

Pwyllgor Archwilio

Man Cyfarfod
**Ystafell Bwyllgor A - Neuadd y Sir,
Llandrindod, Powys**

Dyddiad y Cyfarfod
Dydd Gwener, 22 Medi 2017

Amser y Cyfarfod
10.00 am



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

I gael rhagor o wybodaeth cysylltwch â
Lisa Richards
01597 826371
lisa.richards@powys.gov.uk

19/09/17

AGENDA

1.	YMDDIHEURIADAU
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I dderbyn ymddiheuriadau am absenoldeb.

2.	DATGANIADAU O FUDD
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I dderbyn datganiadau o fudd gan Aelodau.

3.	DATGANIAD O CHWIP PLAID
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Derbyn datganiadau ynglyn â gwaharddiad chwip plaid a gyflwynwyd i Aelod mewn perthynas â'r cyfarfod yn unol ag Adran 78 (3) Mesur Llywodraeth Leol 2001.

(D.S: atgoffir yr Aelodau, dan Adran 78, na all Aelodau sydd wedi derbyn gwaharddiad chwip plaid bleidleisio ar fater gerbron y Pwyllgor.

4.	COFNODION
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I awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod blaenorol.

(Tudalennau 1 - 10)

5.	DATGANIAD O GYFRIFON
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5.1. Cau'r Cyfrifon

I ystyried adroddiad Pennaeth Gwasanaethau Ariannol.

(Tudalennau 11 - 12)

5.2. Adroddiad ar archwilio'r datganiadau ariannol

I ystyried adroddiadau'r WAO.

(Tudalennau 13 - 44)

5.3. Llythyron Sylwadau

I dderbyn y Llythyron Sylwadau ar Ddatganiad o Gyfrifon a Chyfrifon Cronfa Bensiwn 2016/17.

(Tudalennau 45 - 48)

5.4. Datganiad o Gyfrifon – Cyngor Sir Powys a Chronfa Bensiwn Powys.

I ystyried y Datganiad o Gyfrifon ar gyfer Cyngor Sir Powys a'r Cronfa Bensiwn.

(Tudalennau 49 - 238)

6.	ADOLYGU CYLLID ADDYSG – CYNLLUN GWEITHREDU
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I ystyried y Cynllun Gweithredu a luniwyd mewn ymateb i'r Adolygiad o Gyllid Addysg.

(Tudalennau 239 - 242)

7.	ADRODDIAD GWELLA BLYNYDDOL
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I ystyried yr Adroddiad Gwella Blynyddol.

(Tudalennau 243 - 262)

8.	SYSTEM TRACIO RHEOLEIDDIO
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Ystyried adroddiad yr Aelod Portffolio ar faterion Cyllid.

(Tudalennau 263 - 280)

9.	PANEL CRAFFU CYLLID
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I ystyried adroddiad cryno ar graffu.

(Tudalennau 281 - 282)

10.	GWEITHGORAU
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10.1. **Hyfywedd Ariannol Ysgolion**

I ystyried adroddiad cryno ar graffu.

(Tudalennau 283 - 284)

11.	CYD-GRWP LLYWIO CADEIRYDDION AC IS-GADEIRYDDION
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Derbyn nodiadau'r Cyd-grwp Llywio Cadeiryddion ac Is-gadeiryddion.

(Tudalennau 285 - 292)

12.	RHAGLEN WAITH
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(Tudalennau 293 - 294)

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON THURSDAY, 6 JULY 2017

PRESENT

County Councillor JG Morris (Chairman), M Barnes, B Baynham, Mr J Brautigam, J Charlton, L George, H Hulme, K Laurie-Parry, M J Jones, WD Powell, A Williams and S L Williams and Mr J Brautigam (Independent Member)

Cabinet Portfolio Holders In Attendance: County Councillors M Alexander, Portfolio Holder for Education, P Davies, Portfolio Holder for Property and Waste and R Powell, Portfolio Holder for Children, Youth, Leisure and Culture MC Alexander, P Davies and R Powell

Officers: David Powell, Strategic Director, Resources, Anne Phillips, Interim Professional Lead, Finance, Caroline Evans, Business Continuity and Risk Management Officer, Tom Yeo, Programme Officer, Ann Owen, Treasury Manager, Paul Griffiths, Strategic Director, Place, Sue Bolter, Head of Regeneration and Regulatory Services, Stuart Mackintosh, Head of Leisure and Recreation, Jim Swabey

Other Officers in Attendance: Phil Pugh, WAO, Ian Baker and Ian Halstead, SWAP, Jim Swabey and Matthew Robinson, Heart of Wales Property Services Ian Halstead, Ann Owen, David Powell, Caroline Evans and Tom Yeo

1. APOLOGIES

Apologies for absence were received from County Councillors R G Thomas and T J Van-Rees

2. DECLARATIONS OF INTEREST

County Councillor M Barnes declared a personal and prejudicial interest in the item relating to the Education Finance Review as a member of his family is employed in a school.

