seminars, Insight events for young people, on-line surveys, social media, and stake holder meetings with Town and Community Councils and Unions. As was the case in 2020/21, this again had to be taken forward in a different way this year as a result of the late announcement of the budget and pandemic restrictions but there were virtual consultation sessions and online survey. The results of the consultations are considered and presented to Cabinet and County Council as part of the Budget Strategy Report.

❖ **How well are we doing and how do we know?**

Evidence suggests that there has been an increase in participation of online consultations. Specifically, when evaluating comparable consultations. For example, the Welsh in Education strategic plan consultation in 2017 received 21 completes whilst in 2021 the consultation received 854. Additionally, a recent Housing and regeneration masterplan received 2522 completed surveys in comparison to 189 in a similar survey run in 2018. The increase in participation is attributed to the closer relationship developed with the Media and Marketing team ensuring that consultations are promoted on social media and corporate website and are sent to all key stakeholders.

❖ **What and how can we do better?**

We are currently in the process of developing an Engagement and consultation plan for the local authority. Specifically, we are looking to develop a system whereby colleagues can submit a consultation request to ensure that all relevant key stakeholders are contacted and to ensure sufficient time is allocated for each consultation. Additionally, we are examining options on improving the consultations page on the corporate website. The page can improve continuous engagement and in addition ensure that consultees can view the results of the consultations they have participated in.

We recognise that there is more that we can do to further develop and improve the way we engage. We will review our current approach and consider further improvements we can make to ensure we broaden our range of stakeholder input and ensure greater engagement from a representative cross-section of our residents and other stakeholders.

3.3.2.2 Dealing with Complaints

❖ **How we do it**

The Authority has a Complaints Policy (adopted in 2021/22) based on an All-Wales model and issued by the Complaints Standards Agency under powers contained within Section 36 of the Public Services Ombudsman (Wales) Act 2019. The procedure for complaints and compliments is outlined and statistics and analysis of the complaints received are reported as part of quarterly performance monitoring.

The Authority has a centralised Complaints Team for most services which ensures compliance with the requirements set out in our Procedure and consistency of approach across the whole Authority. During 2017/18, it was agreed that Adult Social Care Complaints would be managed by the Communities Department.

The Authority investigated and responded to 930 complaints during 2021/22 compared to 673 during 2020/21.

❖ **How well are we doing and how do we know?**

Quarterly reports are provided to the Corporate Management Team with more detailed reports provided to departments monthly in order to monitor trends, identify problem areas and generate service improvement based on customer experience.

❖ **What and how can we do better?**

The Complaints Team is committed to supporting and working with departments to further develop our way of working and handling complaints. Arrangements for greater analysis of complaints trends and patterns are being put in place in order to improve learning from complaints and sharing of knowledge and understanding.

Further work will also be undertaken to support the undertaking of investigations relating to complaints in order to ensure a consistent and thorough response across all Council services.

Officers are currently working on a comprehensive review of the customer service that we as a Council provide and how we can further improve the customer journey. The aim is to enable more contacts to be fully and properly resolved at first point of contact, avoiding passing calls to the 'back office'. We already know that people access information and complete council services via a host of different channels, and we know this is not currently being done consistently. We want to ensure that information and services can be accessed in multiple different ways, regardless of the access point or channel of communication.

3.3.2.3 Public Services Ombudsman for Wales

❖ **How we do it**

The Public Services Ombudsman for Wales considers complaints from Members of the public in relation to Members' conduct and maladministration and has powers to instigate investigations of his or her own initiative. Her Report is published annually.

S.16 Ombudsman's Reports (i.e. Public interest reports) are reported to County Council as required by law.

We provide data on a quarterly basis to the Ombudsman's Complaints Standards Agency, which is an Agency created to drive improvements across Authorities in relation to complaints handling and outcomes.

❖ **How well are we doing and how do we know?**

No Public Interest Reports were issued against the Authority during the 2021/22 year.

No referrals were made for hearings into any complaints about members conduct, either to the Authority's Standards Committee or to the Adjudication Panel for Wales.

❖ What and how can we do better?

The Ombudsman issued revised Guidance during the year on Good Administration and Good Records Management which we will need to cascade to officers.

The PSOW carried out an investigation during the year into homelessness and Carmarthenshire was one of the 3 Authorities chosen for the investigation. Findings from the review will be considered.

3.3.2.4 Ensuring Effective External Communication**❖ How we do it**

The Authority's Marketing and Media team promotes the work of the council and supports proactive engagement with members of the public, helping them to access information on council services.

Since the introduction of My Hwb account (for online services and payments), 78,163 residents have signed up for the service. We are adding more services online and reviewing our existing e-forms to ensure that they are easy to use.

The Hwb in Ammanford, Carmarthen and Llanelli offer pre-booked appointments and drop-in advice to an average 8,000 residents per month, as well as providing advice and access to training and employment support. This had to be taken forward in a different way during 2020/21 due to COVID 19 restrictions and the establishments having to be closed. Customers have been able to contact online and telephone and virtual meetings have been held. The increasing use of Social Media has allowed open engagement and conversations with members of the public. In addition to this Social Media is an excellent tool for promoting council services.

The Marketing and Media teamwork with the Cabinet and Departmental Management Teams to plan proactive communications, supporting service areas to engage with the right people, at the right time, in the right way.

❖ How well are we doing and how do we know?

Throughout 2021/22 we have seen an increase in residents and businesses accessing information, support and council services online, the number of visits to our website has increased yet again this year by a further 7%.

The pandemic without a doubt has supported this increase to the website and how we present information bilingually, often at very short notice has been welcomed and complimented by the public. Our digital platforms have been essential in providing accurate, timely information across as broad an audience as possible. Customer services have been able to guide many calls to the website and providing detail through our frequently asked questions feature has improved the consistency and simplicity in how we respond to enquiries.

Accessibility of information is key and we are proud to have this year passed the accessibility standard. It is so important to remember that residents, visitors and businesses are now accessing the website in various ways and interestingly 58.9% access using their mobile device. This is key when considering how to present information to ensure we engage to as a wider audience as possible.

Key stats CCC website 2021 / 2022

- Pageviews: 6,144,228
- Sessions: 3,017,983

Social media, video content and email have been very effective at sharing official updates and driving traffic back to key services.

Key stats for social media, email marketing and video

- 19.3m Twitter reach
- 8.82m Facebook reach
- Published 3,259 posts
- Dealt with 4,055 'inbound' posts, enquiries via comments, written on our wall or sent as a direct message
- 53.3k link clicks
- Facebook – New followers – 1,201.
 - Total followers: 20,451 (circa 13,000 followers 2020/21)
- Twitter – New followers – 372.
 - Total followers 11,151 (in the region of 9,500 followers 2020/21)
- 443,141 emails sent to MyAccount, businesses and 3rd sector. 267,018 unique opens.
- Video – 115,800 views

*All stats are from 31st March 2021 – 31st March 2022. Detailed website reports are available here:

<http://intranet/our-people/marketing-media/digital-communication/website-statistics/>

❖ What and how can we do better?

We need to continue to look at ways in how we can reach our external customers in an easy to understand and consistent manner.

We need to continually promote service change and the work of the council so that residents fully understand what we as a Council deliver.

3.3.3 **Making a difference** - *Defining outcomes in terms of sustainable economic, social, and environmental benefits.*

3.3.3.1 Purpose and Vision

❖ How we do it

The Authority has a firm mechanism for collaboration with key partners and is a statutory member of the Carmarthenshire Public Services Board (PSB). The Well-being of Future Generations Act puts a well-being duty on specified public bodies across Carmarthenshire to act jointly through the PSB. The PSB is tasked with improving the economic, social, environmental and cultural well-being of Carmarthenshire.

www.thecarmarthenshirewewant.wales

- In May 2018 the PSB published a Well-being plan which sets out its local objectives to improving the economic, social, environmental and cultural well-being of the County and the steps it proposes to take to meet them. The PSB has produced Well-being Annual Reports on the progress of this plan.

Preparation for the next PSB Well-being Plan

- One of the requirements of a PSB is to prepare a Local Well-being Plan every five years, using a Well-being Assessment to feed into the planning phase. This PSB has produced a second Assessment at a time when considerations about the current and future well-being of Carmarthenshire has never been so important. The issues presented by COVID-19, climate change, Brexit and changing demographics have highlighted new challenges for individuals and communities and these challenges have not been felt equally. Those who were already experiencing inequalities because of poor health, poverty or because they live in marginalised communities have been hardest hit by the direct and indirect harms of the pandemic and are likely to experience additional disadvantage as we shift to 'recovery.'
- Carmarthenshire PSB has worked collaboratively locally and regionally to produce this assessment. Carmarthenshire, Ceredigion and Pembrokeshire PSB's have worked in partnership to share resources, expertise and capacity in order to reduce the duplication of work. Officers from the three PSBs and Regional Partnership Board (RPB)/West Wales Care Partnership have worked together to develop a consistent methodology and approach which would culminate in three Well-being Assessments (one for each PSB) and a Population Needs Assessment for the RPB.
- Working in this way ensured that the assessments' production was collaborative (between public sector partners and the third sector) in terms of data provision, analysis and interpretation.
- This Well-being Assessment has drawn together local and national data. Responses gathered as part of community engagement sessions are considered alongside analysis of various sources of data and research. Clear themes have been identified in our county, which will allow us to target areas of need when we move from the assessment to planning phase over the course of the next year.
- The Well-being Assessment will be the foundation and evidence on which to prepare our Well-being Plan for the county. The Carmarthenshire PSB has a statutory responsibility to improve the economic, social, environmental and cultural well-being of our county by contributing to the achievement of the seven national Well-being Goals. This includes our work on setting local objectives to maximise our contribution to meeting those goals and demonstrating how we use the Sustainable Development Principle and Five Ways of Working in everything we do. Our Plan will set out the short, medium and long-term actions to be achieved by the PSB over the next five years up to 2028.

Carmarthenshire County Council's Corporate Strategy

- The Well-being Objectives of the Carmarthenshire PSB are not intended to address the core services and provision of the individual partners, rather they are to enhance and add value through collective action. The statutory partners of the PSB (Council, Health Board, Fire & Rescue Service and Natural Resources Wales) each have to publish their own Well-being Objectives.

For 2018/19 we set a New Corporate Strategy that consolidated four plans into one.

- It superseded the 2015-20 Corporate Strategy
- It incorporated our Improvement Objectives as required by the Local Government Measure 2009
- It set our Well-being Objectives as required by the Well-being of Future Generations (Wales) Act 2015. For the first time in Wales, there is a shared vision and set of goals for all public bodies to work towards, our Well-being Objectives are set to maximise our contribution to these

- It included Carmarthenshire County Council's Cabinet key projects and programmes for the next 5 years as set out in '*Moving Forward in Carmarthenshire: the next 5 years*'

We review the strategy and its improvement plans and Well-being Objectives annually and keep the action plans and targets supporting the objectives up to date.

The laws that shape councils' approach to corporate planning are changing. Under the previous performance and governance regime, all councils had improvement duties which required them to set out their improvement objectives, and how they would achieve them, and to publish their plans to improve service delivery. The Local Government and Elections (Wales) Act 2021 is repealing the regime in stages. From 1 April 2021, instead of improvement duties, councils have duties to review, assess and report on how well they are exercising their performance requirements. Under the Act, performance requirements relate to whether councils are exercising their functions effectively; whether they are using resources economically, efficiently and effectively; and whether their governance arrangements are effective.

❖ **How well are we doing and how do we know?**

During 2021-22 working with the PSB our second well-being Assessment has been prepared and we have made a considerable step forward on our previous assessment. The new assessment is due to be published in June 2022.

We met with the Audit Wales and the Future Generations Commissioners Office to discuss the draft assessment and they were very complimentary and made some minor suggestions for further improvement. The PSB received the assessment and were very satisfied with the breadth and readability of the document. This well-being Assessment can be used to inform each partners Corporate Planning development and Well-being Objective setting.

The Corporate Strategy was updated in June 2019 and in April 2021 to make sure that the Well-being Objectives were still relevant.

- The Strategy was well received by Scrutiny Committees and by Cabinet. Departmental and Service Business Plans were aligned to these Well-being Objectives. The steps to achieve each Well-being Objective were outlined and detailed actions and targets set for each step.
- Scrutiny Committees challenged business plans that were set to support the corporate strategy and feedback during the 2021-22 business planning cycle requested further consideration of specific measures and SMART actions to be included in business plans. It was agreed that future business plans would be enhanced, and templates prompt more measures and SMART actions. As a result, a new Engagement and Assurance process was introduced for the 2022-23 business planning cycle (undertaken during October 2021-January 2022) in order to further strengthen the business planning approach and support embedding of self-assessment.
- The actions and targets set out in business plans for each Well-being Objective was monitored and quarterly reported to CMT, Cabinet and scrutiny.

In September 2021, the Audit Wales report - *A Picture of Local Government* reported that Nationally comparable data on recent council performance is variable across service areas.

There is a range of public data showing aspects of performance in local government. However, nationally comparable data does not exist for some service areas. Data for some years is not available, and the data is not available in one place, making it difficult for the public to compare their council's performance with others across Wales. Para 28

Nationally Data Cymru is developing a Self-Assessment Data set as a resource so that we can use comparable performance information to inform self-assessment or help us understand, at a strategic level, how we are performing.

As a Council we already have a lot of data that we report and this needs to be better harnessed and consolidated. We want to make better use of data and we have set up a 'Data Insight' unit to corporately ensure that we become a data driven authority. Furthermore, we are stepping up the use of data within our business planning.

We presently have 13 Well-being Objectives and we will be reviewing these following Local Government elections in May 2022 and publishing a new Corporate Strategy.

❖ What and how can we do better?

- For the PSB's second well-being Assessment (undertaken every five years) we will:-
 - Promote the well-being assessment more with partners and with the Council's elected members and services
 - Ensure it continues to inform our Corporate Strategy and Well-being Objectives formulation
 - Address key findings that apply to the council and play a full part in our partnership response to meeting the needs identified.
- We will review and reinvigorate our Corporate Strategy and Well-being Objectives post Local Government Elections May 2022 making sure that we address identified needs.
- We will focus on the development of Council Service level data to assist with Council quarterly reporting and annual reporting of performance.
- We will make better use of data with our new data insight unit leading this development across the Authority.

3.3.3.2 Well-being of Future Generations Act (Wales) 2015

❖ How we do it

Where change needs to happen in Corporate Governance

The Act identifies..... 'a core set of activities that are common to the corporate governance of public bodies (SPF1 Para 47). Applying the requirements of the Act to these activities is likely to most effectively secure the type of change required'.

1. Corporate & Service Planning
2. Financial Planning
3. Asset Management
4. Workforce Planning
5. Procurement
6. Risk Management
7. Performance Management

Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place, it is about considering how effective these arrangements are and how they can be improved.

The general purpose of the Act, is to ensure that the governance arrangements of public bodies for improving the well-being of Wales, take the needs of future generations into account. The Act is designed to improve the economic, social, environmental, and cultural well-being of Wales, in accordance with sustainable development principles. The law states that:

- i. We must carry out sustainable development, improving the economic, social, environmental, and cultural well-being of Wales. The sustainable development principle is: '*... the public body 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.*'
- ii. We must demonstrate 5 ways of working:
 - Long term
 - Integrated
 - Involving
 - Collaborative
 - Preventative
- iii. We must work towards achieving all of the 7 national well-being goals in the Act. Together they provide a shared vision for public bodies to work towards a:
 - prosperous Wales
 - resilient Wales
 - healthier Wales
 - more equal Wales
 - Wales of cohesive communities
 - Wales of vibrant culture and thriving Welsh Language
 - globally responsible Wales

As a public body we must publish our Well-being Objectives that maximise our contribution to these National Well-being Goals.

List of the 2021/22 Well-being Objectives :

1. Help to give every child the best start in life and improve their early life experiences
2. Help children live healthy lifestyles
3. Support and improve progress and achievement and outcomes for all learners
4. Tackle poverty by doing all we can to prevent it, helping people into work and improving the lives of those living in poverty
5. Creating more jobs and growth throughout the county
6. Increase the availability of rented and affordable homes
7. Help people live healthy lives (tackling risky behaviour and obesity)
8. Support community cohesion, resilience and safety
9. Support older people to age well and maintain dignity and independence in their later years
10. Looking after the environment now and for the future
11. Improving the highway and transport infrastructure and connectivity
12. Promoting Welsh Language and Culture
13. Better Governance and Use of Resources

We included our Statutory Well-being Statement in the New Corporate Strategy. This sets out our governance arrangements to support our planned outcomes.

Well-being Statement

1. We feel that our Well-being Objectives contribute significantly to the achievement of the National Well-being Goals. Our Well-being Objectives relate to different aspects of life's course and address well-being in a systematic way.
2. These Well-being Objectives have been selected from considerable consultation feedback and a range of different sources of information on need, performance data and regulatory feedback. In developing action plans to achieve these objectives we will involve people (in all their diversity) with an interest in achieving them.
3. The steps we take to achieve the Well-being Objectives (our action plans) look to ensure that long term, preventative, integrated, collaborative and involvement approaches are fully embraced.
4. Cabinet member has a specific responsibility for the overall Act. In addition, each Cabinet portfolio holder has responsibility for relevant Well-being Objectives.
5. The content of action plans to achieve the Well-being Objectives are adequately resourced and embedded in Service business to achieve these objectives services will 'join-up' and work together, work with partners and fully involve citizens in all their diversity.
6. Our Objectives are long term but our action plans will include milestones that will enable monitoring and assurance of progress.
7. To ensure that our Well-being Objectives are deliverable and that the expectations of the Act are embraced we will adapt financial planning, asset management, risk assessment, performance management and scrutiny arrangements.

❖ How well are we doing and how do we know?

Annual Report on 2020/21

In October 2021 we published an Annual Report on 2020/21. It was produced by the Council because we believe we should provide comprehensive and balanced information to the public about our services, so that they can see how we are performing and the challenges we are facing.

- In November 2021 Audit Wales certified that we had assessed our performance in accordance with the Local Government (Wales) Measure and gave positive feedback.
- The Strategy was well received by Scrutiny Committees and by Cabinet.
- We used a range of information to inform our self-assessment of each Well-being Objective and triangulate evidence to make a judgement on progress.

Corporate Strategy (incorporating Well-being Objectives) 2021/22

For our 13 Well-being Objectives we identified the key steps we will take to achieve them and then via business plans identified key actions and measures for each step.

Number of Steps set out to support the 13 Well-being Objectives	66	
Number of measures	82	360-deliverables monitored on PIMS quarterly
Number of actions	278	

We have been monitoring our progress for each Well-being objective throughout 2021/22 with 87% on target at Q3.

❖ **What and how can we do better?**

- We need to continue to promote the Well-being of Future Generations Act and the sustainable development principle and when we reset our Corporate Strategy and Well-being Objectives following Local Government elections we will undertake a full promotional campaign and ensure that the organisation fully aligns to the delivery of our plans.
- We will establish clear governance mechanism to drive progress against each Well-being Objective.
- We will further drive the expectations of the Future Generations Act and the sustainable development 5 ways of working principles.
- We need to develop more ownership of our Well-being Objectives and lead roles.
- We will look to identify priority themes and service areas to support delivery of the well-being objectives.

3.3.3.3 Local Government and Elections Wales Act 2021

❖ **How we do it**

The Local Government and Elections Wales Act 2021 provides for the establishment of a new and reformed legislative framework for local government elections, democracy, governance and performance. It replaces the Local Government Measure 2009. Part 6 of the Act outlines new duties in respect of Performance and Governance of Principal Councils and includes specific duties for the Council:

- Duty to keep performance under review;
- Duty to consult on performance;
- Duty to report on performance – based on self-assessment approach;
 - We must set out conclusions on the extent to which we have met the performance requirements and any actions we plan to take or have taken to increase the extent to which we are meeting these performance requirements.

The performance requirements are the extent to which:

- We are exercising our functions effectively.
- We are using our resources economically, efficiently and effectively.
- Our governance is effective for securing the above.
- Duty to arrange a panel performance assessment.
- Duty to respond to a panel performance assessment report.

❖ **How well are we doing and how do we know?**

To prepare for the expectations of the new Act we have adjusted business plan templates and increased their emphasis on self-assessment. See more on business planning in section. 3.3.4.1

We have placed a lot more emphasis on self-assessment.

The Chief Executive has given clear messages that open and honest self-assessment of Service performance is required and that data gaps need to be closed.

Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place it is about considering how effective these arrangements are and how they can be improved.

The role of the AGS in self-evaluation

Considering the extent to which the council is meeting the performance requirements is a corporate, organisational assessment rather than an assessment of individual services. For example, it should consider the role of leadership, and the effectiveness of the relationship between the political leadership and senior officers in the council, in ensuring the council is able to respond to the changing environment in which it operates. It is about a council being self-aware, understanding whether it is delivering the right outcomes, and challenging itself to continuously improve how it manages delivery of services and performs as the custodian of the area. Para 2.7 of the Statutory guidance.

Self-assessment is a way of critically, and honestly, reviewing the current position in order to make decisions on how to secure improvement for the future. Self-assessment is more than stating what arrangements are in place it is about considering how effective these arrangements are and how they can be improved (Para 2.6)

- Clearly this AGS document evaluates the Corporate Governance arrangements of the Council and needs to go beyond stating what arrangements were in place to considering how effective these arrangements are. Therefore, we are taking this How well are we doing? How do we know? What and how can we do better? Approach.

❖ What and how can we do better?

- Newly introduced integrated performance monitoring reports need to be further developed.
- Service Annual Reports need to feed into Corporate quarterly monitoring when available and feed into the Council's Annual Report.
- Key Steering Group performance reporting needs to feed into corporate performance reporting.

3.3.3.4 Leader's Annual Report and Five-Year Plan

❖ How we do it

Following local government elections in May 2017 the previous Leader was re-appointed at the AGM of the 24th May 2017.

The Authority's Administration is a Coalition between Plaid Cymru and the Independents with Plaid holding the Leader's post and the Deputy Leader being from the Independent Group.

In January 2018 the Cabinet approved their 'Moving Forward in Carmarthenshire: the next 5-years' plan. The plan identifies almost 100 priority projects, schemes or services the Cabinet want to deliver over the next 5-years. The Authority's Corporate Strategy incorporates the key projects and programmes within this plan.

❖ What and how can we do better?

With the recent elections and new Leader appointed in the AGM held in May 2022, work will commence with the new administration producing the 5 year plan.

3.3.4 **Making sure we achieve what we set out to do** - *Determining the interventions necessary to optimise the achievement of the intended outcomes.*

3.3.4.1 Managing Performance / Scrutiny Function

❖ How we do it

The Corporate Strategy's Well-being Objectives identify the key steps that will be taken to deliver the objectives. These steps are supported by detailed actions and targets that are identified in Service and Department Business Plans. These actions and targets are monitored on the Council's Performance Information Monitoring System (PIMS). This enables responsible officers to update progress on a quarterly basis that can be monitored and approved by Heads of Service and reviewed at Departmental Management Teams. On a quarterly basis the Corporate Management Team and Cabinet Members examine performance on 'Dashboards'.

Scrutiny committees receive quarterly Performance Management reports as well as the end of year report. Reports are prepared to respond to the specific portfolio areas of each committee. Supplementary and more detailed Performance reports on Sickness absence and wellbeing are reported in Q2 and Q4.

PIMS Dashboards are currently being developed for analysing performance informatics on a range of service areas.

The Authority is a partner in the Public Services Board (PSB) and the Council's Policy and Resources Scrutiny Committee receives an Annual Performance Report from the incumbent Chair of the PSB. Approved minutes from PSB meetings are presented to the Policy and Resources Scrutiny Committee for their consideration and comments are reported back to the PSB.