County Councillors B Baynham, M J Jones, J G Morris, W Powell, A Williams and S Williams declared personal interests as LEA appointed Governors

3. DISCLOSURE OF PARTY WHIPS

There were no declarations of party whips.

4. MINUTES

The Chair was authorised to sign the minutes of the previous meetings, held on 6 April and 18 May 2017, as correct records.

5.	EDUCATION FINANCE REVIEW
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Documents:

- Report of the Head of Financial Services
- WAO – Review of Education Finance (Powys County Council)

Discussion:

- The Chair informed the Committee that a joint working group had been set up between Audit Committee and the Education Scrutiny Working Group to consider the financial viability of schools. The Chair, Vice Chair and Councillor H Hulme were the representatives of the Audit Committee.
- The review concluded that improvements had been made but that there were further improvements that could be made
- Officers had been fully involved throughout the review
- A detailed action plan would be provided for the next meeting of the Audit Committee which would detail milestones. It was essential that this actively address driving the service forward.
- The Portfolio Holder confirmed that the report reflected the current position
- It was crucial that advice was provided early
- There needed to be a ‘reality check’ in some areas
- Challenge was needed across many support services
- The curriculum that could be provided at a school of 600 pupils was radically different to that which could be provided at a school of 400 pupils
- Deficits had accrued due to a number of factors including school and staffing structures together with a curriculum that must be suitable and deliverable and not aspirational
- The number of special responsibility payments could affect the budget significantly – these too, must be sustainable
- The Portfolio Holder was aware of some teaching staff undertaking pastoral roles for which they may not be trained
- The wide variation between schools’ financial positions was also an area for further investigation
- It was noted that the Welsh Government was to make additional funding available for Business Managers in schools and the Portfolio Holder urged the Authority to take advantage of this
- Schools need to have an understanding of both finance and the curriculum and the Portfolio Holder believed that this was an area for improvement
- The Chair noted that the WAO had reported in 2012, Price Waterhouse Coopers in 2015 and the Auditor General had also raised concerns but it did not appear that these had been acted upon. Schools had also been encouraged to balance their budgets but that this was insufficient in some cases.
- The Portfolio Holder was aware of the issues and stated her intention to remove delegation from those schools which did not co-operate. However the need for curriculum enabled officers to be in place prior to removing delegation was noted. It was essential to demonstrate fiscal prudence and there was a duty to enforce rules and regulations.
- The Committee remained concerned that the longer issues took to resolve, the greater the financial risk

- The Portfolio Holder acknowledged that support had been given to schools but the main concern was with those schools which have had assistance but have still not taken action to address budget issues
- School modernisation has been used as an excuse for not actively dealing with budgets but it was acknowledged that modernisation was a lengthy process and the current structure must be made to be viable.
- The Section 151 Officer advised that a two pronged approach was needed – financial and curriculum. Challenge Advisers need to ensure that the curriculum is affordable, right for the learner and deliverable. He reiterated the resourcing implications of withdrawing delegation but believed this should be tackled if appropriate to ensure the Authority maintains credibility.
- Members asked if Finance Officers could be sent into schools to try to redress budget deficits – the Portfolio Holder confirmed that this did happen but that governance issues must also be correct. A Governing Body should not allow a deficit budget to be set.
- The right support needs to be provided to schools, but the Governing Body must also take responsibility. LEA governors in particular should make strenuous efforts to bring deficit budgets back on course.
- Secondary schools employ Bursars or Business Managers but the roles and capabilities vary across the county. Long term planning is required.
- Finance Officers are on site a minimum of twice a year. Surgery sessions are also held. Training for governors is provided. Officers are available for advice at any time.
- The Chair asked if there was a structure for responsibility of deficit budgets and was advised that this was the responsibility of the Governing Body
- The Committee asked whether a Bursar/Business Manager's role had been specified or if it had developed over time, what their remit was in relation to feeder primary schools, whether specific training was provided for LEA governors and if there was any scope for support from the private sector. It was noted that the service provided by Bursars/Business Managers varied and the role has changed over time. LEA governors should represent the LEA but tend to empathise with schools and not discharge their responsibilities fully.
- The Portfolio Holder was of the opinion that there was potential to develop clusters or co-operative working in rural schools
- The right people with the right skills need to be in the right places
- The culture in schools will also need to be addressed
- The Portfolio Holder would welcome being alerted to emerging issues by LEA governors
- The driver for school funding was pupil numbers
- The curriculum must be foremost as this drives results. Skills are not in place in some schools but it is a fundamental requirement. Despite budget pressures, curricula have not been adjusted.
- Efficiencies would suggest teaching to larger class sizes but this could be difficult to achieve in some areas such as Welsh medium where numbers tend to be lower
- Some software is available for curriculum management which, whilst not ideal, could be helpful in drafting timetables