❖ How well are we doing and how do we know?

During 2021/22 a new Performance Management Framework was introduced.

This framework sets out the Council's approach to monitoring and managing the performance of the Council's services and responds to the performance and governance requirements of the Local Government and Elections (Wales) Act 2021. The aim of this Performance Management Framework is to keep the Council on track and focused on delivery of its key priorities, by providing councillors, managers and staff with the information and tools they need to deliver high-quality and high-performing services which help to achieve good outcomes for residents.

The Framework follows a Plan/Do/Review approach and embraces the word SIMPLER.

New Integrated Quarterly Monitoring Reports

- Previously our monitoring reports tended to monitor the actions and targets we set ourselves in business plans to deliver our Well-being Objectives. We only looked at much wider evidence in our end of year Annual Reporting. This was missing the opportunity of giving a more rounded picture of performance throughout the year.

- Therefore, from Quarter 2 onwards we introduced more integrated performance monitoring reports. These analytical reports built on the information outlined in dashboard reports and added ongoing Member feedback and Task and Finish Scrutiny investigations, Customer feedback (complaints and compliments) Financial, Internal and external audit findings, risk, people management, asset, risk, latest news and other relevant data to build up a more rounded picture of progress.

Detailed Action Plan responses to the Quarterly Report findings are tracked through.

Previous Quarterly Monitoring Reports	New Quarterly Monitoring Reports
Progress on Actions and Measures for each Well-being Objective	Progress on Actions and Measures for each Well-being Objective + Scrutiny Member Task and Finish Review Findings + People Management Issues + Financial Performance + Regulatory Report Findings + Internal Audit Findings + Risk Management + Procurement + Asset Management + TIC + Compliments and Complaints + PSB Needs assessment findings + National Milestones set by Welsh Government + Other PESTLE relevant information + Detailed Action Plan responses to the Quarterly Report findings are tracked through

Business Planning

- Our Departmental Business Plans received some criticism at Scrutiny – and the Environment and Public Protection Committee refused to receive the 2021/22 Environment Departmental Plan and other Departmental Business Plan elements under the remit of this Scrutiny. Departments were required to resubmit strengthened business plans. This demonstrated good Scrutiny but weaknesses in the governance of business planning, lack of performance measures and SMART action planning.

Business Plan improvement for 2021/22

- The new Business Plan templated prompted self-assessment, more performance measures and SMART action planning.
- To further strengthen the development of Departmental business plans we set up an Engagement and Assurance Group consisting of representatives from the Well-being of Future Generations Act seven corporate areas of change with an independent Head of Service joining each session. Going forward, options for independent/external input into this approach will be developed.

Area of Corporate Change	Panel Member	Areas of interest
1. Corporate Planning 2. Performance Management	Head of ICT and Corporate Policy	<ul style="list-style-type: none"> • To ensure alignment to Well-being Objectives • To ensure the plan addresses any areas for improvement identified in the review section. • To ensure regulatory report recommendations are addressed • To ensure the Five ways of Working are addressed
3. Financial Planning	Head of Finance	<ul style="list-style-type: none"> • To ensure the financial and business planning are aligned • To ensure budget efficiency proposals are aligned with business planning/service impacts
4. Workforce Planning	Assistant Chief Executive	<ul style="list-style-type: none"> • To ensure consideration of workforce planning is aligned to future business needs • To ensure TIC findings are addressed
5. Procurement 6. Risk Management	Head of Revenues and Financial Compliance	<ul style="list-style-type: none"> • To ensure alignment with procurement forward work programme • To ensure alignment with corporate and service risks • To ensure appropriate action against any Internal Audit findings • To inform future audit work programme
7. Assets	Head of Regeneration	<ul style="list-style-type: none"> • To ensure Asset Management Plans are in Place
8. Corporate Communication	Marketing & Media Manager	<ul style="list-style-type: none"> • To ensure customer focus to service provision and development

Business Planning constructive supporting steps were:-

- The Engagement and Assurance group attended each Departments Management Team to discuss the Department Business Plan.
- Following this the Chief Executive met each Director to discuss the Departmental Business Plan.

Departmental Business Plans were also submitted to Scrutiny Committees for discussion.

❖ What and how can we do better?

- We will promote the new Performance Management Framework and continue its development.
- We will continue to develop the new integrated Performance Management quarterly monitoring reports.
- We will submit the new integrated Performance Management quarterly monitoring reports to Scrutiny Committees.
- We will continue to develop the Engagement and Assurance Group role in supporting business planning development across departments and services.
- For 2023/24 Business Plans we will rethink our approach to Departmental and Service Business Planning and bring the process forward. Review of self-assessment arrangements undertaken by Ness Young, supported by WLGA. The findings of the review will inform our future approach.

3.3.5 **Valuing our people: engaging, leading and supporting** - *Developing capacity and the capability of leadership and individuals.*

Following the local government elections in Wales in May 2017 Carmarthenshire County Council had 30 new county councillors, and a comprehensive package of training, development and induction is being provided to them and returning members. Member development and training programme is refreshed on an annual basis.

3.3.5.1 Democratic Services Committee

❖ How we do it

This is a statutory Committee with terms of reference which include promoting and supporting good governance. An important aspect of that aim is secured by the provision of reasonable training and development opportunities for Members and the appointment of the Chair of the Committee as the Member Development Champion.

3.3.5.2 Managing our Workforce

❖ How we do it

Carmarthenshire County Council has some 8,000 employees who each contribute to the achievement of our Corporate Priorities.

Our staff are supported by the People Management Division who maintain a range of Policies and Procedures to ensure that all staff are managed in a fair and consistent way.

Our Staff are encouraged to develop, and this is consistent with our objectives as an organisation that has been accredited with ***Investors in People***.

The management of attendance and supporting the wellbeing of staff is a high priority for the Council. A robust attendance management framework and policy is in place and the Occupational Health function offers wellbeing support and advice with the aim of keeping people in work, providing advice and guidance on healthy living, stress management and mental health in the workplace. This has been particularly important during the COVID19 pandemic where support to staff has been stepped up via wellbeing initiatives and COVID19 specific policies.

Following the implementation of the Single Status Agreement in 2011/12, the Pay and Reward function within People Management Division maintains an overview of the pay and grading structure and provides advice to managers on job evaluation and reward as well as undertaking an equal pay audit every year the most recent of which does not suggest any evidence of discrimination within the pay structures nor the allowances paid. The pay gaps are generally as a result of segregation of the sexes between job types rather than application of the allowances.

In addition, the Council publishes a Pay Policy by April each year, as required under Section 38 of the Localism Act. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools). The Pay Policy is agreed by Full Council and is published on the Authority's website. The Council continues to support its lowest paid employees and workers by continuing to pay the Real Living Wage supplement to ensure that our lowest paid receive the equivalent of £9.90 per hour (including fixed allowances).

The COVID19 pandemic has accelerated a move to agile working especially home working and it is intended that this will inform how the Council manages its workforce in the future through new ways of working. In particular, the Council is keen to support the Welsh Government's aim to continue to support 30% of its workforce to work closer to their homes. This will impact on accommodation requirements and contribute to the environmental agenda by reducing the need to travel. The Staff Travel Policy will be reviewed to reflect the move to new ways of working.

Our Whistleblowing Policy is being used by employees to report serious concerns which may be in the public interest, and the procedures and concerns are overseen by Standards Committee. Online learning, promotion of the policy and monitoring of whistleblowing complaints continues to ensure that employees are aware of it. An online induction system will provide this information to new employees more quickly and effectively. This was introduced in early 2020. Most employees now have access to online information so the communication of these types of key policies will become more inclusive as more people use the online intranet.

❖ **How well are we doing and how do we know?**

Investors in People Accreditation

We have been an Investor in People since 2009 and it has been a vital tool to measure the impact of our investment in our people. Our last full review was in 2018, when we achieved the silver award, putting us in the top 40% of all organisations holding the award world-wide. Since then, there has been considerable change across the organisation, and we are in a strong position to build on that achievement.

To maintain the Standard, we are required to undertake a full review every three years. This would have fallen in 2021, however, in view of the pressures of the pandemic it was agreed that this would not be the optimum time to carry out a full assessment. It was therefore agreed with liP that we would undertake a strategic review in 2021 in preparation for the full review in 2022.

Key Findings

- The most striking aspect of this review was to what extent Carmarthenshire County Council's employees had stepped up to deliver the best possible services throughout the challenges of the pandemic.
- The Council has also made huge strides in its digitisation.

- Part of the Better Ways of Working review includes a comprehensive reflection and reset of learning and development, workforce planning and recruitment.
- Innovative appraisal process.

Audit Wales Review of Workforce Management undertaken early 2022. At the time of writing the draft report had been received and the initial findings stated:

“Overall, we found that:

The Council is improving the strategic planning for its workforce and is taking action to address staff capacity issues in key service areas but recognises that performance monitoring of workforce management needs strengthening.

We reached this conclusion because:

The Council is taking action to improve strategic workforce planning but needs a greater focus on its workforce requirements over the longer-term.

The Council is working to address strategic risks it has identified in relation to workforce capacity, and to strengthen its staff engagement arrangements.

The Council recognises that its corporate arrangements for monitoring performance in relation to its workforce need improving.”

Attendance - CMT / Cabinet / Scrutiny Committee monitors performance on a regular basis. Also, Heads of Service have access to real time data in relation to attendance (developed during the pandemic to track covid absences)

H&S Annual Report – CMT monitoring report

Employee Wellbeing Annual Report - CMT monitoring report

❖ **What and how can we do better?**

Ensure our workforce is adequately skilled and developed. We will develop a new Transformation strategy; ensure that Learning & Development priorities and programmes are fully aligned with corporate priorities and needs; further develop the Council’s Leadership and Management Programme to support key corporate priorities.

Refresh the council’s Core Values. Communicate to the workforce the Chief Executive’s vision for the Council. Sell the mission for moving forward. (IIP)

Use existing processes and metrics to manage and change expectations and perceptions internally and externally. (IIP)

Further improve our recruitment processes via the introduction of new integrated recruitment IT system. (IIP)

The current People Strategy needs to be reviewed in light of the pandemic to support the organisation to recover. We need to develop a new Workforce Strategy.

Workforce Planning – consider the impact of Covid on our workforce and develop a Strategic Workforce Plan based on departmental and corporate workforce requirements.

Employee experience – we need to evaluate the employee experience and undertake research to develop a Workforce Engagement Strategy that will underpin the new Workforce Strategy, which will include a new staff voice mechanism, and develop an annual reporting structure for monitoring and evaluation purposes.

Attendance: There has been an Increase in the number of days lost due to sickness absence post covid. We need to invest more time in developing proactive preventative solutions such as promoting good health and educating employees on healthy lifestyle

choices. We will also continue to ensure managers are adequately trained to manage attendance robustly.

Strengthen the application of the sustainable development principle to improve the way it plans, delivers, and monitors the management of its workforce.

Strengthen the performance management of its workforce by:

- developing a set of performance and outcome measures that reflect the Council's ambitions for its workforce, and monitor these measures at a corporate level, including reporting to overview and scrutiny committee(s)

Benchmarking performance on workforce management with other organisations. (Audit Wales Review of Workforce Management).

3.3.5.3 Scheme of Delegation to Officers

❖ How we do it

The Scheme of Delegation itemises the decisions which are delegated to officers, whether by the Council or by the Cabinet. In exercising delegated powers Officers must comply both with any statutory requirements and the Council's Policy and Budget Framework, amongst other requirements. Any significant decisions have to be recorded and are subject to the call-in rules. Significant executive decisions by officers are published.

The delegations in the Constitution became very pertinent during the early part of the 2020/21 year when it became impossible to convene formal physical meetings of the Authority due to the implications of the coronavirus pandemic – things such as the fast pace of decisions needing to be taken and the inability to meet the statutory timelines imposed for the convening of formal meetings of members, the rules prohibiting meetings from being wholly virtual, some members needing to shield and making it more difficult to achieve the quorum needed for meetings, and the stay at home message – so the emergency delegations in the Constitution had to be called upon to allow officers to make some critical decisions. This period of emergency delegated decision taking by officers was kept to a minimum, and as soon as the rules relating to the conduct of democratic meetings were temporarily relaxed so as to allow 100% online meetings, the Authority resumed democratic meetings, albeit online. The decisions taken by officers during the brief emergency period were published.

❖ How well are we doing and how do we know?

A report on the decisions taken by senior officers under emergency powers during the early days of the pandemic was taken to the Cabinet as soon as virtual meetings were allowed and all decisions taken were endorsed by the Cabinet.

❖ What and how can we do better?

The Scheme of Delegation is a living document and needs to be kept under review. It was last updated in County Council on the 9th February 2022. Some of the revisions approved by the Council related to planning applications and enforcement and are intended to make more effective use of the Planning Committee's time. Whether this outcome has been achieved will need to be monitored.

3.3.6 Managing risks, performance and finance - *Managing risks and performance through robust internal control and strong public financial management.*

3.3.6.1 Risk Management

❖ How we do it

The Authority has a Risk Management Steering Group which reports directly to Cabinet, Governance and Audit Committee and Chief Officers' Management Team (CMT). The Risk Management Steering Group comprises a Cabinet Member Risk Champion (Cabinet Member for Resources), Departmental Risk Champions and is chaired by the Head of Revenues and Financial Compliance.

The Authority aims to embed good risk management into all its processes including a specific section in Committee Reports for the implications from a Risk Management perspective to be discussed and explained.

Corporate, Service and Project Risks are captured within a Risk Register. We use "**Web Based Risk Register Software**", which allows Departments to input, access, maintain and manage Service and Project Risks. All Departments have direct inputting access for the Corporate Risk Register.

The Corporate Risk Register is reported and reviewed by the Governance and Audit Committee every six months. A Review of Risk Management Arrangements was carried out by Wales Audit Office during 2018/19, where proposals for improvements were made to strengthen the arrangements in place. An action plan has been completed to implement the improvements.

❖ How well are we doing and how do we know?

A TIC review that concluded in December 2021 noted that 'Although the Covid-19 pandemic initially impacted on the ability to progress the recommendations contained within the WAO Office Review and follow-up Internal Audit Review, a number of key actions have now been implemented and good progress has been made across the action plan in general.

One TIC priority was to ensure that all departments move to direct inputting of risk information as early in 2022 as possible – this has already been actioned.

Risk Workshops held for staff and Governance and Audit Committee throughout the year.

❖ What and how can we do better?

Continue to implement the action plans developed in response to the WAO/Internal Audit Review, with priority to be given to ensuring that the Risk Toolkit is formally adopted and used to inform development sessions for managers at a divisional level and dedicated development sessions for Departmental Risk Champions. Develop a risk appetite statement.

3.3.6.2 Risk Management Steering Group

❖ How we do it

The Risk Management Steering Group examines how Risk Management can be developed and ensure that Risk Management is embedded in decision making throughout

the organisation. The Group meet quarterly and is supported by the work of its Sub Groups i.e. Property & Liability Risks, Motor Fleet Risks, and Contingency Planning Sub Groups.

❖ **How well are we doing and how do we know?**

TIC's December 2021 review concluded that 'The Terms of Reference of the Risk Management Steering Groups and its various sub-groups have recently been reviewed. This will allow the Strategic Group to adopt more of a strategic approach to its consideration of risk management issues, such as undertaking regular reviews of the Corporate Risk Register.'

❖ **What and how can we do better?**

The Steering Group's role in allocating the £250k of risk management funding could be strengthened by introducing clearer criteria for how this funding is prioritised and spent on an annual basis.

3.3.6.3 Scrutiny Committees

❖ **How we do it**

The Scrutiny Function plays a highly valuable role in ensuring performance improvement and challenge. The role of Scrutiny in "Task and Finish Groups" has clearly had a positive influence on policy development.

The Authority has a well-developed system of performance management. Scrutiny Committees receive a Quarter 1 and Quarter 3 report and an Annual Report on performance which includes an update on all Performance Indicators and Key Actions contained within the Corporate Strategy.

Any 3 Council Members have the constitutional power to call-in executive decisions in respect of their own functional responsibilities, whether taken by the Cabinet collectively or by individual Cabinet Members on their own portfolio areas. In order to allow call in to be exercised no decision taken by the Cabinet or Cabinet Members shall take effect until 5 working days after the decision is published and circulated via e-mail to Members.

In line with the formula set out in the Local Government Measure 2011, the Chairs of two out of the Authority's 5 Scrutiny Committees are allocated to the Opposition.

In October 2020 the Authority updated its Scrutiny Procedure Rules so as to change Cabinet Members roles at Scrutiny Committees and to require them to attend the meetings to present reports and answer questions. This change was welcomed by the Cabinet Members.

Again, as a by-product of the pandemic Scrutiny Committee meetings have been webcast since November 2020.

❖ **How well are we doing and how do we know?**

The Chairs and Vice-Chairs of Scrutiny Forum meets on a quarterly basis to discuss and propose improvements to the scrutiny function for consideration by the Authority's Constitutional review Working Group; to put forward items for discussion at the biannual meetings with the Cabinet; and acts as a forum for sharing scrutiny good practice.

During 2021/22 the Forum discussed how virtual meetings and the webcasting of scrutiny meetings had worked. The unanimous consensus was that the arrangements had worked well and that attendance levels had been good.

In response to concerns expressed by the Forum an email was sent to all Directorates regarding the number of scheduled reports being pulled at the eleventh hour and therefore appearing on the agenda as non-submissions. The Forum monitored the submission rates after the sending of the email and noted an improvement.

Webcasting viewing figures for each Scrutiny Committee for the period December 2020 to November 2021 were as follows:

Committee	All Views	Live Views	Archived Views
Community & Regeneration	518	100	418
Education & Children	627	98	529
Environment & Public Protection	716	161	555
Policy & Resources	733	155	578
Social Care & Health	426	85	341

❖ What and how can we do better?

In October/November 2021 Audit Wales undertook a follow up review of the proposals for improvement identified in their Scrutiny Fit for the Future Report 2018 – the outcome of the review is awaited and will be considered when available. Any agreed suggestions for improvement will be implemented.

A review of the Governance arrangements for both Local Authority Trading Companies (LATC) will be carried out with a view to aligning the arrangements and clarifying the roles of Members and Scrutiny Committees in relation to the LATCs.

3.3.6.4 Financial Administration (Section 151 Officer)

❖ How we do it

The Director of Corporate Services is the responsible officer for the administration of the Authority's affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the County Council.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a **“Statement on the Role of the Chief Financial Officer in Local Government”**. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest.

Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's overall financial strategy.

Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.

Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services Division provides support to Departments and co-ordinates and supports the budget preparation and financial monitoring process.

The Authority operates to a defined set of Financial Procedure Rules and Contract Procedure Rules which are maintained by the Corporate Services Department with any amendments approved by the Governance and Audit Committee.

❖ **How well are we doing and how do we know?**

Internal Audit's overall opinion reported in July 2021 to the Governance and Audit Committee: the Authority has an ACCEPTABLE control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members.

Financial Procedure Rules and Corporate Procurement Rules are regularly reviewed and updated when appropriate. They will be presented to Governance and Audit Committee in July 2022 for changes to be approved.

In September 2021, Audit Wales issued an unqualified audit report in respect of our 2020-21 Statement of Accounts. These included more than £140million of additional Covid related funding from many different grants.

❖ **What and how can we do better?**

The next financial year will see the creation of a new regional Corporate Joint Committee, for which Carmarthenshire will be the lead authority providing the S151 Officer as well as financial support functions. Recognising this new workload, combined with new arrangements within the Mid and West Wales Fire and Rescue service, we will be reducing and then ceasing the S151 service to the Fire Authority during the year.

3.3.6.5 Dyfed Pension Fund Committee

❖ **How we do it**

Carmarthenshire County Council is the statutorily appointed Administering Authority for the Dyfed Pension Fund. The Pension Fund Committee comprises of three County Council Members plus a nominated substitute to act in the absence of a Member. The Pension Fund Committee has the following responsibilities:

- To review the performance of the Dyfed Pension Fund, decide on the strategic direction of all matters relating to the investment of the Fund and monitor all aspects of the investment function.
- To determine on Administering Authority Pension Fund matters.

During 2021/22 the Pension Fund Committee was supported by the Director of Corporate Services and Head of Financial Services, the Financial Services Division and an Independent Investment Adviser. The Director of Corporate Services is the Section 151 Officer.

The Fund's Governance Policy sets out in detail the Governance arrangements of the Fund.

The Local Pensions Board established in 2015/16 under the Public Service Pension Act (PSPA) 2013 has an oversight or scrutiny role and is intended to assist the Administering Authority in securing compliance with regulations and requirements imposed by the Pensions Regulator and the Department for Communities and Local Government. The terms have been reviewed; the updated Terms of Reference were approved by Council in May 2021.

Following HM Government's approval of the Wales Investment Pool in November 2016 and the establishment of the Wales Pension Partnership (WPP) Joint Governance Committee an extensive procurement process was undertaken to appoint a Financial Conduct Authority regulated Third Party Pool Operator to manage the investments of the 8 Welsh Pension Funds. In November 2017 the WPP Joint Governance Committee approved the appointment of Link Asset Services as their Operator.

Carmarthenshire County Council is the Host Authority for the WPP, providing administrative, financial and secretarial support and implementing decisions made by the Joint Governance Committee.

The Authority for 2021/22 has produced a separate Annual Report and Accounts for the Dyfed Pension Fund and therefore further information in respect of governance and activity of both the Fund and the WPP can be found in this document.

❖ **How well are we doing and how do we know?**

There has been a significant increase in the level of engagement related to climate change, which the fund has proactively engaged in with various organisations. The fund has recognised climate related risk within its investment performance and established a responsible investment policy.

❖ **What and how can we do better?**

The Fund's pension committee acknowledged the excellent work on Responsible Investing but it had gone unnoticed so requested that communication on these matters was improved at a local and national level.

3.3.6.6 The City Deal

❖ **How we do it**

On the 29th August 2018 Carmarthenshire County Council, Neath Port Talbot County Borough Council, Pembrokeshire County Council and the Council of the City and County of Swansea signed an Agreement for the establishment of a Joint Committee for the Swansea Bay City Region. The first meeting of the Joint Committee was held on the 30th August 2018. Carmarthenshire is the Accountable Body for the City Deal function.

The Joint Committee is made up of the Leaders of the four regional Authorities and one non-voting, co-opted member each from the Hywel Dda University Health Board,

Swansea Bay University Health Board, Swansea University and the University of Wales Trinity Saint David.

A Joint Scrutiny Committee has also been formed, with the scrutiny function being administered by Neath Port Talbot County Borough Council.

A portfolio of nine programmes and projects has been approved under the Swansea Bay City Deal – three of which are delivered regionally. Under the portfolio Carmarthenshire will deliver two local programmes within its constituent area, Pentre Awel (the Life Science and Well-being development) and Yr Egin (creative and digital cluster), both of which have been approved by both UK and Welsh Government. Further to the locally delivered programmes, Carmarthenshire is the delivery lead for two regional programmes, Skills and Talent Initiative and Digital Infrastructure. These have been approved by both UK and Welsh Government and will be delivered in collaboration with the three other constituent authorities under the Swansea Bay City Deal.

During the financial year, the Welsh Government Integrated Assurance Hub conducted an Office of Government Commerce (OGC) Gateway Review at a City Deal portfolio (Gate 0) level. This will assure successful progression and overall delivery, while supporting the SRO in the successful discharge of their duties. The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Seventeen 'conversations' were held with stakeholders between 19th-21st July 2021 together with a workshop session with the four local authority Leaders.

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Joint Committee gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS). The PSIAS established in 2013 are the agreed professional standards for Internal Audit in Local Government.

As required by the Standards, the Head of Internal Audit (Pembrokeshire County Council) prepares an annual report for consideration by the Joint Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

❖ **How well are we doing and how do we know?**

The SBCD Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating. The summary finding of the Review were made four recommendations, three of which have been achieved as at 31st March 2022.

The internal audit report has determined an audit assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives. This report was presented to the Joint Committee within the 2022/23 financial year and was subject to delay in financial year 2021/22 due to the COVID-19 crisis and local elections.

❖ What and how can we do better?

The Welsh Cities and Growth Implementation Board were very complimentary in respect of the progress the Swansea Bay City Deal has made and acknowledged that the Portfolio is in full delivery.

The Conclusions from the reports and reviews noted above will strengthen governance arrangements and support best practise to ensure the successful the delivery of programmes and projects. Recommendations will be reviewed and implemented within portfolio management, governance and control activities and monitored in line with governance arrangements.

3.3.6.7 ERW / Y PARTNERIAETH

❖ How we do it

Carmarthenshire, Swansea and Pembrokeshire are developing a new Partnership Framework that will supersede ERW – Y Partneriaeth, and this framework will deliver the aspirations and objectives that were previously being provided by ERW.

In respect to professional development of the school workforce and the design and development of a new curriculum, Carmarthenshire, Swansea and Pembrokeshire County Councils have agreed a new approach that will supersede the regional consortium ERW. **Partneriaeth** will deliver the aspirations and objectives that were previously being provided by ERW. A new streamlined management and operational staffing structure has been designed and populated and a new legal agreement, business plan and budget agreed. The minimal redundancy costs were met by ERW's surplus budget.

Partneriaeth will be governed by a new Joint Committee in line with a new legal agreement. Regular reports, monitoring the progress of achieving the actions in the business plan, will be presented to the Joint Committee and the Joint Scrutiny Panel, comprising of elected members from the three partner authorities. The budget will be regularly monitored by the Joint Committee and the required statutory reports will be completed as well as a programme of audits undertaken.

❖ How well are we doing and how do we know?

Partneriaeth is currently only sitting in shadow form. However, once established the Risk Register will be reviewed regularly and on an annual basis there will be a Welsh Government Challenge and review session as well as ESTYN thematic studies / reviews as requested by Welsh Government. The quality of professional learning/support will be evaluated by participants and an annual survey conducted to ensure that Partneriaeth meets the needs of our schools.

❖ What and how can we do better?

Outcomes from the reports, reviews and annual survey noted above will identify areas of success and areas to develop. These will be incorporated into subsequent business plans and monitored in line with the governance structure.

3.3.7 **Good transparency and accountability** - *Implementing good practices in transparency, reporting, and audit to deliver effective accountability*

3.3.7.1 Governance and Audit, Standards and Democratic Services Committees

❖ How we do it

The Governance and Audit Committee is a key component of Corporate Governance, providing a source of assurance about the Authority's arrangements for managing risk, maintaining an effective control environment and reporting on financial as well as non-financial performance.

The Standards Committee (which includes a majority of External Members) promotes high standards of conduct for Members as well as maintaining an overview of the Authority's processes for complaints handling and its Whistleblowing Procedure.

The Authority also has a Democratic Services Committee (5 Elected Members) and a statutory designated Head of Democratic Services. The Committee's terms of reference as set by the Authority include securing the provision of reasonable training and development opportunities for Members, appointing a Member Development Champion and promoting and supporting good governance.

The Governance and Audit Committee has received a report on the future changes that affect the committee in accordance with the Local Government and Elections (Wales) Act 2021.

❖ How well are we doing and how do we know?

Governance and Audit Committee meet to agree on their development needs and a training programme agreed.

❖ What and how can we do better?

Once established the Governance and Audit Committee will conduct a self-assessment of their role and responsibilities to ascertain where further improvement is needed

3.3.7.2 Internal Audit

❖ How we do it

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Authority gains assurance. Internal Audit is required to undertake their work in accordance with the standards as set out in the **Public Sector Internal Audit Standards (PSIAS)**. The PSIAS established in 2013 are the agreed professional standards for Internal Audit in Local Government.

As required by the Standards, the Head of Internal Audit prepares an Annual report for consideration by the Governance and Audit Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

The overall opinion is that the Authority has an 'Acceptable' control environment in operation. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place, Risk Management and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules and Contract Procedure Rules that provide advice and guidance to all staff and members. Sufficient assurance work has been carried out to form a reasonable conclusion on the adequacy and effectiveness of the Authority's internal control environment. Where

weaknesses have been identified through reviews, Internal Audit have worked with management to agree appropriate corrective actions and a timescale for improvement.

The Authority maintains an effective Internal Audit function. The **Strategic and Annual Audit Plans** are approved by Governance and Audit Committee annually and regular reports are made to the Governance and Audit Committee throughout the year on progress and any significant weaknesses identified.

The Head of Revenues and Financial Compliance in addition to being accountable for the delivery of the Internal Audit Services also has responsibility for the operational management of Revenues and Benefits, as well as Risk and Procurement. To ensure there is no conflict of interest in the audit reviews for the operational areas a protocol has been prepared and was approved by the Governance and Audit Committee in September 2018.

The Public Sector Internal Audit Standard (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

The two possible approaches to external assessments outlined in the Standards included either a full external assessment or an internal self-assessment which is validated by an external reviewer. Carmarthenshire County Council elected to adopt the self-assessment approach with an external validation undertaken by a suitable qualified and experienced external assessor with the required level of knowledge of the application of the PSIAS, as agreed with the Welsh Chief Auditors' Group. The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the Authority. The self-assessment and the external assessment concluded that the Internal Audit Service is "Generally Conforming".

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

Action plan responses to Internal Audit reviews are entered into the Council's Performance Information Monitoring System (PIMS) and progress is updated quarterly by responsible officers.

❖ **How well are we doing and how do we know?**

- Strategic and Annual Audit Plans presented to Governance and Audit Committee in the March meetings.
- Quarterly updates are provided on the work carried out and Annual Report is presented every July.
- Actions to deliver recommendations made in 2018 Quality Assessment completed.

❖ **What and how can we do better?**

- Consider any improvements identified through the external assessment of Internal Audit's arrangements.
- Introduction of new performance indicators for 2022/2023 with the aim to assisting the service in becoming more efficient.

3.3.7.3 External Regulators

❖ How we do it

Services are reviewed during the year by external regulators, such as Estyn, CIW and Audit Wales (formerly Wales Audit Office). The subsequent reports are actioned accordingly.

Each year Audit Wales, as External Auditor to the Authority complete work to meet the following duties:

- **Audit of Accounts** Each year the Auditor General audits the Council's financial statements to make sure that public money is being properly accounted for.
- **Value for money** The Council has to put in place arrangements to get value for money for the resources it uses, and the Auditor General has to be satisfied that it has done this.
- **Continuous improvement** The Council also has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements.
- **Sustainable development principle** Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

We also maintain a log of regulatory reports and recommendations. The external regulatory reviews recommendations or proposals for improvement are entered into the Council's Performance Information Monitoring System and progress is reported quarterly on dashboards. An Annual Report is issued to the Governance and Audit Committee.

Audit Wales issued a certificate of compliance for our Annual Report for 2020/21 under the 2009 Measure.

❖ How well are we doing and how do we know?

We track Audit Wales and Care Inspectorate Wales National and Local Regulatory report recommendations and report on them quarterly. We also submit an annual report to the Governance and Audit Committee.

We expect all reports that are going to be reported to the Governance and Audit Committee to go via CMT.

- During the year we have agreed that Estyn national report recommendations will be addressed by the newly created Focus Groups set up to support The future direction of Education Services in Carmarthenshire 2022 – 2032 key themes and high level priorities.

As outlined in Para 3.3.4.1 we have included regulatory report findings in new Integrated Performance Monitoring reports.

❖ What and how can we do better?

- We will produce a protocol/process for dealing with Regulatory Reports to determine what needs to go to CMT/ Cabinet /Scrutiny and Governance and Audit Committee.

- We will produce a report to learn from the intervention and turn around arising from the Audit Wales Planning report findings.

3.3.7.4 Information Assets

❖ How we do it

The Council's Head of ICT & Policy acts as the Authority's **Senior Information Risk Owner**. A Corporate Information Governance Group (CIGG) meets regularly in order to safeguard and secure the Authority's information. Minutes of these meetings are provided for consideration to the Corporate Management Team.

There are various safeguards in place to guard against the loss or release of personalised information. These include relevant policies and procedures which are communicated to staff, encryption of laptops, memory storage media and other devices. The Authority employs:

- A Digital Security Officer who advises on data security and external advisers and consultants are employed from time to time to test and advise on the Authority's security arrangements.
- A Data Protection Officer who advises on legal compliance and ensures that policies and procedures are in place and are being adhered to.

These safeguards are subject to ongoing review and include a combination of technical solutions and training for staff involved in handling personal data on the requirements of the General Data Protection Regulation (GDPR).

❖ How well are we doing and how do we know?

There had been 39 personal data breaches reported this year, which have been discussed at the CIGG.

Details of reported breaches are logged, with a incident report being sent onto the responsible Head of Service for the division along with details and remedial action taken. Two breaches were escalated and reported to the ICO, one by the Council and another by the data subject.

There were 24 breached reported in the previous year with 2 being referred to the ICO, therefore there has been an increase in the number of breaches being reported.

There were 3 cyber incidents reported this year. None of the incidents had caused the loss or destruction of data and it was likely that all three incidents were random and not targeted specifically at the Authority.

❖ What and how can we do better?

It was noted at CIGG that a high number of the reported breaches had involved personal data being emailed to the incorrect email recipient in error.

We will implement warnings to the email system to reduce the human error factor. Breach reports will be added to the PIMS system to increase visibility within each service area.

We will specifically look at high risk service area and look to disable the email auto complete facility which contributes to this type of breach.

We will continue to educate staff highlighting the potential that cyber criminals can steal sensitive information via phishing emails.

3.3.7.5 Review of Effectiveness

❖ How we do it

A review of the effectiveness of our Governance arrangements (including the system of Internal Control) is undertaken regularly by the Corporate Governance Group through its work. That work includes continuous challenge of the governance framework. The AGS is the framework that is used to seek these assurances, through continuous monitoring of actions in the AGS.

The review of effectiveness is informed by managers within the Authority who have responsibility for the development and maintenance of the Governance environment, the Head of Internal Audit's Annual Report and also by comments made by the External Auditors (Audit Wales).

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

- Council
- Leadership / Cabinet
- Cabinet Members
- Scheme of Delegation to Officers
- The Governance and Audit Committee / Scrutiny Committees / Risk Management Steering Group
- Standards Committee
- Internal Audit
- External Audit
- Public Services Ombudsman for Wales

❖ How well are we doing and how do we know?

Internal Audit view for 2021/22 assessed the process and supporting evidence as adequate.

Annual Governance Statement produced timely in line with the closure timetable.

❖ What and how can we do better?

Improve on the completion timetable for the Annual Governance Statement to ensure that it aligns with the earlier closure of accounts timetable, as it is included in the Statement of Accounts.

3.3.7.6 Council

❖ How we do it

The Council meets - online during the period of the pandemic - on a monthly basis and takes decisions on Council functions. Its Agendas are published at least 3 clear days in advance of meetings, and its meetings are open to the public (subject to exemptions) and webcast. Its Minutes are published and are available to the Public. New ways of working group has been established to review the way forward.

As from the 1st September 2019 all the Authority's democratic meetings are paperless.

❖ **How well are we doing and how do we know?**

The enforced move to online meetings did not inhibit the democratic process and the provision of training enabled all members to be able to attend meetings and participate online.

All our meetings are webcast, thus allowing the public to be able to hear and follow proceedings.

❖ **What and how can we do better?**

During 2022/23 we will be introducing hybrid meetings, giving members, and the public, choice as to how they wish to attend meetings.

3.3.7.7 Leadership / Cabinet

❖ **How we do it**

The Cabinet takes decisions on executive functions within the policy and budget framework set by the Council. The Agenda is published at least 3 clear days in advance of its meetings and meetings are held in public (subject to statutory exemptions) and webcast. Its Minutes are published, and its decisions are subject to call in by any 3 Council Members. (ref para 3.3.6.3).

The Authority normally meets with Town and Community Councils twice yearly in a formal Forum. However, due to COVID19 one virtual meeting was held in 2020/21 as part of the budget setting consultation.

3.3.7.8 Cabinet Members

❖ **How we do it**

The Cabinet Members have decision making powers in relation to their own portfolio areas. Their decisions are published and are subject to call in by the relevant Scrutiny Committees (ref para 3.3.6.3).

3.3.7.9 Governance and Audit Committee

❖ **How we do it**

The Governance and Audit Committee meets throughout the year to provide independent assurance to the Authority in relation to the effectiveness of the Internal Control Environment and Risk Management Framework.

The Governance and Audit Committee are also responsible for approving the Authority's Statement of Accounts.

Under the **Local Government Wales Measure 2011** it is mandatory for Local Authorities to have an Audit Committee. The Measure provides that there must be an independent External Voting Member on the Audit Committee.

The changes to the Audit Committee are split and will come into force as follows:

Re-naming of Audit Committees coming into force on the 1st April 2021. This section provides for the re-naming of Audit Committees to 'Governance and Audit Committees' and requires the Committee to undertake additional functions, namely those functions set out in Chapter 1 of Part 6 of the Act and:

- (a) review and assess the authority's ability to handle complaints effectively;
- (b) make reports and recommendations in relation to the authority's ability to handle complaints effectively

Further changes will come into force on the 5th May 2022 which will require one third of the members of the Governance and Audit Committee to be lay persons and for the lay person to be appointed as Committee Chair. Arrangements for the appointment of the lay members by March 2022.

Job Profiles are in place for both the Chair of Governance and Audit Committee and the Members of Governance and Audit Committee. In line with the Local Government Measure 2011, the Chair of the Governance and Audit Committee has been a Member from the Opposition Group but from May 2022 onwards will be one of the lay members, following a change in the law.

❖ **How well are we doing and how do we know?**

Following a recruitment process, recommendations will be made to County Council by the Governance and Audit Committee following the May 2022 election as to appointments to the lay member posts.

❖ **What and how can we do better?**

From May 2022 onwards one third of the Governance and Audit Committee must be lay members which will bring even more independent overview. The Governance and Audit Committee should conduct a self-assessment of its role and responsibilities to ascertain where further improvements are required.

3.4 Corporate Governance during the COVID19 Pandemic

Normally the Council holds physical meetings, including those of the Full Council, the Cabinet, individual Cabinet members and other committees, to make key decisions. Although the Local Government (Wales) Measure 2011 made provision for remote attendance at such meetings at least 30% of members were required to be physically present in person at the meeting. This requirement was relaxed by Regulations in May 2020, when meetings could be held 100% online.

Interim emergency arrangements therefore had to be put in place for decisions to be taken at a fast pace until the relaxations were enacted. On the 18th March 2020 a decision was taken to suspend most democratic meetings in order to protect members and staff and on the 19th March 2020 a decision was taken to close all Council buildings to the public for the same reason. Following the announcement by the Prime Minister of the nationwide 'lockdown' on the 23rd March 2020, all remaining democratic meetings were suspended.

Alongside these developments, on the 12th March 2020 the growing pandemic resulted in the senior officers of the authority adopting the Gold/Silver Command structure under the Civil Contingencies Act 2004.

In the absence of any formal meetings of the Cabinet and Full Council, senior officers have exercised the powers granted to them in Part 3.2 of the Council's Constitution (Scheme of Delegation to Officers) under section 100G Local Government Act 1972 to make such

decisions as are necessary for the functioning of the Council and its response to the pandemic.

These delegated powers are broad in scope and cover day to day operational decision making by the authority. However, the scheme of delegation also provides that the Chief Executive and Directors have the power to make:

“Determination of any urgent matter in the purview of the Council, the Cabinet or any committee where it is impractical to convene a meeting of that body to consider the matter.”

As it was impractical to convene meetings of Full Council and Cabinet due to the ongoing pandemic these powers have been utilised to make any necessary urgent decisions falling outside the normal delegated authority of officers. Records have been kept of urgent decisions made under these powers and following a change in legislation by Welsh Government permitting virtual democratic meetings, these were reported at the virtual meeting of the Cabinet held on 1st June 2020. Remote meetings have continued during the year with the resumption of the Governance and Audit Committee in July 2020 and Scrutiny Committees from November 2020. The Local Government and Elections (Wales) Act 2021 allows remote meetings to continue but also provides for hybrid meetings to be held.

The requirement to work from home during lockdown has been enabled by existing ICT capabilities but has inevitably meant some changes to working practices, control mechanisms and authorisation methods. These have been made with approval of the relevant senior manager or directors and consultation/advice from Internal Audit where appropriate. Internal Auditors were redeployed during the initial lockdown as the team were unable to commence the annual work programme due to the disruption caused by the pandemic. The programme was redesigned to achieve control assurances remotely and recommenced during the summer.

During 2021/22, the Authority continued to claim from the Welsh Government hardship scheme, covering increased costs of delivering core services, provision of new services and income loss from closure of commercial services. Looking ahead, this scheme has now ended, with Local Authorities required to assess and provide for future financial implications from core budgets. The 2022/23 Budget includes an explicit contingency totalling £3.5m.

As restrictions have eased, this has permitted increased office working. The preparation of this statement of accounts has taken place through a combination of face to face reviews mixed with virtual meetings and electronic files and screen sharing technology.

3.5 Governance issues to be addressed

The following additional Governance issues need to be considered and addressed during the next 12 months:

For 2022/23

- Develop recruitment strategy and workforce plan alongside implementation of new recruitment software to ensure recruitment service can be streamlined and maintained.
- Set up governance group to oversee development of Reward and Benefit hub
- Review employment safeguarding framework and develop training programme for recruiting managers.

- Develop an Engagement and Consultation plan for the local authority.
- Further development work on handling complaints and investigating complaints.
- Review the customer service that we as a Council provide and how we can further improve the customer journey.
- Review and reinvigorate our Corporate Strategy and Well-being Objectives.
- Establish clear governance mechanism to drive progress against each Well-being Objective and identify priority themes and service areas to support delivery of the well-being objectives.
- Continue to develop the new integrated Performance Management quarterly monitoring reports.
- Develop a new Transformation strategy; ensure that Learning & Development priorities and programmes are fully aligned with corporate priorities and needs
- Refresh the Council's Core Values. Communicate to the workforce the Chief Executive's vision for the Council.
- Review the Governance arrangements for both Local Authority Trading Companies (LATC) with a view to aligning the arrangements and clarifying the roles of Members and Scrutiny Committees in relation to the LATCs.

We propose over the coming year to take steps to address the above matters to further enhance our Governance arrangements. An Action Plan summarising the above Actions, Responsible Officers and Target Dates is attached in Appendix 2. We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

Approved

12 October 2022

Leader of Council

Chief Executive

APPENDIX 1

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2017/18 No.6	Monitor and evaluate People Strategy Group/Work stream actions relating to AW People Performance Management recommendations.	Assistant Chief Executive – People Management	March 2020	<p>Consolidating learning and moving forward. PSGB Group has met through COVID19, but re-evaluation of way forward needed.</p> <p>IIP – high level review for further accreditation carried out. Steering group is refocusing its objectives</p>	<p>Ongoing</p> <p>IIP meetings held in November / early December. 6th formers event done. Aiming for gold – workplan to be put in place. Empowerment & wellbeing being two main focus. Reconfigure the group to align with expectations. The interim report received from IIP to CMT in September 2022. Then to pre-cabinet following that.</p>

UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2019/20 No.8	Ensure Employment Policies reflect any new legislation such as exit payment cap, reclaiming exit payments etc.	People Services Manager	March 2021	Ongoing – On 12/2/21 the UK Government repealed the exit pay cap provisions. We await new legislation and will update policies accordingly.	2021/22 Exit pay cap legislation was due in December 2021 but has not been received – likely now to be 2022. ACAS compliant policies in place. Still awaiting information as at September 2022
AGS 2019/20 No.13	Implement appropriate changes in respect of the governance arrangements of the Local Authority Companies in response to the Governance Review Report.	Corporate Management Team	June 2021	Democratic decision has been taken to put one company into dormancy. Decision has been taken that reports from the other two companies to be presented to Cabinet on 6 monthly basis.	CWM updates commenced - reported recently to CMT in December 2021 – to be next taken to Pre-Cabinet. Delivered. Llesiant will be reporting to Pre-Cabinet by end of the financial year. TIC review being undertaken on Llesiant. Planned work in programme Governance update review to be carried out early 2022.

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2020/21 No.1	Review Staff Travel Policy.	People Services Manager	April / May 2021	Draft presented to CMT 16 th September 2021 Principles agreed and consultation now will commence with Trade Union. Following which the policy will go back to CMT and follow through the political process.	Travel policy with Trade Union for consultation until 4 th March 2022 for comments Updated Policy presented to CMT 15 th September 2022
AGS 2020/21 No.2	Implement The Local Government and Elections (Wales) Act requirements.	Corporate	May 2022	The elements that have not been implemented to date have a timetable that needs to be met to deliver the Act's requirement / timescale. Elements of performance & governance implemented. Elections – in hand	Ongoing Statutory Guidance not provided yet, some draft guidance issued beginning of February 2022.

<i>UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS</i>					
SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2020/21 No. 3	Develop governance arrangement around the better ways of working once plan is in place – for officers.	Chair of Better Ways of Working Strategic Group	2021/22	Facilitated sessions underway for each HoS teams. 3 sub groups in place reporting into Strategic group. Communications plan being drawn up for the project Two pilots on hybrid working in place.	Ongoing Each service is now collating information to determine the practicalities / operational needs/ space allocations collated from all HoS to inform the property strategy. Also work ongoing with other public sector bodies – joint working.
AGS 2020/21 No. 4	Develop governance arrangement around the better ways of working once plan is in place – for Members.	Chair of Better Ways of Working Strategic Group / Head of Legal and Democratic Services	2021/22	The work of the Task and Finish Group has been completed	The Chair of the Democratic Services Committee presented the Task and Finish Group's report to County Council on the 9 th March 2022, and all 5 recommendations were approved. Completed

**UPDATE ON OUTSTANDING GOVERNANCE ISSUES IDENTIFIED IN
PREVIOUS ANNUAL GOVERNANCE STATEMENTS**

SOURCE	ISSUES	RESPONSIBLE OFFICER	ACTIONS/PROGRESS		STATUS
AGS 2020/21 No.5	Recruit lay members for Governance and Audit Committee.	Head of Legal and Democratic Services / Director of Corporate Services / Head of Revenues & Financial Compliance	2021/22	A recruitment process was conducted during 2021/22	<p>Job Specification drawn up. Job advert drafted – both presented to Governance & Audit Committee for approval 17th December 2021.</p> <p>Shortlisting and Interviews completed. Recommendations on successful applicants for the lay member posts presented and accepted - County Council in May 2022.</p> <p>Three Lay Members appointed. One post remains vacant and arrangements need to be progressed to fill the vacant post.</p>

APPENDIX 2

GOVERNANCE ISSUES ACTION PLAN			
NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT			
ISSUE REF	ACTION	RESPONSIBLE OFFICER	TARGET DATE
AGS 2021/22 No.1	Develop recruitment strategy and workforce plan alongside implementation of new recruitment software to ensure recruitment service can be streamlined and maintained.	People Services Manager	March 2023
AGS 2021/22 No.2	Set up governance group to oversee development of Reward and Benefit hub.	People Services Manager	May/June 2022 Now completed
AGS 2021/22 No. 3	Review employment safeguarding framework and develop training programme for recruiting managers.	People Services Manager	March 2023
AGS 2021/22 No.4	Develop an Engagement and Consultation plan for the local authority.	Media and Marketing Manager	March 2023
AGS 2021/22 No.5	Further development work on handling complaints and investigating complaints.	Head of ICT and Policy	March 2023
AGS 2021/22 No.6	Review the customer service that we as a Council provide and how we can further improve the customer journey.	Media and Marketing Manager	March 2023
AGS 2021/22 No.7	Review and reinvigorate our Corporate Strategy and Well-being Objectives.	Head of ICT and Policy	March 2023
AGS 2021/22 No.8	Establish clear governance mechanism to drive progress against each Well-being Objective and identify priority themes and service areas to support delivery of the well-being objectives.	Head of ICT and Policy	March 2023
AGS 2021/22 No.9	Continue to develop the new integrated Performance Management quarterly monitoring reports.	Head of ICT And Policy Head of Financial Services Head of Revenues and Financial Compliance	March 2023

GOVERNANCE ISSUES ACTION PLAN			
NEW GOVERNANCE ISSUES IDENTIFIED IN THIS YEAR'S ANNUAL GOVERNANCE STATEMENT			
ISSUE REF	ACTION	RESPONSIBLE OFFICER	TARGET DATE
AGS 2021/22 No.10	Develop a new Transformation strategy; ensure that Learning & Development priorities and programmes are fully aligned with corporate priorities and needs.	Assistant Chief Executive	March 2023
AGS 2021/22 No.11	Refresh the Council's Core Values. Communicate to the workforce the Chief Executive's vision for the Council.	Assistant Chief Executive	March 2023
AGS 2021/22 No.12	Review the Governance arrangements for both Local Authority Trading Companies (LATC) with a view to aligning the arrangements and clarifying the roles of Members and Scrutiny Committees in relation to the LATCs.	Direct of Corporate Services Head of Legal and Administration	March 2023

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

Opinion on financial statements

I have audited the financial statements of Carmarthenshire County Council for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

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

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

In my opinion the financial statements:

- give a true and fair view of the financial position of Carmarthenshire County Council as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to

the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

Matters on which I report by exception

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

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

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

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

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

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

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

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Carmarthenshire 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
12 December 2022

24 Cathedral Road
Cardiff,
CF11 9LJ

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

5 FINANCIAL STATEMENTS

The financial statements comprise the following:

5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents and council tax) 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 departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure statement.