- The incoming Director of Education had commented that Powys was a data rich county
- Governing Bodies should assess how staff are being utilized and must focus on outcomes – there is a coefficient of work rate and effectiveness
- New ways of working need to be identified across schools to ensure effective delivery
- Dual stream would be ideal but schools need to work together with peripatetic teachers and distance learning also being considered
- The WAO report highlighted that like other predominantly rural authorities, the Council's budgeted education expenditure per pupil is well above the Wales average. However, the delegation rate is among the lowest in Wales with the result that delegated budgets per pupil in primary and secondary schools are below average, and well below those in similar authorities.
- ALN will be reviewed
- The effectiveness of the non-delegated budget will be assessed
- Members asked if the business community could be involved to offer a commercial perspective to schools – the Portfolio Holder thought that additional skills in Governing Bodies would enhance that role
- The Portfolio Holder noted that morale in schools could be improved – teachers away due to stress is of concern and the incoming Director of Education has been asked to undertake an investigation into the causes of stress in the workplace
- Some senior leadership teams in schools are reluctant to change
- The WAO stated that their report emphasised accountability for those within schools but also for the Local Authority
- The Portfolio Holder would consider withdrawing delegation after consideration of a school's history – some may have failed to balance their budget but have taken mitigating action. Others have failed to introduce mitigation despite assistance.
- Whilst much has happened the pace of change has not been adequate
- The Portfolio Holder outlined her vision of changing the school structure consensually through closer working with communities.
- It was noted that the gross budget was ranked 6th in Wales but the retained budget ranked 18th across Wales. Transport costs per pupil were £513 and ALN £243. £1.8M was paid to Freedom Leisure for swimming facilities per annum. The Portfolio Holder noted the high cost of ALN provision and outlined her proposals for improved services whilst reducing costs.
- The Chair highlighted the need for a clear, written vision, going forward for all Portfolio areas for the next 5 years. The Portfolio Holder agreed but had been reluctant to commit to discussions prior to a meeting with the Minister. Clear proposals will be developed over the summer, and the Chair requested that costs be included.

Outcome:

- **A clear direction of travel, including costs, to be developed in the near future**

6.	INTERNAL AUDIT
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6.1. Internal Audit Plan

Documents:

- Report of the Head of Financial Services
- Internal Audit Plan 2017/18

Discussion:

- The Audit Committee is required to ensure proper processes are in place which are sufficiently robust to meet requirements
- The Plan provides an indication of work throughout the year, but there were opportunities for flexibility
- The Plan is designed to enable SWAP to give an opinion regarding control within the Authority
- There were two key aspects – the Council’s corporate priorities and Principles of a Health Organisation
- Key risks to the Council guide the programme
- An overview of corporate themes will be undertaken
- A fundamental approach will be taken during the current year and more in depth analysis on some aspects will determine future year’s programmes
- This approach by SWAP has seen good feedback from other Councils, winner of the CIPFA Innovation Award and a finalist at the MJ awards
- There was disappointment expressed that the Plan did not focus on developing the economy. It was suggested that the Plan was defensive rather than being pro-active on investment opportunities etc. SWAP would welcome input from members on future areas for development but reminded Members there was a finite resource available
- It was noted that 1010 days had been allocated to internal audit work – SWAP were asked if this represented full capacity. This was the contracted number of days, but SWAP had additional capacity if required.

Outcome:

- **The 2017/18 Internal Audit Plan be approved**

6.2. Appointment to Internal Audit Working Group

Outcome:

- **In addition to the Chair and Vice Chair of the Audit Committee, County Councillors Mark Barnes, Karen Laurie-Parry and Ange Williams be appointed to the Internal Audit Working Group**

7.	RISK MANAGEMENT
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Documents:

- Report of the Business Continuity and Risk Management Officer
- Heat Map
- Risk Register

- Risk Assessment Matrix

Discussion:

- Risk management is continually being assessed, improved and updated.
- Impact Assessments have been developed and incorporate Risk Management, which allows consideration of all major changes and the impact this will have
- The last two years' budget savings were all subject to an Impact Assessment – this process has been improved in the last year and has been highly commended by the All Wales Continuous Improvement Community.
- Presentation on the Impact Assessments provided at ALARM (Association of Local Authority Risk Managers) National Conference. Other organisations have approached Powys to request further information on the process.

Outcome:

- **Work on the risk register be noted**

8.	STATEMENT OF ACCOUNTS
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Documents:

- Report of the Head of Financial Services

Discussion:

- The draft Statement of Accounts had been completed well in advance of the deadline – this is positive as deadlines become more stringent going forward
- An advertisement will be placed to inform the public that the draft Statement Of Accounts is available for inspection
- A workshop will be provided for Committee Members to consider the final accounts prior to their sign off by Committee on 22 September 2017
- Officers were asked if local bodies, such as Community Interest Companies , would have to adhere to more stringent timescales – such bodies are separate entities and the Powys Statement of Accounts will merely reflect what has been paid to them

Outcomes:

- **The report was noted**

9.	TREASURY MANAGEMENT
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Documents:

- Report of the Portfolio Holder for Finance

Discussion:

- High cash balances were held at year end to meet anticipated end of year expenditure – this did not materialise and therefore there was a large cash balance for a short period. However the cost was minimal.