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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

5.3 MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the accounts to the amounts chargeable to council tax and dwelling rents for the year. The Net Increase/Decrease line shows the statutory Council Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

5.4 BALANCE SHEET

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

5.5 CASH FLOW STATEMENT

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

5.1 EXPENDITURE AND FUNDING ANALYSIS (EFA)

2021-22	Difference between Council Fund (CF) and Housing Revenue Account (Surplus)/Deficit and Comprehensive Income and Expenditure Statement (CIES) (Surplus)/Deficit		
	Net Expenditure Chargeable to the CF and HRA £'000	Total Adjustments £'000	Net Expenditure in the CIES £'000
Department			
Chief Executive	6,471	7,172	13,643
Education & Children	151,357	24,000	175,357
Corporate Services	18,167	549	18,716
Communities	99,371	15,422	114,793
Environment	52,015	10,862	62,877
Housing Revenue Account	(17,035)	(17,402)	(34,437)
Insurance & Corporate	6,676	(6,006)	670
Net Cost of Services	<u>317,022</u>	<u>34,597</u>	<u>351,619</u>
Other Income & Expenditure	(353,368)	(73,755)	(427,123)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	<u>(36,346)</u>	<u>(39,158)</u>	<u>(75,504)</u>
Transfers to/(from) earmarked reserves	32,461		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	<u>(3,885)</u>		
CF & HRA Balance at 31st March 2021:	(31,478)		
(Surplus)/Deficit	(3,885)		
CF & HRA Balance at 31st March 2022:	<u>(35,363)</u>		
2020-21			(Restated)
Department			
Chief Executive	5,297	8,036	13,333
Education & Children	145,266	23,887	169,153
Corporate Services	19,570	(445)	19,125
Communities	96,761	10,981	107,742
Environment	47,835	7,733	55,568
Housing Revenue Account	(12,664)	(20,280)	(32,944)
Insurance & Corporate	3,048	(2,523)	525
Net Cost of Services	<u>305,113</u>	<u>27,389</u>	<u>332,502</u>
Other Income & Expenditure	(336,573)	(58,762)	(395,335)
(Surplus)/Deficit before transfers to/(from) earmarked reserves	<u>(31,460)</u>	<u>(31,373)</u>	<u>(62,833)</u>
Transfers to/(from) earmarked reserves	32,455		
(Surplus)/Deficit after transfers to/(from) earmarked reserves	<u>995</u>		
CF & HRA Balance at 31st March 2020:	(32,473)		
(Surplus)/Deficit	995		
CF & HRA Balance at 31st March 2021:	<u>(31,478)</u>		

See note 6.5 for Explanation of adjustments between Net expenditure chargeable to the CF and HRA and Net expenditure in the CIES.

2020/21 figures have been restated to reflect changes in Investment Property income. (See note 6.11).

5.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

2020-21	2020-21	2020-21		2021-22	2021-22	2021-22
Total Gross Expenditure	Total Gross Income	Total Net Expenditure		Total Gross Expenditure	Total Gross Income	Total Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
	(Restated)	(Restated)				
			Department			
23,780	(10,447)	13,333	Chief Executive	24,394	(10,751)	13,643
221,134	(51,981)	169,153	Education and Children	243,343	(67,986)	175,357
64,153	(45,028)	19,125	Corporate Services	61,999	(43,283)	18,716
198,278	(90,536)	107,742	Communities	210,926	(96,133)	114,793
81,204	(25,636)	55,568	Environment	86,822	(23,945)	62,877
9,850	(42,794)	(32,944)	Housing Revenue Account	9,136	(43,573)	(34,437)
529	(4)	525	Insurance & Corporate	672	(2)	670
598,928	(266,426)	332,502	Net Cost of Services	637,292	(285,673)	351,619
			Precepts and Levies:			
		138	Brecon Beacons National Park			152
		10,400	Mid & West Wales Fire Authority			10,737
		6,641	Community Councils			6,863
		19,283	Dyfed Powys Police Authority			20,509
		(164)	(Gains)/losses on the disposal of non-current assets			(190)
		(187)	(Surpluses)/Deficits on Trading Activities not included in Net Cost of Services		Note 6.6	(319)
		36,111	Other Operating Expenditure			37,752
		17,330	Interest Payable and Similar Charges			16,676
		12,867	Net interest on the net defined benefit liability (asset)			12,090
		(246)	Interest and Investment Income			(304)
		(1,176)	Income and expenditure in relation to investment properties and changes in their fair value		Note 6.11	(618)
		(247)	Other income			(282)
		28,528	Financing and Investment (Income) and Expenditure			27,562
		(215,251)	Revenue Support Grant	Note 6.35		(225,743)
		(4,795)	General Government Grants	Note 6.35		(916)
		(122,830)	Council Tax	Note 6.7		(129,997)
		(58,909)	Net Proceeds of Non-Domestic Rates	Note 6.8		(62,757)
		(58,189)	Capital Grants and Contributions	Note 6.35		(73,024)
		(459,974)	Taxation and Non-specific Grant Income			(492,437)
		(62,833)	(Surplus)/Deficit on Provision of Services			(75,504)
		(13,532)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(153,696)
		1,691	Remeasurement of the net defined benefit liability/(asset)			(108,880)
		(11,841)	Other Comprehensive (Income) and Expenditure			(262,576)
		(74,674)	Total Comprehensive (Income) and Expenditure			(338,080)

2020/21 figures have been restated to reflect changes in Investment Property income. (See note 6.11).

5.3 MOVEMENT IN RESERVES STATEMENT

	Council Fund Balance £'000	Earmarked Council Fund Reserves £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
Balance at 31 March 2020	(11,221)	(89,616)	(21,252)	(7,912)	(2,914)	(132,915)	(353,366)	(486,281)
Movement in reserves during 2020/21								
(Surplus) or deficit on the provision of services	(26,271)	0	(36,562)	0	0	(62,833)	0	(62,833)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(11,841)	(11,841)
Total Comprehensive Income and Expenditure	(26,271)	0	(36,562)	0	0	(62,833)	(11,841)	(74,674)
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(7,031)	0	38,404	70	(12,190)	19,253	(19,253)	0
Net (Increase)/Decrease before Transfers to/from Earmarked Reserves	(33,302)	0	1,842	70	(12,190)	(43,580)	(31,094)	(74,674)
Transfers to/(from) Earmarked Reserves(Note 6.22)	32,489	(32,455)	(34)	0	0	0	0	0
(Increase)/Decrease in Year	(813)	(32,455)	1,808	70	(12,190)	(43,580)	(31,094)	(74,674)
Balance at 31 March 2021	(12,034)	(122,071)	(19,444)	(7,842)	(15,104)	(176,495)	(384,460)	(560,955)
Movement in reserves during 2021/22								
(Surplus) or deficit on the provision of services	(29,492)	0	(46,012)	0	0	(75,504)	0	(75,504)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(262,576)	(262,576)
Total Comprehensive Income and Expenditure	(29,492)	0	(46,012)	0	0	(75,504)	(262,576)	(338,080)
Adjustments between accounting basis and funding basis under regulations(Note 6.4)	(4,190)	0	43,348	(2,771)	(13,498)	22,889	(22,889)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(33,682)	0	(2,664)	(2,771)	(13,498)	(52,615)	(285,465)	(338,080)
Transfers to/(from) Earmarked Reserves(Note 6.22)	32,248	(32,461)	213	0	0	0	0	0
(Increase)/Decrease in Year	(1,434)	(32,461)	(2,451)	(2,771)	(13,498)	(52,615)	(285,465)	(338,080)
Balance at 31 March 2022	(13,468)	(154,532)	(21,895)	(10,613)	(28,602)	(229,110)	(669,925)	(899,035)

5.4 BALANCE SHEET

31/03/21 £'000		Notes	31/03/22 £'000
1,194,044	Property, Plant & Equipment	6.9	1,405,896
226,283	Infrastructure Assets	6.9	232,255
2,292	Heritage Assets	6.10	2,432
25,110	Investment Property	6.11	26,770
1,807	Long Term Investments	6.12	1,107
7,529	Long Term Debtors	6.13	4,896
<u>1,457,065</u>	Long Term Assets		<u>1,673,356</u>
25,504	Short Term Investments	6.14	85,525
2,013	Inventories	6.15	2,061
88,310	Short Term Debtors	6.16	105,322
46,911	Cash and Cash Equivalents	6.17	31,319
<u>162,738</u>	Current Assets		<u>224,227</u>
(18,561)	Short Term Borrowing	6.18	(12,793)
(77,161)	Short Term Creditors	6.19	(89,727)
(1,321)	Provisions	6.20	(1,044)
(432)	Donated Inventories Account	6.15	(282)
<u>(97,475)</u>	Current Liabilities		<u>(103,846)</u>
(2,863)	Provisions	6.20	(1,915)
(398,052)	Long Term Borrowing	6.21	(390,681)
<u>(560,458)</u>	Other Long Term Liabilities	6.42	<u>(502,106)</u>
<u>(961,373)</u>	Long Term Liabilities		<u>(894,702)</u>
<u>560,955</u>	Net Assets		<u>899,035</u>
12,034	Council Fund		13,468
19,444	Housing Revenue Account	7.2	21,895
114,805	Earmarked Council Fund Reserves	6.22	139,327
7,266	Council Fund Reserves Held by Schools under LMS	6.22	15,205
7,842	Capital Receipts Reserve	6.23	10,613
15,104	Capital Grants Unapplied	6.24	28,602
<u>176,495</u>	Usable Reserves		<u>229,110</u>
334,778	Revaluation Reserve	6.25	475,815
615,843	Capital Adjustment Account	6.26	703,212
(598)	Financial Instruments Adjustment Account		(521)
332	Deferred Capital Receipts Reserve		332
(560,458)	Pensions Reserve	6.27	(502,106)
<u>(5,437)</u>	Accumulated Absences Account	6.28	<u>(6,807)</u>
<u>384,460</u>	Unusable Reserves		<u>669,925</u>
<u>560,955</u>	Total Reserves		<u>899,035</u>

5.5 CASH FLOW STATEMENT

2020-21 £'000	Reconciliation of Comprehensive Income and Expenditure Statement to Net Revenue Cash Flow	Note	2021-22 £'000
(62,833)	Net (Surplus)/Deficit on the provision of services	5.2	(75,504)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements		
(43,823)	Depreciation		(45,322)
22,111	Impairment & downward valuations		36,443
1,166	Movement in market value of investment properties		256
(31,305)	Pension fund adjustments		(50,528)
(579)	Movement in provisions		1,225
(227)	Carrying amount of non-current assets sold		(2,180)
55	Other non cash movement		101
955	Movements in revenue debtors, creditors, inventories etc.		(7,255)
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
395	Proceeds from sale of property, plant and equipment, investment property and intangible assets		2,429
58,189	Capital Grants		73,024
(55,896)	Net cash flow from operating activities		(67,311)
	INVESTING ACTIVITIES		
69,535	Purchase of property, plant & equipment, investment property & intangible assets		69,739
1,220,000	Purchase of short term & long term investments		745,500
4,590	Other payments for investing activities		5,793
(399)	Proceeds from the sale of property, plant & equipment, investment property & intangible assets		(2,488)
(1,206,593)	Proceeds from short term & long term investments		(686,148)
(54,993)	Capital grants received		(62,632)
32,140	Net cash flow from investing activities		69,764
	FINANCING ACTIVITIES		
(4,103)	Cash receipts of short-term & long-term borrowing		(2,692)
23,029	Repayments of short-term & long-term borrowing		15,831
18,926	Net cash flow from financing activities		13,139
(4,830)	NET (INCREASE)/DECREASE IN CASH & CASH EQUIVALENTS		15,592
42,081	Cash & cash equivalents at the beginning of reporting period	6.17	46,911
46,911	Cash & cash equivalents at the end of reporting period		31,319
4,830	INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(15,592)

The cash flows for operating activities include the following items:

2020-21 £'000		2021-22 £'000
17,565	Interest Paid	16,713
(406)	Interest Received	(248)

6 NOTES TO THE ACCOUNTS

6.1 Statement of Accounting Policies

General

The Statement of Accounts summarises the transactions of Carmarthenshire County Council for the 2021/22 financial year and its position at the year ended 31st March 2022.

The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

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

Areas within the accounts that do not comply with the above publication have been suitably noted where necessary.

6.1.1 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- An exception to this principle is when certain revenue payments are made quarterly (e.g. electricity, gas) where the revenue accounts are charged with four payments.

This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

6.1.2 **Property, Plant & 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.

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement: Assets are initially measured at cost, comprising the purchase price and/or any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Assets are then carried in the Balance Sheet on the basis recommended by CIPFA and in accordance with The Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards. Assets are classified into the groupings required by the Code of Practice on Local Authority Accounting on the following basis:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value

Revaluations

With the exception of infrastructure and community assets, revaluations of fixed assets are carried out on the basis of a five-year rolling programme with any material change to asset values being adjusted in the accounts in the year it arises.

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. Valuations of vehicles, plant, furniture and equipment are based on a depreciated historic cost basis.

The in-house valuations are carried out by the Authority's Valuers who are Fellows of the Royal Institute of Chartered Surveyors.

Assets acquired under finance leases are capitalised in the Authority's accounts, together with the liability to pay future rentals.

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

Due to significant increases in build rates/market values it has been necessary to carry out a desktop exercise in 2021/22 to update valuations of DRC assets and HRA dwellings.

Impairment

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

Where impairment losses are identified, they are accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and Assets Held for Sale

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated

for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. These can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

Depreciation

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

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

Asset	Life (Years)
Council Dwellings	30
Buildings <i>(including Community Assets and Investment Properties)</i>	30
Vehicles Plant & Equipment	1 to 10
Infrastructure	40

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

Component Accounting

Component accounting is used when a single asset has one or more constituent parts with a significantly different economic life to the main asset. Components within the main asset would therefore be depreciated at different rates.

In order to determine whether there is a material difference in the depreciation charge, the Authority carries out a sensitivity analysis on its largest capital projects. A charge is calculated based on the asset as a whole compared to a charge based on the component parts. The component based charge will be used if there is a material difference between the two calculations.

6.1.3 **Investment Property**

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the 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.

Fair Value Measurement

The Authority measures its investment properties 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. Measurement will be at highest and best use from the perspective of a market participant.

It is assumed that any fair value measurement of an asset or liability uses the same assumptions that market participants acting in their economic best interest would use and that the transaction takes place in the principal market or failing that in the most advantageous market for the asset or liability.

Appropriate valuation techniques are used for which sufficient data is available. Inputs to the techniques are categorised within the fair value hierarchy that consists of three levels as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Authority at the measurement date.
- Level 2 inputs are quoted prices other than quoted prices within Level 1 that are observable either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

6.1.4 **Heritage Assets**

There are different types of Heritage Assets which have been accounted for as follows.

- **Former Community Assets**

Those heritage assets which were formerly included within community assets have been transferred to the Heritage Assets category. They are recorded at historic cost and include Carmarthen Castle, civic regalia and works of art.

- **Infrastructure Artwork**

These assets were previously included as infrastructure and were either part of a larger capital project or standalone artworks on roundabouts or in town centres. As former infrastructure assets they are recorded at historic cost.

- **Museum Exhibits/Archive Records**

The Authority holds a large collection museum exhibits and archive material which have not been included in the Balance Sheet. Cost information is not readily available for these items and the Authority believes that the benefits of obtaining a valuation for these items would not justify the cost.

6.1.5 **Intangible Assets**

These are assets that do not have a physical substance but will provide future economic benefits to the Authority such as software licences or internally generated assets which have been capitalised.

The Authority does not currently hold any intangible assets. Enhancements are categorised each year and any intangible assets would be identified as part of this annual exercise.

6.1.6 **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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 fixed assets attributable to the service.

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Council Fund balance (MRP or Loans Fund Principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6.1.7 **Revenue Expenditure Funded from Capital under Statute (REFFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement account in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves

Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the Council Fund Balance so there is no impact on the level of Council Tax.

6.1.8 **Cash and Cash Equivalents**

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

6.1.9 **Government Grants and Contributions**

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the 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.

6.1.10 **Leasing**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

A review of all leases held by the Authority (both as Lessee and Lessor) has been undertaken. All leases are currently treated as operating leases. However, a finance lease

relating to a property has been identified together with a few small equipment leases that could be reclassified as finance leases. The reclassification adjustments would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Authority.

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 benefitting from use of the leased property, plant or equipment.

The Authority as Lessor – operating leases

Where the Authority grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the appropriate service in the Comprehensive Income and Expenditure statement.

6.1.11 Financial Liabilities

Financial liabilities 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 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 for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the 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 Comprehensive Income and Expenditure Statement 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.

6.1.12 **Financial Assets**

Loans and Receivables

Loans and receivables 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 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 loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Authority has made loans at less than market rates (soft loans), any material loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the Council Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Under IFRS 9 Financial Instruments, classification of financial assets are now based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

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

6.1.13 **Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, except for donated PPE stock, which has been valued according to costs provided by NHS shared services. The cost of inventories is assigned using the weighted average costing formula.

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.

6.1.14 **Cost of Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

6.1.15 **Provisions**

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, 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 on 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 set up 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 revenue account.

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

6.1.16 **Reserves**

The Authority sets 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.

6.1.17 **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 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 holiday entitlements 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 and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme, administered by Carmarthenshire County Council.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the Education and Children's Services Line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

The Dyfed Pension Fund

The Fund is accounted for as a defined benefit scheme.

The liabilities of the Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit 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.

The assets of the Fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – bid price value
- unquoted securities – professional estimate
- unitised securities – bid price value
- property – market value.

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

Service cost comprising:

- current service cost – the increase in liabilities as 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 arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 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 any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Fund – cash paid as employer's contributions to the 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The 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 Fund.

6.1.18 Interests in Companies and other Entities

The council has material interests in a number of companies that have the nature of subsidiaries that require the preparation of group accounts. Group Accounts have not been prepared, as the consolidation would not materially affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

CWM Environmental

Carmarthenshire County Council is sole shareholder of CWM Environmental. Historically, the company has been operated as an arms length trading company, however from 2018/19, the Authority has chosen to make use of the Teckal Exemption, as more than 80% of the company's activity is transacted with the Authority. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions).

Llesiant Delta Wellbeing Ltd

Carmarthenshire County Council is sole shareholder of Llesiant Delta Wellbeing Ltd. The company was created to transfer and grow the Careline service as agreed by the Council's Cabinet in January 2018. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions).

Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Cabinet Member for Resources is Chair of the board. Further information is provided at note 6.12 (Long Term Investments).

Cartrefi Croeso Cyfyngedig

Carmarthenshire County Council is sole shareholder of Cartrefi Croeso. The company was created to develop housing developments on a commercial basis in Carmarthenshire as agreed by the Council's Cabinet. Further information is provided at note 6.12 (Long Term Investments) and note 6.36 (Related Party Transactions). The company is being placed into dormancy.

6.1.19 **Jointly Controlled Operations, Jointly Controlled Assets & Other Similar Arrangements**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The 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 venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The 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.

We have previously identified Education through Regional Working (ERW), Wales Pension Partnership and Swansea Bay City Region that could fall within the above definition for accounting purposes. During the previous year, it came to light that the Authority retains a financial stake in the West Wales Crematorium. Further information is provided at note 6.37 (Jointly Controlled Operations & Other Similar Arrangements).

Other potential arrangements include The Children's Commissioning Consortium Cymru (4 C's) amongst others. For the purposes of the accounts no actual entries have been made for these arrangements other than the direct expenditure and income applicable to each scheme. The adjustments are not material and would not affect the Authority's financial position, or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

6.1.20 **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.

6.1.21 **VAT**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them.

6.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 6.1, 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:

- Continued uncertainty about future funding of local authorities, particularly given the significant increase in inflation
- Possible changes to future governance arrangements brought about by the introduction of Corporate Joint Committees.
- The future impact on both service delivery and response activity from a resurgence in the COVID19 pandemic, following the cessation of continued financial support from Welsh Government through the Local Authority Hardship fund

However, the Authority has a robust three year budget strategy with efficiency and service rationalisation proposals to deliver a balanced budget and has therefore determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result.

Voluntary Controlled and Voluntary Aided schools are currently excluded from the Authority's balance sheet as although the Authority has liabilities and risks in terms of property costs such as repairs and maintenance, it does not own the schools nor does it have any rights to the future economic benefits inherent in the assets.

6.3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 only items in the Authority's Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year is the Pensions Liability.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

6.4 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.