- A new EU Directive ‘Markets in Financial Instruments’ is to be implemented and there was initially concern this would impact the Authority. This is not the case following work by officers.
- It is suggested that the Authority no longer receive payment by cheque but by BACs. Approximately 96,000 transactions are made per year – in implementing the policy a small saving of £2,300 would be achieved.
- A question was raised regarding the level of LOBOs – of £45m in market loans, £40M are LOBOs and £5M are private. LOBOs were currently at competitive interest rates.

Outcomes:

- **Audit Committee support the recommendation to Cabinet to cease paying suppliers by cheque from 1 September 2017**

10. REGULATORY TRACKER

Documents:

- Report of the Portfolio Holder for Finance
- Regulatory Tracker

Discussion:

- Regulators had recommended that a Regulatory Tracker be maintained and reported against
- Officers meet quarterly with the responsible officer to maintain the tracker
- The Tracker is considered by Management Team, Strategic Overview Board and Audit Committee
- The Regulatory Tracker is linked to the Risk Register
- Members noted the recommendation for a review of the commissioning of domiciliary care and concern was expressed that this would be a repeat of an earlier exercise. It was thought not and the right providers had to be found for the right area. One Member of Audit Committee was a member of the Adult Social Care Working Group which has had an initial look at proposals for market development of domiciliary care.
- It was noted that KPIs were needed to monitor the Medium Term Financial Strategy – these need to be agreed by Cabinet

Outcomes:

- **Those items which have been completed and have ‘Blue’ status should be removed from the Tracker**

11. ACCESS TO INFORMATION

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

12.	BRECON CULTURAL HUB
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Documents:

- Report of the Portfolio Holders for Property and Waste and Children, Youth, Libraries and Leisure Services

Discussion:

- A report had been considered by Scrutiny Committee A regarding governance surrounding the project. This report had also been circulated to Members of the Audit Committee prior to the meeting for information.
- Lessons learned had been contained within the Scrutiny report and Audit Committee were invited to add any further detail as appropriate
- Of concern was the length of time the project had been in development. The project had first been suggested in 2002 and the length of time in the intervening period had made continuity more difficult.
- A key date was May 2016 when agreement was given to proceed. Costs had increased (including the cost of steel) and highways and café fitting out had contributed to the overall increase in costs.
- The Portfolio Holder for Property and Waste had also been concerned when he took over the portfolio and he has raised many questions in the short period he has held the portfolio.
- The Chair asked if the final cost of the project was known – meetings were ongoing to define the final costs. The Committee challenged this but were advised that this was within normal parameters for this type of contract.
- The length of time the project had taken had contributed to this together with the lack of project management within the Council at the time of the project's inception
- It was expected that more accurate, final costs would be available in two months
- The Committee were not satisfied and asked when estimates that were available would become payable. Projected claims were in the process of being challenged but there may be additional claims to consider.
- The project had suffered delays which were mainly due to information flows. The gaps in original estimates were also a legacy of poor information.
- Relationships with one of the contractors has improved. The Project Board had debated whether to proceed with the project but had agreed that the Authority was too committed to withdraw.
- The Committee were concerned that the project was going forward irrespective of costs. These were still to be determined but it had been considered that the risks of not proceeding were greater than those of proceeding.
- Ultimately the Cabinet will make the final decision when final costings are available. If the project were to be terminated there would be ongoing costs relating to the building, contractual costs, repayment of grants and compensation payments.
- Members of the Committee expressed concern at the ongoing, increasing costs whilst other services were being asked to make savings
- The Committee were aware of the serious reputational damage to the Council in addition to increased costs. Details of when decisions were made and by whom were requested. Members were advised that this was