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2021-22	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(32,405)	(12,917)	0	0	45,322
Revaluation gains/(losses) on Property Plant and Equipment	8,608	27,835	0	0	(36,443)
Movements in the market value of Investment Properties	256	0	0	0	(256)
Capital grants and contributions applied	31,692	21,123	0	0	(52,815)
Revenue expenditure funded from capital under statute	(2,249)	0	0	0	2,249
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	(2,180)	0	0	0	2,180
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	11,858	4,683	0	0	(16,541)
Capital expenditure charged against the Council Fund and HRA balances	8,413	3,624	0	0	(12,037)

	Usable Reserves				
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
2021-22	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	19,734	475	0	(20,209)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	6,711	(6,711)
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	2,370	0	(2,370)	0	0
Statutory Capital Receipts	59	0	(1,460)		1,401
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,059		(1,059)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0
Capital Receipts Set Aside	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0

	Usable Reserves					Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied		
2021-22	£'000	£'000	£'000	£'000	£'000	£'000
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	77	0	0	0		(77)
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 6.42)	(76,506)	(2,202)	0	0		78,708
Employer's pensions contributions and direct payments to pensioners payable in the year	27,429	751	0	0		(28,180)
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	(1,346)	(24)	0	0		1,370
Total Adjustments	(4,190)	43,348	(2,771)	(13,498)		(22,889)

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2020-21	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non-current assets	(31,330)	(12,493)	0	0	43,823
Revaluation gains/(losses) on Property Plant and Equipment	(1,376)	23,486	0	0	(22,110)
Movements in the market value of Investment Properties	1,166	0	0	0	(1,166)
Capital grants and contributions applied	31,642	12,229	0	0	(43,871)
Revenue expenditure funded from capital under statute	(4,673)	0	0	0	4,673
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	(221)	(6)	0	0	227
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	10,587	4,717	0	0	(15,304)
Capital expenditure charged against the Council Fund and HRA balances	5,487	9,856	0	0	(15,343)

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2020-21	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	12,856	1,462	0	(14,318)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	2,128	(2,128)
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	326	65	(391)	0	0
Statutory Capital Receipts	5	0	(51)	0	46
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	512	0	(512)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0	0	0	0	0
Capital Receipts Set Aside	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0

	Usable Reserves				Movement in Unusable Reserves
	Council Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	
2020-21	£'000	£'000	£'000	£'000	£'000
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	76	0	0	0	(76)
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 6.42)	(56,897)	(1,578)	0	0	58,475
Employer's pensions contributions and direct payments to pensioners payable in the year	26,474	696	0	0	(27,170)
Adjustment primarily involving the Accumulated Absences					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,153)	(30)	0	0	1,183
Total Adjustments	(7,031)	38,404	70	(12,190)	(19,253)

6.5 Note to the Expenditure and Funding Analysis

2021-22	Adjustments between Funding and Accounting Basis			
	Adjustments for Capital Purposes £'000	Net Changes for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Department				
Chief Executive	2,894	4,154	124	7,172
Education & Children	10,338	12,929	733	24,000
Corporate Services	11	493	45	549
Communities	3,492	11,645	285	15,422
Environment	5,590	5,172	100	10,862
Housing Revenue Account	(18,541)	1,115	24	(17,402)
Insurance & Corporate	(6,006)	0	0	(6,006)
Net Cost of Services	(2,222)	35,508	1,311	34,597
Other Income & Expenditure	(88,757)	15,020	(18)	(73,755)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	(90,979)	50,528	1,293	(39,158)
2020-21				
Department				
Chief Executive	5,785	2,139	112	8,036
Education & Children	17,330	6,035	522	23,887
Corporate Services	(4)	(487)	46	(445)
Communities	4,803	5,937	241	10,981
Environment	4,842	2,751	140	7,733
Housing Revenue Account	(20,848)	538	30	(20,280)
Insurance & Corporate	(2,523)	0	0	(2,523)
Net Cost of Services	9,385	16,913	1,091	27,389
Other Income & Expenditure	(73,169)	14,392	15	(58,762)
Difference between CF & HRA (Surplus)/Deficit and CIES (Surplus)/Deficit on Provision of Services	(63,784)	31,305	1,106	(31,373)

Narrative Explanation**Adjustments for Capital Purposes**

Service lines - adds in depreciation, impairment and revaluation gains and losses and deducts direct revenue funding.

Other Income and Expenditure includes the following:

Other Operating Expenditure - Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Adds/deducts charges to trading operations not included in service lines.

Financing and Investment income and expenditure – deducts the statutory charges for capital financing (MRP) 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. There are credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pensions Adjustments

Service lines – employer contributions made by the Authority are removed as allowed by statute and replaced with current service costs and past service costs.

Other Income and Expenditure includes the following:

Financing and Investment Income – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Service lines – adjusts for holiday pay transferred to the accumulated absence reserve.

Financing and Investment Income and Expenditure – adjustments to the General Fund for the timing differences for premiums and discounts.

6.6 Trading Operations

The Authority undertakes the following trading operations that make up the Surpluses/Deficits on Trading Activities in the Comprehensive Income and Expenditure Statement: Property Services, Vehicle Repair & Maintenance, Building Cleaning, Fleet Management and Civil Design.

6.7 Council Tax

Council tax income is derived from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by dividing the amount of income required for Carmarthenshire County Council and the Dyfed-Powys Police & Crime Commissioner and Town & Community Councils by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax Base for 2021/22 was 74,425.19 (74,006.63 for 2020/21).

Council Tax bills are based on multipliers for bands A to I. The following table shows the multiplier applicable to each band together with the equivalent number of Band 'D' properties within each band. In addition there is one lower band (A-) designed to offer the appropriate discount in respect of disabled dwellings where legislation allows a reduction in banding to that one below the band in which the property is actually valued.

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
Band D Dwellings	21	5,080	16,268	14,558	13,015	14,722	8,661	3,360	536	113

Analysis of the net proceeds from Council Tax:

	2020-21	2021-22
	£'000	£'000
Council Tax Collectable	125,295	130,719
Movement in Impairment Allowance	(2,465)	(722)
Net Proceeds from Council Tax (including Precepts)	<u>122,830</u>	<u>129,997</u>

6.8 National Non Domestic Rates (NNDR)

NNDR is organised on a national basis. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government who redistribute the sums payable back to local authorities on the basis of a fixed amount per head of population. Local businesses pay rates calculated by multiplying their rateable value by a rate specified by the Welsh Government (53.5p for 2021/22, 53.5p for 2020/21).

The total non-domestic rateable value at 31st March 2022 was £120,370,324 (£120,089,070 at 31st March 2021).

6.9 Property, Plant & Equipment

Movements in 2021-22	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	TOTAL £'000
Gross Book Value 01/04/21	374,626	739,254	28,422	5,760	23,557	73,034	1,244,653
Additions	16,575	11,287	2,566	364	4	33,012	63,808
Revaluation Increases Recognised in the Revaluation Reserve	51,931	113,931	0	206	742	0	166,810
Revaluation Losses Recognised in the Revaluation Reserve	(582)	(10,034)	0	0	(979)	0	(11,595)
Revaluation Increases Recognised in the Provision of Services	36,525	15,603	0	0	11	0	52,139
Revaluation Losses Recognised in the Provision of Services	(5,067)	(6,962)	0	(1)	(32)	0	(12,062)
Derecognition of Disposals	0	0	(76)	0	(1,831)	0	(1,907)
Reclassifications: to & from Assets Held for Sale	0	0	0	0	(205)	0	(205)
Reclassifications: to & from Investment Properties	0	(127)	0	4	(58)	125	(56)
Reclassifications: from Assets Under Construction	1,113	11,156	0	0	0	(14,536)	(2,267)
Reclassifications: PPE	230	(560)	0	738	248	0	656
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(6,801)	(56,057)	(5,185)	(66)	(244)	0	(68,353)
Gross Book Value 31/03/22	468,550	817,491	25,727	7,005	21,213	91,635	1,431,621
Accumulated Depreciation and Impairment at 01/04/21	5,205	(41,198)	(13,786)	(589)	(241)	0	(50,609)
Depreciation Charge	(12,917)	(22,310)	(2,858)	(27)	0	0	(38,112)
Depreciation Written Out to Revaluation Reserve	6,801	56,057	5,185	66	244	0	68,353
Derecognition of Disposals	0	0	28	0	0	0	28
Other Movements in Depreciation and Impairments	(4,793)	(575)	1	1	(19)	0	(5,385)
Cumulative Depreciation to 31/03/22	(5,704)	(8,026)	(11,430)	(549)	(16)	0	(25,725)
Net Book Value at 31/03/22	462,846	809,465	14,297	6,456	21,197	91,635	1,405,896

Movements in 2020-21	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	TOTAL £'000
Gross Book Value 01/04/20	384,528	726,353	27,189	5,612	19,606	52,598	1,215,886
Additions	16,651	10,040	3,069	156	1,504	32,557	63,977
Revaluation Increases Recognised in the Revaluation Reserve	17,696	1,815	0	0	171	0	19,682
Revaluation Losses Recognised in the Revaluation Reserve	(3,176)	(2,513)	0	(4)	(440)	0	(6,133)
Revaluation Increases Recognised in the Provision of Services	48,938	80	0	0	8	0	49,026
Revaluation Losses Recognised in the Provision of Services	(25,453)	(1,363)	0	(4)	(96)	0	(26,916)
Derecognition of Disposals	(5)	0	(1,743)	0	(9)	0	(1,757)
Reclassifications: to & from Assets Held for Sale	0	(139)	0	0	(40)	0	(179)
Reclassifications: to & from Investment Properties	0	(817)	0	0	12	0	(805)
Reclassifications: from Assets Under Construction	0	9,772	0	0	0	(12,121)	(2,349)
Reclassifications: PPE	0	(2,931)	0	0	2,931	0	0
Write back of Dep'n to the Gross Carrying Amount on Revaluation	(64,553)	(1,043)	(93)	0	(90)	0	(65,779)
Gross Book Value 31/03/21	374,626	739,254	28,422	5,760	23,557	73,034	1,244,653
Accumulated Depreciation and Impairment at 01/04/20	(46,855)	(21,202)	(12,605)	(562)	(86)	0	(81,310)
Depreciation Charge	(12,493)	(21,222)	(2,992)	(27)	(78)	0	(36,812)
Depreciation Written Out to Revaluation Reserve	64,553	1,043	93	0	90	0	65,779
Derecognition of Disposals	0	0	1,718	0	0	0	1,718
Other Movements in Depreciation and Impairments	0	183	0	0	(167)	0	16
Cumulative Depreciation to 31/03/21	5,205	(41,198)	(13,786)	(589)	(241)	0	(50,609)
Net Book Value at 31/03/21	379,831	698,056	14,636	5,171	23,316	73,034	1,194,044

All assets reclassified as Held for Sale were sold during the year.

Statement of Non-Current Assets Carried at Current Value 2021/22

The following statement shows the progress of the Authority's rolling programme for revaluation of fixed assets. The valuations are carried out in-house by the Authority's Valuers who are Fellows of the Royal Institute of Chartered Surveyors. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Surplus Assets £'000	TOTAL £'000
Movement in fair value as at:					
Previous Years	336,124	756,331	21,129	34,555	1,148,139
31 March 2018	14,875	50,250	1,553	(7,470)	59,208
31 March 2019	17,062	(27,710)	3,154	(2,105)	(9,599)
31 March 2020	16,467	(52,518)	1,353	(5,374)	(40,072)
31 March 2021	(9,902)	12,901	1,233	3,951	8,183
31 March 2022	93,924	78,237	(2,695)	(2,344)	167,122
Gross Book Value at 31/03/22	468,550	817,491	25,727	21,213	1,332,981

Infrastructure Assets

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

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

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

Infrastructure Assets with a net carrying amount of £232,255k were held as at 31 March 2022 (£226,283k as at 31 March 2021)

Capital Commitments

As at 31st March 2022 the Council was contractually committed to outstanding capital works which amounted to approximately £27.2 million (£36.3 million as at 31st March 2021).

	£'000
Council Dwellings	5,308
The main contracts include:	
<i>Wauziago House, Carmarthen</i>	1,217
Education and Children	11,822
The main contracts include:	
<i>Ysgol y Castell</i>	2,319
<i>Ysgol Gorslas</i>	2,197
<i>Pembrey School</i>	5,970
Culture, Sport and Tourism	172
Regeneration / Economic Development	9,847
The main contracts include:	
<i>Pendine Attractor Project</i>	2,130
<i>Llandeilo Market Hall</i>	1,652
<i>Former YMCA Building, Llanelli</i>	2,993
<i>Pentre Awel</i>	2,764
Chief Executive	45
Total	<u><u>27,194</u></u>

6.10 Heritage Assets

Heritage Assets with a net carrying amount of £2,432k were held as at 31 March 2022 (£2,292k as at 31 March 2021). A public sculpture (£140k) was transferred from Assets Under Construction during 2021/22 (Note 6.9). Further details of the Council's Heritage Assets, classed as Museum Exhibits, can be obtained from the County Museum's Curator at Carmarthenshire County Council.

6.11 Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2020-21	2021-22
	£'000	£'000
	(Restated)	
Rental income from Investment Properties (including loss of income funding from Welsh Government) *	(712)	(1,125)
Direct operating expenses arising from Investment Property	453	475
Net (gain)/loss	<u>(259)</u>	<u>(650)</u>
Indirect Expenditure	249	288
Net (Gains)/Losses from Fair Value adjustments	(1,166)	(256)
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	<u>(1,176)</u>	<u>(618)</u>

* 2020/21 figures have been restated to include Machynys Golf and Wildlife & Wetlands Trust rental income.

The following table summarises the movement in the fair value of Investment Properties during the year:

	2020-21	2021-22
	£'000	£'000
Balance at start of year	23,152	25,110
Additions:		
Enhancements	28	1,397
Disposals:	(8)	(16)
Net Gains/(Losses) from fair value adjustments	1,166	256
Revaluation Losses Recognised in the Revaluation Reserve	(17)	(25)
(To)/From Property, Plant and Equipment	789	48
	<u>25,110</u>	<u>26,770</u>

Fair Value Measurement of Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy are as follows:

Recurring Fair Value measurements using:	31st March 2021		31st March 2022	
	Significant unobservable inputs (level 3)	Fair Value	Significant unobservable inputs (level 3)	Fair Value
Commercial Properties	9,776	9,776	10,146	10,146
Garages	39	39	39	39
Land Assets	15,248	15,248	16,538	16,538
Residential Properties	47	47	47	47
Total	25,110	25,110	26,770	26,770

6.12 Long Term Investments

	31 March 2021 £'000	31 March 2022 £'000
Cwm Environmental Ltd.	329	329
Egni Sir Gar Cyfyngedig	810	778
Banks and 100% Wholly Owned Subsidiaries	668	0
	1,807	1,107

Whilst CWM Environmental, Llesiant Delta Wellbeing Ltd and Cartrefi Croeso have the nature of subsidiaries which require the preparation of group accounts, Group Accounts have not been prepared as the consolidation would not materially affect the Authority's financial position or the reader of the accounts' ability to see the complete economic activities and exposure to risk of the Council.

CWM Environmental Ltd

CWM Environmental Ltd. is a wholly owned subsidiary company of the Authority. The company has been set up in accordance with the Environmental Protection Act 1990 for the purpose of Waste Disposal.

The company was vested with the Welsh Office on 10 March 1997 and the following represents the Authority's Interest at 31st March 2022:

	£'000
Share Capital	329

The investment has been included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

CWM Environmental Ltd operate two wholly owned subsidiaries with the following shareholding:

Pembrokeshire Recycling Company Ltd	£1.00
Carmarthenshire Recycling Company Ltd	£1.00

Pembrokeshire Recycling Company Ltd and Carmarthenshire Recycling Company Ltd are registered in England and Wales and are dormant.

The Company has produced draft accounts for the year. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2022:

	Year ended 31 March 2022
	£'000
Turnover	13,448
Less: Cost of Sales	<u>(10,585)</u>
Gross Profit	2,863
Overheads	<u>(3,953)</u>
Net Profit/(Loss) before taxation	(1,090)
Taxation on loss / profit	<u>0</u>
Retained Profit/(Loss)	<u>(1,090)</u>
Net Assets as at 31 March 2022	<u><u>3,061</u></u>

A copy of the Annual Report can be obtained from the Registered Office at the following address:

Head Office,
Nantycaws Recycling Centre
Llanddarog Road,
Carmarthen,
SA32 8BG

Llesiant Delta Wellbeing Ltd

Llesiant Delta Wellbeing Ltd is a wholly owned subsidiary of the Authority. The total value of the share capital is £1. The investment is included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

The company is required to produce audited accounts for the year ended 31st March 2022 which are submitted to Companies House. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2022.

	Year ended 31 March 2022
	£'000
Turnover	6,688
Less: Cost of Sales	<u>(5,381)</u>
Gross Profit	1,307
Overheads	<u>(1,021)</u>
Net Profit/(Loss) before taxation	286
Taxation on loss / profit	(54)
Changes in defined pension liabilities	<u>(257)</u>
Retained Profit/(Loss)	<u>(25)</u>
Net Assets/(Liabilities) as at 31 March 2022	<u><u>(3,424)</u></u>

Cartrefi Croeso

Cartrefi Croeso is a wholly owned subsidiary of the Authority. The total value of the share capital is £100. The investment is included in Long Term Investments within the Balance Sheet and the Authority has given no commitment to this company to meet any accumulated deficits or losses.

The company is required to produce audited accounts for the year ended 31st March 2022 which are submitted to Companies House. Detailed below is a summary of the draft trading results for the year and net assets as at 31st March 2022.

	Year ended 31 March 2022
	£'000
Turnover	60
Less: Cost of Sales	<u>(23)</u>
Gross Profit	37
Overheads	<u>(37)</u>
Net Profit/(Loss) before taxation	0
Taxation on loss / profit	<u>0</u>
Retained Profit/(Loss)	<u>0</u>
Net Assets/(Liabilities) as at 31 March 2022	<u><u>2</u></u>

Egni Sir Gar

Carmarthenshire County Council invested in the solar PV project set up by Egni Sir Gar Cyfyngedig - a community benefit society registered with the Financial Conduct Authority (number 7193). The scheme installed solar PV panels in 2016 on 17 non-domestic buildings

within the Council's portfolio. Carmarthenshire County Council are 100% shareholders of Egni Sir Gar Cyfyngedig.

The society sold shares to fund the capital expenditure and working capital requirements associated with the development, installation and maintenance of the panels. The solar PV panel installation was completed during 2016.

A Share Purchase Agreement was set up between Carmarthenshire County Council and Egni Sir Gâr Cyfyngedig.

There was a 4% capital repayment (ordinary 'B' shares) of £32k made during the year.

	£'000
Ordinary 'A' Shares	100
Ordinary 'B' Shares	678
Total Share Capital	778

Each share has a nominal value of £1.00 each.

6.13 Long Term Debtors

	31 March 2021	31 March 2022
	£'000	£'000
Home Improvement Loans Longer than One Year	673	835
Charges against estates of persons in residential homes (Carmarthenshire County Council)	566	357
Charges against estates of persons in residential homes (External Providers)	1,111	1,264
Capital Contribution to the loans of 1st time homebuyers	1,053	1,039
Car Loans	48	37
Loan Scarlets	2,616	0
Loan Towy Community Church	163	145
Loan for Town Centres	243	242
Loan Cartrefi Croeso	2	2
Loan Town and Community Councils	498	498
Loan Cwm Environmental	460	387
Other	96	90
	7,529	4,896

The Welsh Government's initiative Houses into Homes and Home Improvement Loans provides interest free loans to bring back empty properties into use. These payments to landlords will create a recyclable loan fund usable during the term of the scheme.

The County Council, as part of the Development Agreement entered into with Llanelli Rugby Football Club Limited (the club), advanced a sum of £2.4m for a term of 15 years to the club. As the loan is due to be repaid in 2022/23 this has been moved to Short Term Debtors (note 6.16).

A 15 year annuity loan of £270k at a variable interest rate of 2.5% above base rate was entered into with the Towy Community Church in December 2012 to assist in the implementation of the Xcel project. Following a temporary suspension of repayments as a result of the COVID19 pandemic, the repayments resumed during 2021/22.

A 10 year loan of £321k at a fixed interest rate of 3.38% was entered into with CWM Environmental Limited in February 2020 for the purpose of acquiring land adjoining the Nantycaws Site. An additional 5 year loan of £201k at a fixed interest rate of 3.12% was entered into with CWM Environmental Limited in April 2020 for the purpose of constructing a new office building at the Nantycaws site.

Loans to Town and Community Councils are for the replacement of ageing lighting columns with energy efficient LEDs. This is an Invest to save Initiative.

Town Centre loans are to support businesses redevelop empty or underutilised properties within town centres into commercial and/ or residential use.

6.14 Short Term Investments

This represents investments repayable within twelve months and is analysed as follows:

	31 March 2021 £'000	31 March 2022 £'000
Banks and Debt Management Account Deposit Facility	20,504	68,518
Local Authorities	5,000	17,007
	<u>25,504</u>	<u>85,525</u>

6.15 Inventories

	2020-21 £'000	2021-22 £'000
Balance at start of year	1,217	2,013
Purchases	6,676	7,456
Recognised as an expense in the year	(5,872)	(7,403)
Written off balances	(8)	(6)
Other net movements in year	0	1
Balance at year end	<u>2,013</u>	<u>2,061</u>

The 2020/21 and 2021/22 figures above include COVID19 related Personal Protective Equipment (PPE) funded through the WG Hardship Scheme together with donated PPE.

Donated Inventories Account

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

2020-21		2021-22
£'000		£'000
0	Balance as at 1 April	(432)
(1,413)	Received	(875)
981	Utilised	1,025
(432)	Balance as at 31 March	(282)

The Authority distributed £2.135 million of Personal Protective Equipment and £193k of lateral flow tests in its capacity as agent to external organisations during the year. £535k of Personal Protective Equipment and £183k of lateral flow tests is held on behalf of external organisations as at 31 March 2022.

The figures above do not include lateral flow tests provided directly to schools by Welsh Government, as figures are not available. The provision of these items could be classed as agency.

6.16 Short Term Debtors

	31 March 2021	31 March 2022
	£'000	£'000
HM Revenue & Customs	5,005	5,656
Central Government	41,599	50,512
Police, Fire, National Park and Local Authorities	5,769	5,583
NHS Bodies	7,462	14,742
Council Tax Payers	4,964	4,728
Housing Tenants	1,566	1,781
Other	21,945	22,320
	88,310	105,322

* Included in Other is a loan of £2.62m to Llanelli Rugby Football Club Limited (the club), which is due to be repaid in 2022/23.

6.17 Cash and Cash Equivalents

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

2020-21		2021-22
£'000		£'000
71	Cash held by the Authority	69
(867)	Bank current accounts	(8,922)
	Short-term deposits with banks, money market funds and debt management account deposit facility	25,166
39,707		
8,000	Short-term deposits with Local Authorities	15,006
46,911	Total Cash and Cash Equivalents	31,319

6.18 Short Term Borrowing

This represents borrowing repayable within twelve months and is analysed as follows:

	31 March	31 March
	2021	2022
	£'000	£'000
Public Works Loan Board	18,367	12,563
Market Loan	63	64
Salix & Invest 2 Save	131	166
	18,561	12,793

6.19 Short Term Creditors

	31 March	31 March
	2021	2022
	£'000	£'000
HM Revenue & Customs	(4,919)	(5,967)
Central Government	(5,475)	(7,844)
Police, Fire, National Park and Local Authorities	(3,762)	(6,556)
NHS Bodies	(2,254)	(3,647)
Housing Tenants	(651)	(699)
Council Tax Payers	(2,997)	(3,234)
Employee Related	(7,381)	(8,889)
Dyfed Pension Fund	(9,741)	(5,589)
Trust Funds	(4,654)	(6,262)
Other	(35,327)	(41,040)
	(77,161)	(89,727)

* This represents funds held on client's behalf.

6.20 Provisions

The summary below shows the movement in the level of provisions during 2021/22:

	1 April				31 March
	2021	Reversal	Addition	Utilisation	2022
	£'000	£'000	£'000	£'000	£'000
Corporate Services Department	81	0	0	0	81
Environment Department	229	0	0	(112)	117
Education & Children	159	(159)	40	0	40
Communities Department	1,700	(1,107)	968	(93)	1,468
Losses on Investments	672	(10)	0	(662)	0
Municipal Mutual Insurance (MMI)	134	(7)	0	(10)	117
Landfill Site - Aftercare Provision	510	0	0	(100)	410
Insurance	699	0	27	0	726
	4,184	(1,283)	1,035	(977)	2,959

	Current	Long	Total
Balances as at 31 March 2022	Liabilites	Term	
	(< 1 year)	Liabilites	
	£'000	(> 1 year)	£'000
Corporate Services Department	81	0	81
Environment Department	103	14	117
Education & Children	40	0	40
Communities Department	0	1,468	1,468
Losses on Investments	0	0	0
Municipal Mutual Insurance (MMI)	0	117	117
Landfill Site - Aftercare Provision	94	316	410
Insurance	726	0	726
	1,044	1,915	2,959

Purpose of Main Provisions**Corporate Services Department**

Provision for money due to HMRC relating to a prior year payroll adjustment £41k. There is also a provision for overtime relating to the closure of the accounts.