- currently being prepared and would be available to Members shortly. Members asked if there had been any political or executive continuity.
- The Portfolio Holder was concerned that a project of this magnitude had insufficient available information.
 - It was suggested that both Scrutiny and Audit had considered the project over the years – Audit Committee had not had any consideration of the project and Scrutiny had had limited involvement
 - Members suggested that the Authority's commissioning was not sufficiently robust in this case
 - The Committee asked whether Internal Audit had been involved at any stage – they had not as the project had not been identified as a risk. Early intervention is key.
 - The Section 151 Officer did not believe that terminating the project was an option at this late stage. The project had been complex and lessons learned should be transferrable to other large projects such as 21st Century Schools. A number of senior officers are now involved and robust discussions are ongoing. Recent months have seen significant improvements and greater clarity. Funding will need to be sourced from either borrowing (which will impact on the revenue account) or capital receipts.
 - The Chair challenged whether a similar situation could occur with other Council projects – it was thought that there was sufficient evidence to show that this could not happen again. Many schemes have been successfully completed by the Authority.
 - The WAO were asked if they should have an involvement in such a project. In response it was stated it was only necessary for the WAO to be assured whether the accounts were true and fair and that monies had been properly accounted for. There is a further requirement to review and respond to items of correspondence from the public relating to Council business. During the current year the WAO will assess whether there are any provisions or contingent liabilities for 2016/17. There has been no correspondence from the public. The Local Authority should consider how it manages and monitors budgets for significant projects and ensure that it is appropriately managing those projects where significant variances arise.
 - Members expressed concern that lessons were not being learnt, with a requirement for proper accountability and responsibility
 - An independent report of the project should be commissioned
 - The Portfolio Holder stated that he had had concerns about the project when he took over the portfolio but, following discussions and enquiries, was more positive about the current position
 - It was noted that the facility in the future will be a Powys Cultural Hub – not just a facility for Brecon
 - The Committee expressed concern regarding ongoing and future commissioning projects

Outcomes:

- **The Audit Committee will undertake pre decision scrutiny of the report once final costs have been assessed**

13.	CORRESPONDENCE
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There were no items of correspondence.

County Councillor JG Morris (Chairman)

5.1

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE 22nd September 2017

REPORT AUTHOR: Jane Thomas, Head of Financial Services

SUBJECT: Statement of Accounts 2016/17

REPORT FOR: Information

- 1.1 The Statement of Accounts for 2016/17 were signed off by the Strategic Director Resources (Section 151 Officer) on the 26th June 2017. This met the statutory deadline. The audit of the Accounts commenced by the Welsh Audit Office team on the 30th June 2017 and has now concluded.
- 1.2 The Auditor General has issued an unqualified opinion on the 2016/17 Accounts of the Authority at this meeting today, and following the Committees consideration and approval, The Strategic Director of Resources (Section 151 Officer) and the Chair of Audit Committee will sign the Statement of Accounts today and comply with meeting the 30th September deadline for publication.
- 1.3 A workshop for Committee members held on the 18th September 2017 reviewed the final draft of the Accounts and provided members of the Committee with an opportunity to review the amendments made since the draft set of accounts and to fully understand the reasons for them and any impact they have on the accounts.
- 1.4 The Closure of the Accounts for the financial year ending 31st March 2017 and the completion of the Statement of Accounts has once again been delivered under a project management approach which continues to build on the improvements in previous years. The improvements made are once again recognised by the Wales Audit Office in the reports presented to the Committee today.
- 1.5 A number of amendments were however required and whilst there were no concerns about the qualitative aspects of our accounting practices and financial reporting it is recognised that further improvements can be made within the supporting notes to the financial statements and working papers.
- 1.6 Concerns have been raised in previous years around the capacity of the Finance Team to safely maintain and close the Accounts, this has been considered as part of the Financial Services review together with the requirement to close the accounts in a shorter timescale over the next few years. The resulting restructure of the team and the implementation of the improvement plan seeks to build more resilience into the team itself and also to implement improvements across the Council to ensure that transactions are recorded accurately at source, requiring less intervention.

- 1.7 The Finance service is currently advertising for additional staff as well as developing existing staff and increasing the number of staff with professional accountancy and business partnering qualifications.
- 1.8 The Accounts were made available for Public Inspection and the Auditors made themselves available for questions on the Accounts. One member of the public visited the Council Offices and is currently in correspondence with WAO.
- 1.9 The Project approach will continue in 2017/18, the project outline, timetable and actions will be put in place shortly and will incorporate any recommendations forthcoming from the WAO accounts memorandum report which will provide a more detailed list of issues and recommendations.
- 1.10 The impact of any changes across the Authority (JV's, outsourcing, trust status) will have a significant impact on the Accounts. Group Accounts, Consolidation of Accounts may all need to be considered. Staff are attending seminars and training in preparation for these changes.
- 1.11 A number of seminars/workshops are being held by CIPFA (Chartered Institute for Public Finance and Accountancy) and Wales Audit Office to assist in the preparation and planning for earlier closure and our officers are participating in these events.

Recommendation:	Reason for Recommendation:
<p>That Audit Committee considers and approves the 2016-17 Statement of Accounts.</p> <p>The Statement of Accounts be published by the 30th September 2017.</p>	<p>To ensure compliance with the Statutory Requirements.</p>

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – **Powys County Council**

Audit year: 2016-17

Date issued: September 2017

Document reference: **493A2017**

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infoofficer@audit.wales.