Environment Department

The total includes £14k for remedial works due to subsidence in Crown Park, £69k bad debts – trade waste, £8k for approved asset transfer payments and £26k for a Software Contract entered into for a 3 year period.

Education & Children's Services

Provision of £40k is made for legally committed inter-agency adoption fees to be paid in 2022/23 due to delays in final sign off of adoption cases.

Communities Department

Provision of £1,106k to meet the requirements of UK digital switchover, £319k for the backlog of Statutory Assessments and £44k for legal/barristers costs for prosecutions relating to trading standards & animal health.

Losses on Investments

In October 2008 the Icelandic banking sector defaulted on its obligations. Provision has been made in the accounts for the estimated non-recoverable amounts. The Administrators have confirmed that the dividend received on 19th August 2021 was the final dividend, and no further dividends would be paid. The provision has now been utilised and no further provision is required.

Municipal Mutual Insurance (MMI)

For the policy years before 1992/93, each local authority insured by MMI is exposed to a potential insurance liability relating to the closure of MMI on 30th September 1992. In January 2012 the Directors of MMI triggered the "MMI Scheme of Arrangement" with the levy notice being issued on 1st January 2014. The initial levy was for 15% and was increased to 25% at the end of 2015/16. Whilst there remains a net liability position on MMI's balance sheet the Schemes Administrator continues to monitor the claims position and will advise the scheme creditors if an adjustment to the levy is required. As the matter is on-going, the provision is retained in the accounts.

Landfill Site - Aftercare

Entities that operate landfill sites have a duty to carry out restoration works and undertake appropriate aftercare, including the monitoring and control of gas and leachate production at the sites. This provision recognises the estimated aftercare costs for the Wernddu and Nantycaws closed landfill sites.

Insurance Provision

This provision is for insurance claims that have been registered and are likely to fall on the Authority.

6.21 Long Term Borrowing

Total Outstanding as at	31st March	31st March	Maturity Dates
	2021	2022	
	£'000	£'000	
Sources of Borrowing			
Public Works Loan Board	387,609	377,607	2022-2069
Market Loans (Note i)	3,113	3,113	2022-2055
Interest Free Loans (Note ii)	7,330	9,961	2022-2037
	398,052	390,681	

- (i) The FMS Wertmanagement AoR Bank loan is a Lenders Option Borrowers Option (LOBO) loan. It is shown at the Equivalent Interest Rate (EIR). It is a stepped interest rate loan, with a current rate of 4.72 %. The lender has the option to vary the interest rate at each interest payment date. If the lender exercises the option the Authority then has the option as to either accept the new interest rate or repay the loan back to the lender. In the accounts an adjustment has to be made to equalise the difference between the rate charged and the rate paid to show the true cost of the loan over the loan period.

(ii)

Interest Free Loans

Total Outstanding as at	31st March	31st March
	2021	2022
	£'000	£'000
SALIX	1,975	2,606
Home Improvement Loans Scheme	1,292	1,292
Town Centre Loans	4,063	6,063
	7,330	9,961

Re:fit Cymru is a Welsh Government promoted scheme providing interest free loans via the Salix funding programme for up to 10 years, that aims to accelerate energy efficiency improvement in all public sector buildings in Wales.

The Home Improvement Loan Scheme (HILS) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to owner occupiers and the private rented sector to improve properties or to bring empty properties back into use. The term of the funding is until 31st March 2030, with advances to third parties repayable interest free.

The Town Centre Loans (TCL) is issued under statute by the Welsh Government. The purpose of the scheme is to provide loans to reduce the number of vacant, underutilised and redundant sites and premises in town centres and to support the diversification of the town centres by encouraging more sustainable uses for empty sites and premises, such as residential, leisure and for key services. The term of the funding is until 31st March 2036, with advances to third parties repayable interest free.

6.22 Earmarked Council Fund Reserves

A summary of the earmarked reserves set up by this Authority or its predecessor Authorities is set out below:

	1 April 2020 £'000	Transfers In £'000	Transfers Out £'000	31 March 2021 £'000	Transfers In £'000	Transfers Out £'000	31 March 2022 £'000
Insurance	12,194	1,890	(1,178)	12,906	1,577	(947)	13,536
Major Development Fund	38,324	1,125	(450)	38,999	2,421	(5,757)	35,663
MEP Capital Funding	8,908	2,958	(223)	11,643	2,761	(3,802)	10,602
Development Fund	1,406	617	(1,364)	659	75	0	734
Schools Development Fund	231	75	(25)	281	18	0	299
City Deal/Pentre Awel	2,548	2,500	(263)	4,785	6,439	(556)	10,668
Public Lighting Invest 2 Save	1,301	0	0	1,301	0	0	1,301
Salix Fund	81	34	(84)	31	75	(26)	80
Corporate Retirement Fund	4,300	1,009	(33)	5,276	919	(25)	6,170
Redundancy	793	285	(6)	1,072	216	(30)	1,258
IT Infrastructure	441	0	0	441	0	(108)	333
Financial Management System	317	0	0	317	0	0	317
Parc Dewi Sant/St David's Park	0	1,300	0	1,300	0	(8)	1,292
Joint Ventures	1,307	168	(47)	1,428	184	(73)	1,539
Externally Funded Schemes	2,150	839	(1,074)	1,915	1,633	(680)	2,868
Llanelly House	142	0	0	142	0	0	142
Community Asset Transfer Fund	80	0	(26)	54	0	(5)	49
Fleet Management	1,886	105	(206)	1,785	57	(433)	1,409
Highways Capital Funding	1,123	58	0	1,181	58	0	1,239
Council Tax/Housing Benefit	880	0	0	880	0	0	880
Housing Services Schemes	1,852	1,078	(100)	2,830	476	0	3,306
Work Ready Programme Reserve	537	0	(136)	401	0	(119)	282
Brexit	200	0	0	200	0	0	200
Tour of Britain	350	0	0	350	0	(300)	50
Departmental Reserves	8,091	8,268	(820)	15,539	9,128	(2,529)	22,138
Resetting Services (Post COVID19)	2,000	0	0	2,000	400	0	2,400
COVID19 Hardship Reserve	0	3,933	0	3,933	458	0	4,391
Economic Recovery	0	450	0	450	0	0	450
County Council Election costs	0	350	0	350	0	(61)	289
Nantycaws Recycling Centre	0	1,000	0	1,000	700	0	1,700
Schools HWB Sustainability Scheme	0	676	0	676	794	(719)	751
School Organisation Fund	0	475	0	475	250	0	725
Urdd National Eisteddfod	0	0	0	0	120	0	120
Carmarthen Hwb	0	0	0	0	200	0	200
Waste Strategy	0	0	0	0	1,000	0	1,000
Decarbonisation Reserve	0	0	0	0	500	0	500

	1 April 2020 £'000	Transfers In £'000	Transfers Out £'000	31 March 2021 £'000	Transfers In £'000	Transfers Out £'000	31 March 2022 £'000
Levelling up bid match funding	0	0	0	0	2,500	0	2,500
Inflationary Risks reserve	0	0	0	0	1,537	0	1,537
RSG Reserve	0	0	0	0	3,680	0	3,680
Cost of Living Discretionary Scheme	0	0	0	0	1,871	0	1,871
Targeted Regeneration Investment Reserve	0	0	0	0	71	0	71
Residential Home Room Refurbishment	0	0	0	0	513	0	513
Other	175	31	(1)	205	132	(63)	274
	91,617			114,805			139,327
Held by Schools under LMS	(2,001)	10,089	(822)	7,266	8,363	(424)	15,205
	(2,001)			7,266			15,205

Insurance

Funds have been set aside to meet the cost of claims and other losses that could fall on the Authority.

Major Development Fund

This fund has been created to support major capital development projects in the County and its utilisation is reflected in the 5 year capital programme.

MEP Capital Funding

Sum set aside to meet the cost of prudential borrowing to finance the Modernising Education Provision programme and its utilisation is reflected in the 5 year capital programme.

Development Fund

The aim of this fund is to assist the Authority in its long term planning by allocating resources to projects that, due to lack of funding, could not be carried out within normal budgetary allocations.

City Deal/Pentre Awel

Funding set aside to meet potential future expenditure in respect of the City Deal projects, such as project development costs, borrowing and interest costs and Carmarthenshire's contribution towards the overall city deal operating costs (including the Regional Office) as per the Swansea Bay City Region Joint Agreement.

Public Lighting Invest 2 Save

Reserve set aside to provide additional financial support for the Welsh Government Invest-to-save project of converting streetlamps to dimmable LED lighting. The initiative will deliver a legacy of reduced energy costs and associated carbon taxes achieved through a 3 year programme of converting approximately 12,000 sodium lantern units to lower energy consumption LED units which will incorporate part-night dimming regimes.

Salix Fund

Salix, which is an independent social enterprise that provides funding for proven technologies which are cost effective in saving CO2, have provided the Authority with a grant to allow loans to be made to schools/ departments to fund energy saving schemes. These loans are repaid from the resultant savings and the fund is replenished for other schools/ departments to benefit from the scheme.

Corporate Retirement Fund

This Fund has been set up to support the Authority's redundancy and early retirement policy, enabling the Authority to provide for the actuarial strain on the Pension Fund which arises from any early retirement or redundancy.

Redundancy

This fund has been established by Departments to meet potential redundancy costs that may be incurred at the termination of fixed term contracts for staff at the end of externally funded schemes.

IT Infrastructure

This fund has been established to support the planned replacement of the Authorities servers and IT infrastructure.

Financial Management System

Set up to meet the funding of the significant investment in the provision and development of the Financial Management System.

St David's Park Reserve

This reserve provides funding for necessary investment in Parc Dewi Sant in future years to support the Council's objectives. This includes repurposing some buildings for revised user requirements subject to the securing of new or extended leases.

Joint Ventures

The Authority has entered into various Joint Venture agreements with the Welsh Government. Rental income received in relation to these is set aside to meet future obligations.

Externally Funded Schemes

To provide match funding for ongoing projects or externally funded schemes in future years.

Llanelly House

To meet the agreed funding support to the Llanelly House project, in order to assist with the sustainability of this new facility which is seen as being integral to the long term regeneration plans for the town centre.

Community Assets Transfer Fund

The authority recognised that there are some services or local facilities that could be operated more effectively if run by Community Groups or Community Councils. This fund was established to undertake improvements to facilities or give financial incentives to enable these projects to be taken forward.

Fleet Management

This reserve has been established to equalise the whole of life cost of operating and maintaining Council's vehicles to the service users over agreed durations.

Highways Capital Funding (Local Government Borrowing Initiative LGBI)

The fund has been established to meet the cost of borrowing to finance the Highways capital improvement and maintenance programme

Council Tax/Housing Benefits

This reserve has been earmarked to meet the potential costs falling on Carmarthenshire arising from the annual reductions in the Housing Benefits Administration grant and Welfare reform.

Housing Services Schemes

This reserve has been set up to support Housing projects including Supporting People, bringing empty houses back into use, the Syrian & Afghan Resettlement schemes and the Private Rental Sector leasing scheme.

Work Ready Programme Reserve

Reserve set aside to provide 4 tiers of work placement and training within the Authority as a means of assisting local people, including young people with limited or no employment history to gain qualifications and employment in order to enhance their employment prospects.

BREXIT

This fund has been established to deal with any potential costs associated with Brexit.

Tour of Britain

This fund has been established to deal with costs of hosting the Men's and Women's Tour of Britain over the coming years.

Departmental Reserves

The Authority has a policy which permits allocations to departmental reserves, funded from in year underspends that can be allocated towards specific one off projects/services. This approach encourages prudent use of public money.

Resetting Services (Post COVID19)

Funding set aside to meet any one-off costs of resetting or realigning services during the recovery phase of the COVID19 pandemic

COVID19 Hardship Reserve

Reserve set aside from monies received from Welsh Government at year-end to help deal with the impact of COVID19.

Economic Recovery Reserve

Reserve set aside to aid the development and delivery of the County's economic recovery plan following COVID19.

County Council Election Costs

Reserve set aside to fund the cost of the May 2022 County Council elections.

Nantycaws Recycling Centre

This fund has been established to deal with additional operating costs as a result of a fire at the recycling site in Nantycaws in 2021.

Schools HWB Sustainability Scheme

Reserve set aside to provide planned long term ongoing maintenance and replacement programme for schools IT.

School Organisation Fund

Specific reserve to assist in funding future extraordinary costs incurred from school reorganisations as part of the Modernising Education Programme.

Held by Schools under LMS

This represents the net position of the balances of all schools. While some schools have a surplus balance, others are in deficit. It is recognised that in many cases it will take time to effect the changes necessary to balance individual school budgets, and therefore deficit recovery plans will be agreed on a school by school basis.

Revenue Support Grant Reserve

Specific reserve set up to manage additional funding received from Welsh Government through the Revenue Support Grant at the end of financial year 2021/22

Urdd National Eisteddfod Reserve

Reserve established to assist with costs associated with hosting the Urdd Eisteddfod in Llandoverly.

Levelling Up Match Funding

Reserve established to provide match funding required for future Levelling Up Bids

Inflationary Risks Reserve

Reserve established to respond to inflationary pressures over and above those already budgeted for.

Cost of Living Discretionary Scheme

Welsh Government funding provided for the purposes of developing a local scheme to assist with the cost of living increase in Carmarthenshire.

Targeted Regeneration Investment Reserve

Reserve established to hold surpluses achieved from TRI schemes for the purpose of reinvesting as per agreement with Welsh Government

Decarbonisation Reserve

Funding set aside as part of 2022/23 budget process to accelerate decarbonisation plans.

Waste Strategy Reserve

Funding for one off costs of implementing the waste strategy over the coming years

Carmarthen Hwb

Funding set aside as part of 2022/23 budget process to cover Carmarthen Hwb holding costs pending construction works

Residential Home Room Refurbishment

Reserve established to assist with the refurbishment of Residential Home rooms

6.23 Capital Receipts Reserve

	2020-21	2021-22
	£'000	£'000
Opening Balance	7,912	7,842
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	391	2,370
Statutory Capital Receipts	113	1,532
	<u>8,416</u>	<u>11,744</u>
Use of the Capital Receipts Reserve to finance new capital expenditure	(512)	(1,059)
Repayment of Long Term Loan	(62)	(72)
Closing Balance	<u>7,842</u>	<u>10,613</u>

The capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans. The major repairs allowance received from the Welsh Government was applied in full during the year. There was no balance carried forward in respect of this grant.

6.24 Capital Grants Unapplied

	2020-21	2021-22
	£'000	£'000
Opening Balance	2,914	15,104
Additions	14,318	20,209
	<u>17,232</u>	<u>35,313</u>
Grants and Contributions applied	(2,128)	(6,711)
Closing Balance	<u>15,104</u>	<u>28,602</u>

6.25 Revaluation Reserve

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

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

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

2020-21		2021-22
£'000		£'000
331,684	Balance at 1 April	334,778
19,681	Upward revaluation of assets	166,861
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>(13,166)</u>
<u>(6,149)</u>		
13,532	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	153,695
(10,345)	Difference between fair value depreciation and historical cost depreciation	(10,772)
<u>(93)</u>	Accumulated gains on assets sold or scrapped	<u>(1,886)</u>
(10,438)	Amount written off to the Capital Adjustment Account	(12,658)
<u>334,778</u>	Balance at 31 March	<u>475,815</u>

6.26 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the 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 6.4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020-21		2021-22
£'000		£'000
553,740	Balance at 1 April	615,843
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(33,478)	Charges for depreciation and impairment of non-current assets	(34,550)
22,110	Revaluation losses on Property, Plant and Equipment	36,443
(4,673)	Revenue expenditure funded from capital under statute	(2,249)
	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	
<u>(227)</u>		<u>(2,180)</u>
537,472		613,307
<u>93</u>	Adjusting amounts written out of the Revaluation Reserve	<u>1,886</u>
537,565	Net written out amount of the cost of non-current assets consumed in the year	615,193
(46)	Additional in Year Movements	(1,401)
512	Use of the Capital Receipts Reserve to finance new capital expenditure	1,059
0	Use of Capital Receipts to finance Cost of Sales	0
43,871	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	52,815
2,128	Application of grants to capital financing from the Capital Grants Unapplied Account	6,712
15,304	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	16,541
<u>15,343</u>	Capital expenditure charged against the General Fund and HRA balances	<u>12,037</u>
614,677		702,956
1,166	Movements in the market value of Investment Properties (debited) or credited to the Comprehensive Income and Expenditure Statement	256
<u>615,843</u>	Balance at 31 March	<u>703,212</u>

6.27 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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 pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

2020-21		2021-22
£'000		£'000
(527,462)	Balance at 1 April	(560,458)
(1,691)	Remeasurements of the net defined benefit liability/(asset)	108,880
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services	
(58,475)	in the Comprehensive Income and Expenditure Statement	(78,708)
	Employer's pensions contributions and direct payments to pensioners payable in the year	
27,170		28,180
<u>(560,458)</u>	Balance at 31 March	<u>(502,106)</u>

6.28 Accumulated Absences Account

This account represents the cost of paid absence entitlement due but not taken at 31st March which is charged to the cost of services in the Comprehensive Income and Expenditure Statement and is reversed out in the Movement of Reserves Statement and charged to this account to comply with statutory requirements.

	2020-21	2021-22
	£'000	£'000
Balance 1st April	(4,254)	(5,437)
Settlement or cancellation of preceding year's accrual	4,254	5,437
Accrual for current year	<u>(5,437)</u>	<u>(6,807)</u>
Balance 31st March	<u>(5,437)</u>	<u>(6,807)</u>

6.29 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows. This is made up of expenditure and income both within and outside of the cost of services in the Comprehensive Income and Expenditure Statement and reconciles to the surplus or deficit on the provision of services.

2020-21		2021-22
£'000		£'000
(Restated)		
	Expenditure	
297,150	Employee Expenses	337,155
289,705	Other Service Expenses	300,972
31,484	Support Service Recharges	31,512
21,712	Depreciation & Similar Charges	8,879
54,409	Interest Payable & Similar Charges	55,504
36,462	Precepts & Levies	38,261
(164)	Gains/Losses on Disposal of Non Current Assets	(190)
730,758	Total Expenditure	772,093
	Income	
(149,212)	Fees, Charges & Other Service Income	(159,218)
(25,761)	Interest and Investment Income	(27,873)
(181,739)	Income from Council Tax & Net Proceeds from Non Domestic Rates	(192,754)
(436,879)	Grants and Contributions	(467,752)
(793,591)	Total Income	(847,597)
(62,833)	(Surplus)/deficit on the provision of services	(75,504)

6.30 Pooled Budgets

The Authority has entered into a pooled budget arrangement with Hywel Dda University Health Board for the provision of an integrated community equipment store. The Authority and the Board have an agreement in place with the partners contributing funds to the agreed budget of £247,653 and £408,940 respectively.

Any additional funding together with any deficit or surplus arising on the pooled budget at the end of each financial year is agreed between partners.

6.31 Members Allowances

The Authority paid the following amounts to Members of the Council during the year:

	2020-21	2021-22
	£	£
Allowances	1,324,393	1,326,568
Expenses	16,897	16,703
Total	1,341,290	1,343,271

Further information on Members Allowances is available on the Authority's website www.carmarthenshire.gov.wales under Councillors Allowances.

6.32 Employee Emoluments

The numbers of employees whose remuneration excluding pension contributions was £60,000 or more were:

Remuneration Band	No. of Employees 2020-21	No. of Employees 2021-22	Left During 2021-22
£60,000 to £64,999	84	76	4
£65,000 to £69,999	35	41	0
£70,000 to £74,999	15	16	1
£75,000 to £79,999	7	16	0
£80,000 to £84,999	5	1	0
£85,000 to £89,999	3	4	0
£90,000 to £94,999	9	2	0
£95,000 to £99,999	12	18	1
£100,000 to £104,999	2	1	0
£105,000 to £109,999	1	1	0
£110,000 to £114,999	3	1	0
£115,000 to £119,999	1	1	0
Total No. of Employees	177	178	6

Remuneration value includes redundancy/termination payments.

Included in the bandings above are seven teachers who are employed by voluntary aided/controlled schools. Three of which are shared between voluntary aided/controlled schools and non-voluntary aided/controlled schools.

The bandings above exclude the senior officers of the Authority's Management Team that are listed in detail in the following tables.

Senior Officers emoluments where salary is £150,000 or more per year

The following table sets out Senior Officers emoluments, together with pension contributions or equivalent payments, where salary is £150,000 or more.

Post		Salary (including fees & allowances) £	Pension contributions £	Expense Allowances £
Mrs S W Walters - Chief Executive & Returning Officer	20/21	151,967	27,810	0
	21/22	156,137	28,227	0

Senior Officers emoluments where salary is between £60,000 & £150,000 per year

Post		Salary (including fees & allowances) £	Pension contributions £
Director of Environment (i)	20/21	131,721	24,105
	21/22	139,857	18,079
Interim Director of Environment (and Head of ICT & Policy) (i)	21/22	101,982	18,663
Interim Director of Environment (and Head of Waste & Environmental Services) (i)	21/22	101,982	18,663
Director of Communities	20/21	144,893	26,515
	21/22	147,802	27,048
Director of Corporate Services	20/21	131,721	24,105
	21/22	133,697	24,467
Director of Education & Children's Services	20/21	131,721	24,105
	21/22	133,697	24,467

Included in the above are redundancy/termination payments. No benefits in kind or bonus payments were made to the officers detailed in Senior Officers emoluments tables. No expense allowances were paid to Senior Officers where the salary is between £60,000 and £150,000 per year.

Senior Officers' salary figures include Returning Officer fees in respect of County Council and Town & Community Council elections.

For the purpose of putting a value on the pension contributions relating to senior officers, the Common Contribution Rate of 18.3% for 2021/22 (18.3% for 2020/21) of pensionable pay has been used. This rate does not allow for the Deficit Recovery which is a liability of the Authority and does not relate specifically to the employee.

- (i) The Director of Environment ceased employment with the Authority in December 2021. The role has since been shared and undertaken by two individuals on an interim basis. Included above are their salaries for both Interim Director and Head of Service roles for the whole year.

The ratio of the Chief Executive's remuneration to the median remuneration in Carmarthenshire County Council was as follows:

	2020/21	2021/22
Chief Executive's remuneration	£151,967	154,247
Median remuneration of all employees	£24,269	£24,688
Ratio of the remuneration of the Chief Executive to the median remuneration of all employees	6.26 : 1	6.25 : 1

6.33 Exit Packages

During 2021/22 the Authority incurred expenditure in terms of redundancy costs paid to leavers together with costs incurred in compensation payments to the Local Government Pension Fund in respect of early access pension costs.

All costs relating to termination benefits have been included as part of service definitions within the Comprehensive Income and Expenditure Statement.

The above costs are detailed in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £	2021/22 £
£0 - £20,000	30	15	10	11	40	26	236,498	204,340
£20,001 - £40,000	2	3	4	5	6	8	190,335	214,652
£40,001 - £60,000	0	1	1	1	1	2	50,000	104,099
£60,001 - £80,000	0	1	0	0	0	1	0	70,000
£80,001 - £100,000	1	0	0	0	1	0	93,701	0
£100,001 - £150,000	0	0	0	1	0	1	0	106,942
Total	33	20	15	18	48	38	570,534	700,033

6.34 Audit Costs

In 2021/22 Carmarthenshire County Council incurred the following fees relating to financial audit and inspection, payable to the Wales Audit Office:

	2020-21	2021-22
	£'000	£'000
Financial Audit Services	178	191
Local Government Measure	100	100
Certification of Grant Claims & Returns	29	29
Burry Port Harbour Inspection	1	1
Total	308	321

6.35 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2020-21 £'000	2021-22 £'000
Credited to Services		
Education & Children's Services:		
DCELLS Post 16 & ACL Funding	6,981	7,011
Children and Communities Grant	6,124	5,966
Regional Consortia School Improvement Grant (RCSIG)	6,896	11,370
Pupil Development Grant (PDG)	5,042	5,956
Intermediate Care Fund	1,007	2,404
European Social Fund	632	431
LA Education Grant	3,567	5,700
Youth Support Grant	539	687
Adult Social Services & Housing:		
Supporting People	6,526	7,966
Private Rented Sector Loan Scheme	533	0
Syrian Resettlement Scheme	835	658
Continuing Health Care Grant	812	812
Wanless Grant	508	451
Violence Against Women, Domestic Abuse & Sexual Violence	1,151	643
Intermediate Care Fund	2,126	1,845
General Capital Grant	1,051	952
West Wales Care Partnership Regional Transformation Fund	8,319	6,887
Workforce and Sustainability Grant	2,438	3,024
Transformation Scaling Fund	0	774
Highways & Transport Services:		
Concessionary Fares Subsidy	2,079	2,177
Local Road Maintenance Grant	899	0
Local Transport Services Grant	870	849
Rural Development Plan	212	325
Cultural, Environmental, Regulatory & Planning Services:		
Sustainable Waste Management Grant	1,130	1,492
ERDF	544	573
European Social Fund	652	1,124
Rural Development Plan	663	742
Children and Communities Grant	280	301
Sports Council for Wales	347	531
Storm Callum Grant	135	0
Central Services to the Public:		
Housing Benefit	41,913	38,239
COVID19 Hardship	23,107	20,576
COVID19 Loss of Income	9,704	4,739
COVID19 Business Grant Administration	846	311
COVID19 Council Tax Support Increased Cost	713	0
COVID19 WG Other	974	8,967
COVID19 WG Education & Children's Services Grants	4,533	8,346
COVID19 Other	2,175	2,319
Other Grants - WG funded	6,244	8,914
Other Grants	5,417	3,938
Total	158,524	168,000

	2020-21 £'000	2021-22 £'000
Revenue Support Grant	215,251	225,743
General Government Grants	4,795	916
COVID19 Loss of income re Investment Properties	120	69
Capital Grants and Contributions		
21st Century Schools Grant/School Building Improvement Grant	7,525	5,026
Major Repairs Allowance	10,966	14,185
Transport Grants	13,482	7,863
Highways Improvement Fund	1,498	1,498
General Capital Grant	4,874	9,660
Rural Development Plan	380	604
Intermediate Care Fund	1,980	1,000
ERDF	4,027	1,356
Schools Maintenance Capital Grant	2,995	3,275
Tourism Grant	3,622	745
Levelling Up Fund	0	7,374
Swansea Bay City Region	0	6,957
Other Grants & Contributions	6,840	13,481
Total	58,189	73,024

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 giver. The balances at the year-end are as follows:

	31 March 2021 £'000	31 March 2022 £'000
Revenue Grants Receipts in Advance		
Communities various	364	334
Environment various	310	604
Education various	2,528	2,105
Chief Executive various	141	1,500
	3,343	4,543

COVID19 Funding

As stated in Note 1.2.2 the value of additional funding streams due to COVID19 is summarised in the following tables:

Principal in Nature

2021/22	Expenditure	Welsh Government Income	Other Public Bodies Income
	£'000	£'000	£'000
Covid - Hardship Claims	20,576	(20,576)	
Covid - Loss of Income		(4,739)	
Business Grant Administration		(310)	
Council Tax Grant		(916)	
Education & Children's Services	8,383	(8,346)	(37)
Social Care Recovery Fund (all departments)	3,935	(3,827)	
Social Care Pressures Fund (all departments)	3,024	(3,024)	
Test Trace Protect (TTP)	2,739		(2,282)
Self Isolation Administration Grant		(245)	
Cost of Living Admin Grant		(315)	
Cost of Living Discretionary Grant		(1,556)	
TOTAL	38,657	(43,854)	(2,319)

Agency in Nature

2021/22	Expenditure	Welsh Government Income
	£'000	£'000
Grants to Businesses	(21)	21
Business Restrictions Grant	(20)	20
Firebreak Grants	(3)	3
Freelance Grants	55	(55)
Self Isolation grant	4,864	(4,864)
Social Care Workforce Payment Scheme (Tranche 2 £735)	5,649	(5,649)
Winter Fuel Support Scheme	1,705	(1,705)
COVID-19 Statutory sick pay enhancement scheme - social care	209	(209)
ERF Business Grant Apr- Jun Discretionary	850	(850)
NDR Business Support Grant Non discretionary	3,212	(3,212)
NDR Business Support Grant discretionary	265	(265)
TOTAL	16,765	(16,765)

6.36 Related Party Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in Note 6.35.

Mid and West Wales Fire and Rescue Authority

Carmarthenshire County Council's Director of Corporate Services fulfils the Section 151 Officer duties for Mid and West Wales Fire and Rescue Authority under a Service Level Agreement (payable to Carmarthenshire). In addition, the Council provided a number of other financial and ICT support services. Mid and West Wales Fire and Rescue Authority charged a levy of £10.7m (£10.4m in 2020/21) on Carmarthenshire as one of six Unitary County Authorities (See Note 5.2).

A summary of Carmarthenshire County Council's transactions with Mid and West Wales Fire and Rescue Authority is set out below:

	2020-21	2021-22
	£'000	£'000
Income	297	193
	2021	2022
Balances outstanding at 31st March:	£'000	£'000
Debtor	356	95

Dyfed Pension Fund

The Dyfed Pension Fund is administered by Carmarthenshire County Council. The Fund is overseen by a committee, membership of which is drawn from Carmarthenshire County Councillors, advised by an independent advisor. The Director of Corporate Services is also the Responsible Finance Officer of the Dyfed Pension Fund. Similarly, the Council's Monitoring Officer is also the Monitoring Officer of the Pension Fund.

Transactions between the two bodies are detailed in Note 6.42. The Council charged the Pension Fund an amount of £1.1m (£1.2m in 2020/21) in respect of administration and support during 2021/22. Short Term Creditors (Note 6.19) includes an amount of £5.6m owed to the Dyfed Pension Fund at 31st March 2022 (£9.7m at 31st March 2021).

CWM Environmental Limited

CWM Environmental Limited is a wholly owned subsidiary company of Carmarthenshire County Council. Details of investments are included in Note 6.12 under Long Term Investments. Following governance changes as outlined in Note 6.1.18, the Director of Environment was appointed as a company director of CWM Environmental. Furthermore, the Council's interest as shareholder is managed through a Shareholder Board, which comprises members of the Corporate Management Team as well as the Cabinet Member for Environment.

CWM Environmental charged the Council an amount of £11.12m (£10.31m in 2020/21) in respect of waste services 2021/22 including £35.9k for Circular Economy grant funded works. Short Term Creditors (Note 6.19) includes an amount of £1.67m owed to CWM Environmental at 31st March 2022 (£0.75m at 31st March 2021).

Details of a loan between the Authority and CWM Environmental Ltd are included in note 6.13 under Long Term Debtors.

Egni Sir Gar Cyfyngedig

Carmarthenshire County Council is the registered Custodian Trustee of Egni Sir Gar Cyfyngedig and the Cabinet Member for Resources is Chair of the board. Details of investments are included in Note 6.12 under Long Term Investments.

National Botanic Garden of Wales

During 2021/22, the Cabinet Member for Resources continued his role as a trustee of the National Botanic Garden of Wales. The loan was repaid in full during the year. During the year, the Council made payments of £63k for supplies and services received.

Cartrefi Croeso Cyfyngedig

Cartrefi Croeso Cyfyngedig is a housing company wholly owned by Carmarthenshire County Council. In previous years, the company had three directors, appointed by the Chief Executive in consultation with the Leader of the Council. In September 2021, Cabinet agreed to bring in-house all projects under development by the company and implement the legal process for the company to cease trading but be retained as a "dormant" company. This process has now been effected, all directors have now resigned and been replaced by the Council's Head of Housing for administrative purposes only.

During the year Cartrefi Croeso increased the balance of expenditure funded by the council by £4k. The revised balance outstanding to the Council at 31st March was £609k.

Llesiant Delta Wellbeing

Llesiant Delta Wellbeing is a company set up in 2017/18 to expand and grow the Careline service which is wholly owned by Carmarthenshire County Council. The Council exercises shareholder reserved matters through a shareholder governance group, which includes members of the Corporate Management Team, Cabinet Members and other Councillors.

A summary of Carmarthenshire County Council's transactions with Llesiant Delta Wellbeing is set out below:

	2020-21	2021-22
	£'000	£'000
Expenditure	7,903	4,942
Income	865	344
	2021	2022
Balances outstanding at 31st March:	£'000	£'000
Creditor	1,501	567
Debtor	587	104

Expenditure includes payment to Llesiant Delta Wellbeing for the provision of Careline Services to the Council, both for its own citizens and in fulfilment of contractual obligations which the Council has with third party customers, delivery of CONNECT project within Programme 1 of West Wales Care Partnership Transformation Fund as well as the Test, Trace, Protect (TTP) service.

Income includes the agreed cost of support services provided to Llesiant Delta Wellbeing provided by Council employees.

During the year, the company grew its Delta Connect activity which is grant funded via the West Wales Care Partnership hosted by the council.

Members' Interests

The Authority has arrangements in place requesting Members and Officers to identify and disclose related party transactions.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021/22 is shown in Note 6.31.

The Authority paid grants totalling £88k to organisations in which sixteen members had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Officers' Interests

Chief Executive

A close family member of the Chief Executive is working with W B Griffiths & Sons. During 2021/22, the Authority spent a total of £601k with the contractor (£49k in 2020/21). As at 31st March 2022 the outstanding creditor balance was £44k (£0k as at 31st March 2021).

6.37 Jointly Controlled Operations & Other Similar Arrangements

Wales Pension Partnership (WPP)

A Wales Investment Pool Operator has been appointed by the Wales Pension Partnership to manage the investments and the reduction of investment management expenses for all eight Wales pension funds. Carmarthenshire County Council is the Host Authority to provide administrative and secretarial support and implement decisions made by the Joint Governance Committee of the Wales Pension Partnership. The Director of Corporate

Services is also the Responsible Finance Officer of the Wales Pension Partnership. Similarly, the Council's Monitoring Officer is also the Monitoring Officer of the Wales Pension Partnership.

The Council charged the Wales Pension Partnership an amount of £147k (£138k in 2020/21) in respect of administration and support during 2021/22.

	WPP
	2021-22
	Total
	£'000
Expenditure	1,078 *
Income	(1,078)
(Surplus)/Deficit for the year	0
Current Assets	501
Current Liabilities	(501)
Total assets less liabilities	0

* Expenditure is shared equally between the eight LGPS Funds. The exception is when an External Advisor provides a service for specific LGPS Funds within the pool, these additional costs are shared equally between the respective Funds. The eight LGPS funds are:

Cardiff & Vale of Glamorgan Pension Fund
 City and County of Swansea Pension Fund
 Clwyd Pension Fund
 Dyfed Pension Fund
 Greater Gwent Pension Fund
 Gwynedd Pension Fund
 Powys Pension Fund
 Rhondda Cynon Taf Pension Fund

Education through Regional Working (ERW)

ERW is an alliance of local authorities in South West and Mid Wales working to improve the standards of education of children and young people within the region. The Authority's share of the Joint Arrangement Income and Expenditure Account and Balance Sheet are shown in the table below:

At the time of publication, the 2021/22 figures are not yet available.

	ERW	
	2020-21	
	Total	CCC Share
	£'000	£'000
Expenditure	557	144
Income	(688)	(178)
Net Pensions Interest	67	17
(Surplus)/Deficit for the year	<u>(64)</u>	<u>(17)</u>
Current Assets	3,430	885
Current Liabilities	(2,708)	(699)
Long Term Liabilities	(613)	(158)
Total assets less liabilities	<u>109</u>	<u>28</u>
Reserves	109	28
Total Financing	<u>109</u>	<u>28</u>

At the meeting of the Joint Committee in March 2021, it was resolved that ERW would be dissolved on 30th November 2021 and a new consortium model be implemented. However, following delays in establishing its successor "Partneriaeth", ERW continued operations for the full financial year.

Swansea Bay City Region (SBCR)

The Swansea Bay City Deal is a £1.3bn investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David.

Detailed below is a draft summary of the Income and Expenditure Account and Balance Sheet for the year ended 31st March 2022:

	SBCR	
	2021-22	
	Total	
	£'000	
Expenditure	748	
Income	(754)	
(Surplus)/Deficit for the year	<u>(6)</u>	
Current Assets	58,020	
Current Liabilities	(5,455)	
Total assets less liabilities	<u>52,565</u>	
Reserves	52,565	
Total Financing	<u>52,565</u>	

As per the Agreement the Council contributes £50k per annum to support the central and administrative functions of the programme.

West Wales Crematorium (Parc Gwyn, Narberth)

During 2020/21, it came to light that the Authority retains a financial stake in the West Wales Crematorium, operated by Pembrokeshire County Council. Based on a believed 14% share, the surplus accrued which is due to Carmarthenshire County Council is estimated at £230k. For the sake of prudence, this value has not been included within the assets recognised on Carmarthenshire's balance sheet.

South West Wales Corporate Joint Committee

The Local Government and Elections (Wales) Act 2021 ("the LGE Act") created the framework for a consistent mechanism for regional collaboration between local government, namely Corporate Joint Committees (CJs).

The South West Wales Corporate Joint committee (SWWCJC) is intended to enable selected functions to be delivered more effectively and strategically at a regional level, making more efficient use of valuable resources. The SWWCJC has functions relating to strategic development planning and regional transport planning. They are also able to do things to promote the economic well-being of their areas. The SWWCJC was formally established on the 13th January 2022.

During the financial year 2021/22 a one-off transitional grant to support works to constitute the CJC was paid by Welsh Government to the City and County of Swansea Council. From this grant Carmarthenshire County Council received £62,500 from the City and County of Swansea Council to support officer time spent in the formalisation of the SWWCJC.

6.38 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. 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.

	2020-21	2021-22
	£'000	£'000
Capital Investment		
Property, Plant and Equipment	74,790	75,335
Investment Properties	28	1,397
Heritage Assets	9	0
Long Term Loans	301	0
Revenue Expenditure Funded from Capital under Statute	9,690	6,008
	<u>84,818</u>	<u>82,740</u>
Sources of Finance		
Capital Receipts	512	1,059
Government grants and other contributions	48,888	56,574
Grants unapplied reserve	2,127	6,711
Sums set aside from revenue	2,227	4,539
Direct revenue contributions	13,116	7,498
Borrowing	17,948	6,359
	<u>84,818</u>	<u>82,740</u>
Opening Capital Financing Requirement	501,378	503,887
Explanation of Movements in Year		
Increase in underlying need to borrow (supported by government financial assistance)	3,198	3,066
Increase in underlying need to borrow (unsupported by government financial assistance)	(689)	(13,320)
Increase/(decrease) in Capital Financing Requirement	<u>2,509</u>	<u>(10,254)</u>
Closing Capital Financing Requirement	<u>503,887</u>	<u>493,633</u>

6.39 Leases**Authority as Lessee***Operating Leases*

The Authority leases in property 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 future minimum lease payments due under non-cancellable leases in future years are:-

	2020-21	2021-22
	£'000	£'000
Not later than one year	646	599
Later than one year and not later than five years	2,220	1,889
Later than five years	3,319	2,953
	<u>6,185</u>	<u>5,441</u>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2020-21	2021-22
	£'000	£'000
Minimum Lease payments	1,036	1,005

Authority as Lessor*Operating Leases*

The Authority leases out property 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 income credited to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2020-21 £'000	2021-22 £'000
Not later than one year	1,338	1,452
Later than one year and not later than five years	3,569	3,464
Later than five years	23,595	22,985
	<u>28,502</u>	<u>27,901</u>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into.

In 2021/22 £4,807 contingent rents were receivable by the Authority (£5,105 in 2020/21).

The Authority also holds various capital assets, principally vehicles, plant and office equipment financed under the terms of operating leases and accounted for as such, the rentals being charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement.

6.40 Impairment Losses

An assessment has been made at the year-end which indicates that there are no instances of impairment to the Authority's assets.

6.41 Pensions Schemes Accounted for as Defined Contribution Schemes

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

The scheme is technically a multi-employer defined benefit scheme. However it is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22 Carmarthenshire County Council paid £15.7m to the Department for Education in respect of teachers' pension costs, which represents 23.68% of teachers and lecturers pensionable pay. The figures for 2020/21 were £15m and 23.68%. There was £1.3m remaining payable at year-end. The contributions due to be paid in the next financial year are estimated to be £15.9m.

In addition, the County Council is responsible for all pension payments relating to added years it has awarded together with the related increases. In 2021/22 these amounted to £0.325m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability described above.

6.42 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, 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. Liabilities for these payments need to be disclosed at the time employees earn their future entitlement.

The Dyfed Pension Fund (the Fund) is a member of the Local Government Pension Scheme (LGPS). It is administered by Carmarthenshire County Council and is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Dyfed Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Dyfed Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee and are advised by an Independent Investment Adviser and officers of Carmarthenshire County Council.

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

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made 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 Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2020-21 £'000	2021-22 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current Service Cost	45,495	66,412
Past Service Costs	56	40
Settlements and Curtailments	57	166
Financing and Investment Income and Expenditure		
Net Interest Expense	12,867	12,090
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	58,475	78,708
Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	(250,531)	(65,694)
Experience gain on liabilities	(29,757)	4,638
Actuarial gains and losses arising on changes in demographic assumptions	0	(14,725)
Actuarial gains and losses arising on changes in financial assumptions	281,979	(33,099)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	60,166	(30,172)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for Provision of Services for Post Employment Benefits in the accordance with the code	(58,475)	(78,708)
Actual amount charged against the Council Fund		
Balance for pensions in the year:		
Employers' Contributions payable to Scheme	27,170	28,180

Assets and Liabilities in Relation to Post-employment Benefits**Carmarthenshire County Council**

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

	2020-21	2021-22
	£'000	£'000
Balance as at 1 April	1,031,889	1,304,924
Interest on plan assets	24,745	27,355
Experience gain on assets	250,531	65,694
Administration expenses	(533)	(617)
Settlements	0	0
Employer contributions	27,170	28,180
Contributions by scheme participants	8,658	8,931
Benefits paid	(37,536)	(41,682)
Balance as at 31 March	<u>1,304,924</u>	<u>1,392,785</u>

Reconciliation of Present Value of the Scheme Liabilities:

	2020-21	2021-22
	£'000	£'000
Balance as at 1 April	(1,559,351)	(1,865,382)
Current Service Cost	(45,495)	(66,412)
Interest cost	(37,079)	(38,828)
Contributions by scheme participants	(8,658)	(8,931)
Experience gain on liabilities	29,757	(4,638)
Actuarial gains and losses arising on changes in demographic assumptions	0	14,725
Actuarial gains and losses arising on changes in financial assumptions	(281,979)	33,099
Curtailments	(57)	(166)
Settlements	0	0
Benefits paid	37,536	41,682
Past service costs	(56)	(40)
Balance as at 31 March	<u>(1,865,382)</u>	<u>(1,894,891)</u>
Net Scheme Liabilities	<u>(560,458)</u>	<u>(502,106)</u>

The Dyfed Pension Fund assets comprised:

		Quoted	31 March 2021 £'000	31 March 2022 £'000
Equities	UK	Yes	277,817	260,731
	Global	Yes	339,280	433,156
	Overseas Pooled Funds*	No	0	0
	US	Yes	141,454	91,088
	Canada	Yes	5,742	6,128
	Japan	Yes	43,976	53,483
	Pacific Rim	No	13,441	2,228
	Emerging Markets	No	111,441	109,751
	European ex UK	Yes	33,537	50,001
Bonds	UK Index linked	Yes	33,928	18,524
	UK Corporate	No	0	0
	Global Credit	Yes	117,443	110,587
Property	Property Funds	No	144,194	182,037
Alternatives	SAIF	No	27,403	51,394
Cash	Cash accounts	Yes	15,268	23,677
Total			<u>1,304,924</u>	<u>1,392,785</u>

Scheme History

	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Present value of liabilities in the Local Government Pension Scheme	(1,383,009)	(1,527,290)	(1,559,351)	(1,865,382)	(1,894,891)
Fair value of assets in the Local Government Pension Scheme	1,062,305	1,121,653	1,031,889	1,304,924	1,392,785
Surplus/(deficit) in the scheme	<u>(320,704)</u>	<u>(405,637)</u>	<u>(527,462)</u>	<u>(560,458)</u>	<u>(502,106)</u>

The liabilities show the underlying commitments that the Authority has in the long-run to pay post-employment benefits. The total net liability of £502m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy with the deficit on the Fund made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2023 is £30.9m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, returns on investments, future inflation etc. The Fund's assets and liabilities within the Balance Sheet and the current and past service costs included within the Comprehensive Income and Expenditure Statement have been assessed by Mercer Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The main assumptions used in its calculations are shown below:

	2020-21	2021-22
	%	%
Financial Assumptions:		
Rate of CPI inflation	2.7	3.3
Rate of increase in salaries	4.2	4.8
Rate of increase in pensions	2.8	3.4
Rate for discounting Fund liabilities	2.1	2.8
	2020-21	2021-22
	%	%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.1	23.0
Women	25.0	24.9
Longevity at 65 for future pensioners:		
Men	24.7	24.4
Women	27.2	27.1

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

	<u>Impact on the Defined Benefit</u>	
	<u>Obligation of the Scheme</u>	
	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease of 1 year)	56,312	(56,312)
Rate of inflation (increase or decrease by 0.1% p.a.)	34,257	(34,257)
Rate of increase in salaries (increase or decrease by 0.1% p.a.)	4,726	(4,726)
Rate of increase in pensions (increase or decrease by 0.1% p.a.)	34,257	(34,257)
Rate for discounting scheme liabilities (increase or decrease by 0.1% p.a.)	(33,648)	33,648

6.43 Contingent Liabilities

The Authority acts as a collection agent on behalf of Dwr Cymru in respect of Housing Revenue Account (HRA) Tenants water and sewerage charges. In return for this service the Authority has received a commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called in to question due to a Court ruling during 2015/16 (Kim Jones versus London Borough of Southwark) which ruled that Local Authorities collecting water rates via the HRA were doing so as a water supplier and not as an agent of the water supplier. Traditionally this has been viewed as an agency arrangement, but the Court ruling concludes that the Authority concerned was acting as a water supplier, which has significant financial implications for those affected, both in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates. As at 31st March 2022 we have not received any correspondence relating to potential claims. However, to reinforce even further that the Authority is collecting these monies as agents for Dwr Cymru and avoid the possibility of future legal challenges, the Authority has entered into a new agreement with the water supplier which ensures that it is acting as an agent.