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

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are some issues to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Powys County Council at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for Powys County Council are £4.185 million for income and expenditure items and working capital balances and other balances. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity, for example, related parties and Senior Officers' Remuneration.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of Powys County Council, for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 30 June 2017, in line with the agreed deadline date. We have substantially completed our audit work with the exception of Note 18 Financial Instruments, Note 21 Cash and Bank Accounts and Note 36 Senior Officers Emoluments where our work is currently on going.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Interim Professional Finance Lead and the Financial Reporting and Policy Accountant.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#). The proposed audit report includes the audit opinion for both the Powys County Council financial statements

and the Powys Pension Fund financial statements. A separate '*Audit of Financial Statements Report*' has been prepared for the Powys Pension Fund.

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting but further improvements can be made to the information contained within the supporting notes to financial statements and working papers.**

We found that the overall quality of the draft financial statements presented to us for audit had improved from previous years. Generally, we found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. However, there are opportunities for further improvements to be made in respect of the preparation of some of the notes included within the draft financial statements (for example Note 36 Senior Officers Emoluments and Note 40 Related Parties), where our audit work identified that a significant number of amendments were required.

In addition, further improvements need to be made to the working papers provided to audit in support of the draft financial statements. This is particularly important with the onset of the Local Government early closure of accounts agenda. For example, we found in some instances, working papers provided did not agree to the balances or transactions disclosed in the financial statements or were updated by the Finance Department

following the commencement of our audit. This inevitably leads to unnecessary delays in the audit process (eg leases and creditors).

A more rigorous internal quality assurance review of the supporting working papers would prevent errors or issues of this nature.

- **We did not encounter any significant difficulties during the audit.**

We are grateful for the help and assistance provided to us by the staff of the finance and other departments throughout the audit. We generally received information in a timely and helpful manner and were not restricted in our work. However, there were occasions where some significant delays in obtaining information in support of some aspects of the financial statements were experienced. For example, as part of our testing of grant income we requested information in March 2017 but this was still outstanding at the beginning of September. We also experienced a delay of over seven weeks in respect of information requested relating to Note 41 Leases and four months in respect of evidence to support the ownership of assets included within Note 12 Plant, Property and Equipment. On both of these occasions the information requested was from departments outside of the Finance Department. The timely receipt of information to support the audit process is critical if the earlier certification date set out in the early closure timetable for Local Government is to be achieved.

- **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you.**
- **We did not identify any material weaknesses in your internal controls**
- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance.**

Independence and objectivity

- 13 As part of the finalisation process, we are required to provide you with representations concerning our independence.
- 14 We have complied with ethical standards and in our professional judgment, we are independent and our objectivity is not compromised. As reported in our Audit Plan dated March 2017, there is one potential conflict of interest that was brought to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which has a contract to provide a service within Adult Social Care. I can confirm that appropriate arrangements were introduced to ensure that this officer did not undertake any audit work in respect of this area of the Council's operations. With the exception of this, all other members of my team are independent of the Council and your officers and there are no relationships between the Wales Audit Office and Powys County Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

22 September 2017

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Powys County Council for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Audit Practice; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

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

Financial statement representations

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

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

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

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

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

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

Representations by those charged with governance

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

We acknowledge our responsibility for ensuring that the Council maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Powys County Council on 22 September 2017.

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

Signed by:

Signed by:

Section 151 Officer

Chair of the Audit Committee

Date: 22 September 2017

Date: 22 September 2017

Appendix 2

Proposed audit report of the Auditor General to the Members of Powys County Council

I have audited the accounting statements and related notes of:

- Powys County Council; and
- Powys Pension Fund

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Powys County Council's accounting statements comprise 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.

Powys Pension Fund's accounting statements comprise the Pension Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 14, the responsible financial officer is responsible for the preparation of the statement of accounts, including Powys Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to Powys County Council and Powys Pension Fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the responsible financial officer; and
- the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report and Annual Governance Statement to identify material inconsistencies with the audited

accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Powys County Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of Powys Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Powys Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date, and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report and the Annual Governance Statement is consistent with the accounting statements and related notes.

Matters on which I report by exception

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;
- the accounting 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;
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
28 September 2017

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of those charged with governance

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: Summary of corrections

Value of correction	Nature of correction	Reason for correction
Corrections Made – Overstatements and Understatements		
£445,000	<p>Note 10: Financing and Investment income and Expenditure</p> <p>Our testing of the balance of interest receivable and other income of £614,000 identified that £445,000 related to prudential borrowings costs being recharged to services and interest on school loans. The other side of the entry was charged as expenditure to the Cost of Services in the CIES.</p> <p>These amounts relate to internal recharges and should not be included within note 10 or the CIES.</p>	<p>To ensure that no internal income or expenditure is included within the CIES. This correction does not impact on the Council Fund.</p>
Various	<p>A number of casting, cross casting, and comparator errors were identified. In addition, a number of narrative and disclosure amendments were also identified within the Narrative Report, Annual Governance Statement and in the supporting notes to the financial statements.</p>	<p>In order to comply with the Code, and for completeness, accuracy and consistency throughout the financial statements.</p>