Whilst the Authority purchases a range of insurance cover, part of the risk remains with the Authority through the acceptance of "Policy Excesses" and the setting of "Indemnity Limits". On Liability and Property Policies there is a "Stop Loss" which is the aggregate maximum exposure that the Authority could face provided the Indemnity Limit is not breached. The Indemnity Limit is set by the Insurer and is the maximum exposure that they are contracted to cover.

A number of insurance claims have been registered but not yet finalised. Where it is probable that costs will fall on the authority, expenditure has been recognised in the Comprehensive Income and Expenditure Statement and as a movement in the Insurance Provision (see note 6.20). It is possible that the Authority may incur costs relating to other registered claims or to claims that have yet to be submitted. Funds have been set aside in an Insurance Reserve (see note 6.22) for this purpose.

At the year-end there were a small number of employment claims against the authority that were unresolved. It is not possible to reliably estimate either the likelihood or value to the authority. No provision has therefore been made in these financial statements.

In November 2020, there was a court ruling regarding Guaranteed Minimum Pension (GMP) Equalisation. The court ruled that scheme trustees are required to revisit past Cash

Equivalent Transfer Values (CETV's) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, Government Actuary's Department expect that this ruling will be taken forward on a cross scheme basis and will need legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV was equalised. Whilst it is expected to represent a relatively small uplift for a relatively small subset of members, it is not possible to reliably estimate the likely costs. As such, no liability has been recognised in these financial statements.

6.44 Financial Instruments

Disclosure Notes for Financial Liabilities, Financial Assets and Risk

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet include the following categories of financial instruments:

	Long Term		Current	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Financial liabilities (principal amount)	397,939	390,568	15,899	10,168
Accrued Interest	0	0	2,662	2,625
Other accounting adjustments	113	113	0	0
Financial liabilities at amortised cost				
Total borrowings	398,052	390,681	18,561	12,793
Loans and receivables (principal amount)	524	0	25,504	85,500
Accrued Interest	144	0	0	0
Investments at amortised cost	668	0	25,504	85,500
Equity at Fair Value through other comprehensive income				
Unquoted equity investment at cost	1,139	1,107	0	0
Total investments	1,807	1,107	25,504	85,500

Financial Instruments Gains/Losses

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

	Financial Liabilities		Financial Assets		Totals	
	Liabilities measured at amortised cost		Loans and Receivables at amortised cost			
	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000
Interest expense	(17,330)	(16,676)	0	0	(17,330)	(16,676)
Impairment losses	0	0	0	0	0	0
Interest payable and similar charges	(17,330)	(16,676)	0	0	(17,330)	(16,676)
Interest Income	0	0	246	304	246	304
Interest and investment income	0	0	246	304	246	304
Net gain/(loss) for the year	(17,330)	(16,676)	246	304	(17,084)	(16,372)

Employee Car Loans

The authority makes loans for car purchase to employees in the authority who are in posts that require them to drive regularly on the authority's business. Interest is charged at 1% above base rate on the loans.

Employee Car Loans	31 March	31 March
	2021 £'000	2022 £'000
Opening Balance	57	48
New Loans	22	17
Loans repaid	(31)	(28)
Closing Balance	48	37

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2021		31 March 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
PWLB Debt	405,976	633,395	390,171	561,998
Non - PWLB debt	10,637	12,763	13,304	13,915
Total Financial Liabilities	416,613	646,158	403,475	575,913

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2021		31 March 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Money market loans < 1year	25,505	25,505	85,525	85,525
Money market loans > 1year	668	668	0	0
Total investments	26,173	26,173	85,525	85,525
Trade Debtors	24,266	24,266	26,329	26,329
Total Loans and Receivables	50,439	50,439	111,854	111,854

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The fair value of Public Works Loan Board (PWLB) loans of £561.998m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, the PWLB redemption interest rates.

However, the Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB, the PWLB Certainty rates. If a value is calculated on this basis, the carrying amount of £390.170m would be valued at £483.769m.

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

Fair Value of Financial Assets

Some of the Authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2021	31 March 2022
Fair Value through Other Comprehensive Income				
Equity shareholding in CWM Environmental Ltd	Level 3	At cost	329	329
Equity shareholding in Egni Sir Gar Cyfyngedig	Level 3	At cost	810	778
Total			1,139	1,107

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value.

Recurring fair value measurements using:	31 March 2021		31 March 2022	
	Other significant observable inputs (Level 2) £'000	Total £'000	Other significant observable inputs (Level 2) £'000	Total £'000
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB	633,395	633,395	561,998	561,998
NON PWLB	12,763	12,763	13,915	13,915
Total	646,158	646,158	575,913	575,913
Financial assets				
Loans and Receivables	26,173	26,173	85,525	85,525
Total	26,173	26,173	85,525	85,525

Disclosure of Nature and Extent of Risk Arising from Financial Instruments

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring 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 such measures as interest rates movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Revised editions of the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.
- by the adoption of a Treasury Policy Statement and treasury management clauses;

- by approving annually in advance prudential indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures of the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Policy and Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported quarterly to Members. These policies are implemented by the Treasury and Pension Investments Section.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 3rd March 2021 and is available on the Authority website. The Authority stayed within the Authorised Limit and Operational Boundary during the year.

The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

Investments

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy (which forms part of the Authority's Treasury Management Policy and Strategy Report), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Treasury Management Policy and Strategy report also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The annual Treasury Management Strategy sets out the Counterparty list and limits. Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in line with parameters set by the council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £51k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

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

	Amount at 31 March 2022 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
<u>Deposits with banks and financial institutions</u>			
AAA rated counterparties	25,000	0.04	10.0
AA rated counterparties	89,000	0.02	17.8
A rated counterparties	46,500	0.05	23.3
Trade debtors	<u>26,329</u>	3.50	<u>921.5</u>
	<u>186,829</u>		<u>972.6</u>

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any other losses from non-performance by any of its counterparties in relation to deposits and bonds.

Trade Debtors

The trade debtors figure of £26.329m shown above includes £14.107m which is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2021 £'000	31st March 2022 £'000
Less than three months	1,811	1,754
Three to six months	1,354	1,027
Six months to one year	2,451	2,525
More than one year	8,147	8,801
	<u>13,763</u>	<u>14,107</u>

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31st March 2022 was £1.615m.

Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). 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 Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management policy and strategy), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the 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 approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved Treasury Management Policy and Strategy addresses the main risks and the Treasury Management Team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is shown below together with the maximum and minimum exposures.

	2020-21			2021-22		
	Approved Maximum Limit	Approved Minimum Limit	31st March 2021 £'000	Approved Maximum Limit	Approved Minimum Limit	31st March 2022 £'000
	%	%		%	%	
Less than one year	15	0	18,561	15	0	13,793
Between one and two years	15	0	11,209	15	0	7,290
Between two and five years	50	0	27,199	50	0	27,841
Between five and ten years	50	0	38,723	50	0	36,616
More than ten years	50	0	320,921	50	0	317,935
			416,613			403,475

The maturity analysis of financial assets is as follows:

	2020-21 £'000	2021-22 £'000
Less than one year	25,505	85,525
Greater than one year	668	0
	26,173	85,525

All trade and other payables are due to be paid in less than one year and trade debtors of £26.329m are not shown in the table above.

Market Risk

Interest rate risk - The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the Council Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movements in Reserves Statement, unless the investments have been designated as Fair Value through the Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Policy and Strategy Report and the 5 year Capital Programme Report draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(590)
Increase in Government grant receivable for financing costs	184
Impact on Surplus or Deficit on the Provision of Services	<u>(406)</u>
Share of overall impact debited to the HRA*	398
Decrease in fair value of fixed rate investment assets	<u>0</u>
Impact on Other Comprehensive Income and Expenditure	<u>(8)</u>
 Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	 (84,608)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

Price risk - The Authority, excluding the pension fund, does not invest in equity shares. It therefore has no exposure to loss arising from movements in price.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

6.45 Accounting Standards that have been issued but have not yet been adopted.

At the balance sheet date, there are no relevant standards or amendments to existing standards that have been published but not yet been adopted by the Code that will have any impact on the financial statements. However, the following detail on IFRS 16 – Leases has been provided for information purposes:

This Standard will affect the classification of operating and finance leases for lessees and will require local authorities to recognise all leases on their balance sheet as right-of-use assets with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. There are some exemptions for short-term and low value leases. The implementation of IFRS16 for local government has been deferred again by CIPFA/LASAAC until 1st April 2024.

7 HOUSING REVENUE ACCOUNT (HRA)**7.1 HRA Income and Expenditure Statement**

2020-21 £'000		Note	2021-22 £'000
	Expenditure		
	Repairs and Maintenance		
3,072	- Responsive		4,262
2,864	- Planned/Cyclical		4,108
4,057	- Voids		4,427
8,537	Supervision and Management		9,647
1,400	Central Support Charges		1,428
727	Rents, Rates Taxes and other charges		660
514	Movement in the allowance for Bad Debts		1
(10,993)	Depreciation and Impairment of non current assets	8.7	(14,918)
	Revenue Expenditure funded from Capital under		
0	Statute		0
38	Debt Management Costs		38
<u>10,216</u>	Total Expenditure		<u>9,653</u>
	Income		
(40,865)	Dwelling rents	8.1	(41,739)
(126)	Non-Dwelling Rents		(121)
(29)	Leaseholders		(28)
(760)	Service Fees	8.2	(814)
(550)	Grants		(506)
(775)	Other Income		(845)
(350)	Commission - Water Rates	8.5	(340)
<u>(43,455)</u>	Total Income		<u>(44,393)</u>
	Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement		(34,740)
(33,239)			(34,740)
295	HRA services' share of Corporate and Democratic Core		303
(32,944)	Net (Income)/cost for HRA Services		(34,437)
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(60)	(Gain) or loss on the sale of HRA Non Current		0
9,826	Interest Payable and similar charges		9,705
(37)	Interest and Investment Income		(18)
344	Net interest on the net defined benefit liability (asset)		336
(13,691)	Capital grants and contributions receivable		(21,598)
<u>(36,562)</u>	(Surplus) or Deficit for the year on HRA Services		<u>(46,012)</u>

7.2 Movement on the HRA Statement

The overall objectives for Movement on the HRA Statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2020-21 £'000		Note	2021-22 £'000	2021-22 £'000
(21,252)	Balance on the HRA at the end of the previous year			(19,444)
(36,562)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account		(46,012)	
38,404	Adjustments between accounting basis and funding basis under statute	7.3	43,348	
1,842	Net Increase or (decrease) before transfers to or from reserves		(2,664)	
(34)	Transfers (to) or from reserves	7.4	213	
1,808	(Increase) or decrease in year on the HRA			(2,451)
(19,444)	Balance on the HRA at the end of the current year			(21,895)

7.3 Adjustments between accounting basis and funding basis under statute

2020-21 £'000		2021-22 £'000
(30)	Transfers to / (from) Accumulated Absences Account	(24)
59	Gain or loss on sale of HRA noncurrent assets	0
(882)	HRA share of contributions to or from the Pensions Reserve	(1,451)
9,856	Capital expenditure funded by the HRA	3,624
29,401	Transfer to / from the Capital Adjustment Account	41,199
38,404		43,348

7.4 Transfers to or (from) Earmarked Reserves

2020-21				2021-22		
£'000	£'000	£'000		£'000	£'000	£'000
Trfs from	Trfs to	Net		Trfs from	Trfs to	Net
208	(242)	(34)	Insurance Reserve	(12)	225	213
208	(242)	(34)		(12)	225	213

8 NOTES TO THE HRA INCOME AND EXPENDITURE STATEMENT**Introduction**

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced from the rest of the Council Fund, so that rents cannot be subsidised from council tax (or vice versa).

8.1 Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. For 2021/22 this totalled £41.7m (£40.9m for 2020/21). At the 31st March 2022 4.07% of lettable properties were vacant (4.34% at 31st March 2021). Average rents were £91.35 a week in 2021/22 (£89.56 in 2020/21).

8.2 Charges for Services & Facilities

This represents the income of the Authority from charges for services and facilities etc in connection with the provision of houses and other property within the account.

8.3 Housing Stock

The Council was responsible for managing on average 9,152 dwellings during 2021/22 (9,151 in 2020/21). The stock at 31st March was as follows:

	2020-21	2021-22
Houses	5,007	5,044
Flats / Maisonettes / Bedsits	1,949	1,951
Bungalows	2,183	2,169
	9,139	9,164

The change in stock can be summarised as follows:

	2020-21	2021-22
Opening Stock as at 1 April	9,162	9,139
Sales	0	0
Demolitions/Deactivated	(40)	(19)
New Building/Acquisitions/Conversions	17	44
Closing Stock as at 31 March	9,139	9,164

8.4 Rent Arrears

	As at 31 March 2021 £'000	As at 31 March 2022 £'000
Arrears	2,668	2,267
Arrears as a percentage of Gross Rent Income	6.26%	5.22%

There is a 0.9% year on year decrease of current tenants rent arrears as a percentage of gross collectable rent debit. Performance is outside margins of what is considered good

practice level (2%) at 3%. There is a 0.12% year on year decrease in former tenants rent arrears as a percentage of gross collectable rent debit. This is 0.32% increase after allowing for the £301k write-offs.

Provision for Bad Debts at 31st March 2022 was £1,082,489 for rent (£1,185,640 inclusive of water rates). The comparative figures for 2020/21 are £1,105,394 for rent (£1,210,727 inclusive of water rates).

8.5 Commission

The Authority collects water rates on behalf of Dwr Cymru Welsh Water and receives commission on the monies due. In 2021/22 this amounted to £340k (£350k in 2020/21) net of void loss on properties. The value of water rates was £3.4m in 2021/22 (£3.4m in 2020/21).

8.6 Capital Expenditure

Capital Expenditure in 2021/22 on HRA land and dwellings totalled £26.558m (£26.048m in 2020/21).

	2020-21	2021-22
	£'000	£'000
Funded by :		
Major Repairs Allowance	6,228	6,225
Borrowing	2,998	0
Capital Receipts - Sales of Dwellings/Land	65	0
External Funding	6,893	16,383
Section 106 Income	8	326
Direct Revenue Financing	9,856	3,624
	26,048	26,558
Spent on:		
Dwellings	25,888	25,655
Land	0	0
Other	160	903
	26,048	26,558

8.7 Depreciation

Depreciation and Impairment losses have been debited to the Income and Expenditure Statement in accordance with the general provisions of the Code and reversed out in the Movement on the HRA Balance. The depreciation charge has then been replaced with the HRA Minimum Revenue Provision via a credit from the Capital Adjustment Account to avoid having an effect on rent levels.

HRA dwellings are revalued on a 5 year cycle, which was last undertaken on the 1st April 2020. An exercise was undertaken as at the 31st March 2022 to review whether the carrying amount was materially different from the current value at the year end. It was confirmed that the average increase based on comparable sales evidence across the County since the last detailed revaluation was in line with the Land Registry Index. The Land Registry percentage increase of 18% for Carmarthenshire has therefore been applied to the Existing Use Value.

Depreciation and Impairment Losses:

	2020-21	2021-22
	£'000	£'000
Depreciation on dwellings	12,493	12,917
Revaluation losses & impairments	(23,486)	(27,835)
	<u>(10,993)</u>	<u>(14,918)</u>

Revaluation losses and impairments were incurred on:

	2020-21	2021-22
	£'000	£'000
Dwellings	(23,999)	(29,446)
Land	(26)	12
Other	539	1,599
	<u>(23,486)</u>	<u>(27,835)</u>

9 DYFED WELSH CHURCH FUND ACCOUNT

The Dyfed Welsh Church Fund is a scheme that mainly awards grants towards the costs of maintaining places of worship. However, registered charities which benefit residents may apply for help towards running costs, or the cost of a specific project or purchasing a piece of equipment. Besides nationally recognised charities, the Fund supports local charities responsible for providing recreational facilities or other services which are of benefit to the Community.

At Local Government Reorganisation 1996 the fund was split among the new Unitary Authorities with the amount available to each new authority being calculated on the following agreed percentages:

Carmarthenshire County Council	41%
Ceredigion County Council	25%
Pembrokeshire County Council	34%

It was agreed that Carmarthenshire County Council would take responsibility for administering the investment portfolio.

Carmarthenshire's balance of the fund as at 31st March 2022 was £2.021m (£1.929m as at 31st March 2021).

10 TRUST FUNDS 2021/22

The Authority operates trust funds for Education Services, Cultural Services and Social Services. These represent total net assets of £823k as at 31st March 2022 (£775k as at 31st March 2021).

11 SOCIAL CARE / CHILDREN'S SERVICES – SAFEKEEPING, SAFE CUSTODY, AMENITY FUNDS & STAFF BENEFIT ACCOUNTS**11.1 Residents Safekeeping**

People in residential homes are allowed a personal allowance payable to them each week. If the resident does not wish to spend all of this allowance in any given week, the balance is paid into the Residents Safekeeping account. The balance as at 31st March 2022 was £540,424 (£539,841 as at 31st March 2021) and this reflects the amount of personal allowances held by the Authority on behalf of its residents.

11.2 Safe Custody Accounts

The Communities Department maintains individual Safe Custody accounts for service users living in the community who are unable to deal with their financial affairs due to their mental incapacity. The Director of Communities is appointee with The Department of Work and Pensions for each of these service users. The balance as at 31st March 2022 was £1,377,581 (£1,267,328 as at 31st March 2021) and this reflects the amount of money held by the Authority on behalf of its service users.

11.3 Amenity Funds & Staff Benefit Accounts

Amenity funds represent funds held on behalf of establishments such as day centres, residential homes and children's centres/playgroups. Payments are for items purchased for the benefit of residents and clients of these establishments and the income is generated from donations and gifts etc from families of clients and bequests from the estates of deceased clients.

Staff Benefit Accounts represent funds held on behalf of staff working within particular establishments. Income is derived from donations received from families of clients and bequests from the estate of deceased clients. Payments are for items that benefit all staff working in a particular establishment.

The balance on these accounts at 31st March 2022 was £120,372 (£117,168 at 31st March 2021).

11.4 Managed Accounts – Direct payments

Direct Payments allow service users to receive cash payments from the local authority instead of care services. This can allow the service user more flexibility and control of their support package. Accounts are managed by a team in the Communities Department providing support services and advice to recipients of direct payments including managed banking, and payroll services for the Personal Assistants providing care.

The balance on 31st March 2022 was £3,220,154 on behalf of service users. The balance on 31st March 2021 was £1,775,642.

12 GLOSSARY OF TERMS

The following section attempts to explain the meaning of some of those technical terms that are used in the Statements. The section is split into General and those terms relating to the Pension Fund Accounts.

General

Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

Assets Held for Sale

These are assets which are no longer being used to provide a service and are being actively marketed with the likelihood of sale being highly probable within 1 year.

Audit

An audit is an independent examination of our activities.

Balance

The surplus or deficit on any account at any point in time.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

Bid Price

The price that a third party would pay the scheme in an arm's length transaction for the investment.

Billing Authority

A local authority responsible for collecting the council tax and non-domestic rates.

Budget

A budget is a spending plan, usually for the following financial year.

Capital Expenditure

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

Capital Receipt

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

Council Fund

The main revenue fund of the local authority. Day to day spending on services is met from this fund.

Council Tax

The main source of local taxation to local authorities. Council tax is levied on households within its area by the Billing Authority and the proceeds are used to meet the Billing Authority's council tax requirement and to pay the precepting authorities.

Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received or services rendered.

Current Assets

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

Current Liabilities

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

Debtor

A debtor is someone who owes money to the Authority at the end of the financial year.

Depreciation

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

Direct Revenue Financing

Resources provided from an authority's revenue budget to finance the cost of capital projects.

Earmarked Reserves

These are reserves that have been set aside for a specific purpose.

Fees And Charges

Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

Financial Year

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

Finance Leases

A means by which capital items are bought. (When the Authority uses finance leases it takes on most of the risks (and rewards) of owning the assets.)

Gross Expenditure

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

Heritage Assets

Heritage Assets are defined as those that are held and maintained principally for their contribution to knowledge and culture.

Housing Benefit

An allowance to persons on low income (or none) to meet in whole or part their rent. Benefit is allowed or paid by local authorities but central government refunds part of the costs of the benefits and of the running costs of the service to local authorities. Benefit paid to the Authority's own tenants is known as 'rent rebate' and that paid to private sector tenants as 'rent allowance'.

Housing Revenue Account (HRA)

This account contains all our housing income and expenditure.

IFRS

International Financial Reporting Standard.

IFRIC

International Financial Reporting Interpretations Committee.

The above two are accounting standards which provide a guideline for financial accounting.

Investment Properties

These are properties that are being held solely to earn rentals or for capital appreciation or both, rather than for the provision of services

Liability

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

Minimum Revenue Provision (MRP)

This is the amount the Authority has to set aside to repay loans.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

Net Realisable Value

The selling price of the asset reduced by the relevant costs of selling it.

Operating Leases

A means by which capital items are bought.

These are leases where risks (and rewards) of ownership of the asset remain with the owner.

Pensions Assets/Liabilities (Notes to the Movement in Net Pension Liabilities)

The Current Service Costs - the value of the increase in liabilities for active members as a result of their service increasing by one year (i.e. from the start of the year to the end of the year), less any employee contributions.

Employer Contributions - The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

Past Service Costs - Past service costs arise when the employer makes a commitment to provide a higher level of benefit than previously promised, for example the creation of a pension benefit for a spouse where such a benefit did not previously exist or a grant of early retirement with added-on years of service.

Interest Costs - The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period. Another way of viewing the "interest on liabilities" is the unwinding of 1 year's discounting in relation to the liabilities.

Interest on Pension Assets – This is the interest on assets held at the start of the period and cashflows occurring during the period, calculated using the discount rate at the start of the year.

Remeasurements (assets) – This is the return on plan assets net of administration expenses and interest income. It replaces actuarial gains and losses on assets. For the LGPS, any change as a result of reviewing an employer's allocation of assets as at an actuarial valuation will also be included within remeasurements.

Remeasurements (liabilities) – Remeasurements (liabilities) can be sub-divided into ‘Changes in actuarial assumptions’ and ‘Experience (gains) losses on liabilities’. ‘Changes in actuarial assumptions’ is not shown as its own separate entry but instead the changes in demographic and financial assumptions are shown separately.

Gains or Losses on Settlements or Curtailment - Where under the scheme rules the employees have the option to retire early or transfer out of the scheme, the resulting settlements and curtailments are allowed for in the normal demographic assumptions made by the actuary and any gains and losses arising are actuarial gains and losses. Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the employer becomes demonstrably committed to the transaction and recognised in the profit and loss account covering that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and recognised in the profit and loss account covering that date.

Pension Fund

The fund maintained to meet pension payments on the retirement of participants.

Precepting Authorities

Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rates. For Carmarthenshire County Council the precepting authorities are Dyfed Powys Police and the Town & Community Councils.

Precepts

This is the amount that the Authority levy/pay to a Non-Billing Authority (for example a Community Council) so that it can cover its expenses (after allowing for its income).

Property, Plant and Equipment

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Prudential Code

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

Public Works Loan Board (PWLB)

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

Reserve

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or ‘balances’) which every Authority must maintain as a matter of prudence.

Revenue Account

This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Revenue Support Grant

The main grant paid by Welsh Government to support the local authority budget.

Securities

These are investments such as stocks, shares and bonds.

SeRCoP

Service Reporting Code of Practice - establishes proper practices with regard to consistent financial reporting for services – all local authorities in the United Kingdom are expected to adopt its mandatory requirements and detailed recommendations. It is also expected that CIPFA members will comply with all the discretionary requirements of SeRCoP as it defines best practice in terms of financial reporting.

Inventories

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

Subjective Analysis

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and transport expenses. Income includes government grants and fees and charges.

Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.

Wales Audit Office (Audit Wales)

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.