Value of correction	Nature of correction	Reason for correction
Corrections Made – Classification/Disclosure Amendments		
2016-17 £27,120,000 2015-16 £27,123,000	Cash Flow and associated notes Testing of the cash flow and associated notes identified a number of errors. £27,120,000 had been incorrectly included within the Cash Received for Goods and Services line. This should have been included within the Revenue Support Grant (RSG) line to ensure that it represents the gross amount of RSG received. Changes were also required to the 2015-16 comparator figures as result of similar incorrect treatment.	To ensure that the cash flow disclosures are in line with the code.
2016-17 - £17,335,000 2015-16 - £10,023,000	£17,335,000 relating to the movement in cash equivalents year-on-year had been within Cash Received for Goods and Services. However, this should have been disclosed as part of Investing Activities. A similar adjustment of £10,023,000 was required for the 2015-16 comparator information.	
£1,500,000	£1,500,000 was incorrectly included within both 'Cash Received for Goods and Services' and 'Investing Activities'. This was as a result of a reserve debtor transaction being included within the cash flow statement.	

Value of correction	Nature of correction	Reason for correction
£72,423,000	<p>HRA Note 3: Housing Revenue Account Capital Expenditure</p> <p>Our testing of this note identified that the Non-operational Enhancing Costs totalling £72,423,000 had been incorrectly included within this note. This amount related to the HRA subsidy buy-out which was accounted for in 2015-16 and therefore should not have been included within the 2016-17 HRA Capital Expenditure note.</p>	To ensure that the disclosure relates only to capital expenditure incurred on HRA in the financial year.
2016-17 £70,396,000 2015-16 £45,398,000 £5,239,000 £492,000	<p>Note 48: Nature and Extent of Risks Arising from Financial Instruments</p> <p>Our review of the maturity analysis of the financial liabilities within Note 48 identified that the analysis only included borrowings from PWLB and excluded all other borrowings (for example LOBOs and Local Authority Loans).</p> <p>Additionally, our testing of this note identified that the table highlighting the Authority's potential maximum exposure to credit risk did not agree to Note 20 'Short Term Debtors'. An adjustment of £5,239,000 and £492,000 to the debtor and Actual Provision for bad debts balances disclosed within Note 48.</p>	To ensure that the disclosure is correct and complete.

Value of correction	Nature of correction	Reason for correction
£67,050,000	<p>Note 44: Defined Benefit Pension Scheme</p> <p>The cumulative amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement had been incorrectly disclosed as a gain of £19,820,000. The correct figure as per the actuarial report is a loss of £47,230,000. Therefore there was an overall movement of £67,050,000.</p>	To ensure that the disclosure is correct and agrees to the actuarial report.
£4,009,000 £2,237,000	<p>Note 23: Creditors</p> <p>Our analytical procedures identified that creditors relating to Welsh Government had been understated by £4,009,000 as these had been incorrectly classified as Payments Received in Advance.</p> <p>Further testing identified that the holiday pay accrual had not been updated from the prior year and was therefore understated by £2,237,000. The accrual has therefore been increased from £1,405,000 to £3,642,000.</p>	To ensure that the creditors' figures are correctly disclosed and appropriately classified. These corrections do not impact on the Council Fund.
£1,020,000	<p>Note 18: Financial Instruments</p> <p>On reviewing the calculation of the fair value of loans and receivables we identified that fair value of the Local Authority Mortgage Scheme transactions had been omitted in error from the total disclosed.</p>	To ensure that disclosures are accurate and complete and are in line with the Code.

Value of correction	Nature of correction	Reason for correction
£269,338	<p>Note 12: Property, Plant and Equipment</p> <p>Testing identified that capital commitments figure in Note 12 had been overstated by £269,338. This error related to Talerddig Works where a late adjustment to the value of the commitments had not been included within the amount calculated.</p>	<p>To ensure that the correct value for capital commitments is disclosed. There is no impact on the Council Fund.</p>
£234,000	<p>Note 18: Financial Instruments</p> <p>Our testing of financial instruments identified that the Current Financial Assets Carried at Contract Amount' within debtors had been understated by £234,000.</p>	<p>To ensure that the figures within Not 18 are disclosed accurately.</p>
Various	<p>Note 33: Pooled Budgets and Joint Arrangements</p> <p>Our testing of this note identified a number of issues with the disclosures for ICT Service Section 33 agreement when compared to the audited return:</p> <ul style="list-style-type: none"> • 2015-16 total funding had been overstated by £73,000; • 2015-16 total expenditure had been overstated by £520,000; • 2016-17 net position for Powys County Council had been overstated by £272,000; and • 2016-17 net position for Powys Teaching health Board had been understated by £344,000. 	<p>To ensure that disclosures agreed to the audited Section 33 returns.</p>

Value of correction	Nature of correction	Reason for correction
Various	<p>Note 27: Expenditure and Income Analysed by Nature</p> <p>Our audit work identified that numerous amendments were required to Note 27 'Expenditure and Income Analysed by Nature'. This was as a result of internal recharge transactions being incorrectly included within a number of lines within this note as follows:</p> <p>Expenditure</p> <ul style="list-style-type: none"> • Support Services & other internal recharges reduced by £63,666,000 • Insurance reduced by £1,604,000 • Supplies & services reduced by £1,902,000 <p>Income</p> <ul style="list-style-type: none"> • Internal Recharges reduced by £65,896,000 • Customer & client reduced by £1,276,000. <p>The above matters also required the figures relating to 2015-16 to be re-stated.</p>	<p>To ensure that the amounts disclosed within the note are accurate and consistent with the CIES.</p>

Value of correction	Nature of correction	Reason for correction
Various	<p>Note 36: Senior Officer Emoluments</p> <p>Our audit work identified that numerous narrative and numerical amendments were required to Note 36 Senior Officer Emoluments. Some of the amendments were required as a result of wrong reports/information being obtained when the note was initially prepared. Others were required as a result of senior staff movements that had not been correctly reflected within the remuneration note or had resulted in the disclosures for senior members of staff being omitted in error.</p>	To ensure that the amounts disclosed within the note are complete and accurate.
Various	<p>Note 40: Related Parties</p> <p>A number of errors and omissions were identified during our audit testing. These included:</p> <ul style="list-style-type: none"> • where information was available which demonstrated that members were in a position as being able to exert control over bodies but where these relationships had not been disclosed; and • incorrect amounts had been disclosed for both income and expenditure transactions and balances with related parties. 	To ensure that the disclosure complies with the requirements of the Code.

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WALES AUDIT OFFICE
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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – **Powys Pension Fund**

Audit year: 2016-17

Date issued: September 2017

Document reference: **494A2017**

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

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

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements. There are no issues to report to you prior to their approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Powys Pension Fund at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated, but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material for Powys Pension Fund are £5.982 million for income and expenditure items, working capital balances, and other balances. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action to be taken, should there be any required.
- 5 This report sets out for consideration the matters arising from the audit of the financial statements of Powys Pension Fund for 2016-17, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 30 June 2017 in line with the agreed deadline, and have now substantially completed the audit work.
- 7 There are no significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#)
- 9 The proposed audit report is set out in [Appendix 2](#). The proposed audit report includes the audit opinion for both the Powys Pension Fund financial statements and the Powys County Council financial statements. A separate 'Audit of Financial Statements Report' has been prepared for the Powys County Council financial statements.

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected

Corrected misstatements

- 11 There are minor misstatements and narrative changes that have been corrected by management.

Other significant issues arising from the audit

- 12 In the course of the audit, we consider a number of matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were no issues arising in these areas this year:

- **We have no concerns about the qualitative aspects of your accounting practices and financial reporting.**
We found the information provided to be relevant, reliable, comparable, material and easy to understand. We concluded that accounting policies and estimates are appropriate and financial statement disclosures unbiased, fair and clear. We are particularly grateful to Powys County Council and its staff for their assistance during the course of the audit. Generally, we found that the quality of the draft account and working papers to be of a good quality
- **We did not encounter any significant difficulties during the audit.**
- **There were no significant matters discussed and corresponded upon with management which we need to report to you.**
- **There are no other matters significant to the oversight of the financial reporting process that we need to report to you**
- **We did not identify any material weaknesses in your internal controls**
- **There are not any other matters specifically required by auditing standards to be communicated to those charged with governance**

Follow up of our recommendation from the 2015-16 audit

- 13 Our 2015-16 audit highlighted that there was no formal agreement in place between Powys County Council and the Powys Pension Fund in respect of the recharge of administration expense costs to the Powys Pension Fund. We recommended that a formalised agreement was established which outlines the basis of the rationale and the methodology for calculating the recharge as well as setting out regular review timescales to assess the continuing adequacy of the agreement. The Council has informed us that it is currently in the process of addressing this matter and has compiled a draft Service Level Agreement (SLA) which is yet to be formally approved.

Independence and objectivity

- 14 As reported in our Audit Plan dated March 2017, there was one specific matter regarding our independence which we reported to you. This related to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which is an admitted body within the Pension Fund. I can confirm that appropriate arrangements were introduced to ensure that this officer did not undertake any audit work in respect of contributions received from or benefits payable to any member of this charity. With the exception of this, all other members of my team are independent of the Pension Fund and your officers and there are no relationships between the Wales Audit Office and Powys County Council that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

22 September 2017

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Powys Pension Fund for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Audit Practice; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

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

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

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

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

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

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

Representations by those charged with governance

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

We acknowledge our responsibility for ensuring that Powys Pension Fund maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 22 September 2017.

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

Signed by:

Signed by:

Section 151 Officer

Chair of the Audit Committee

Date: 22 September 2017

Date: 22 September 2017

Appendix 2

Proposed audit report of the Auditor General to the Members of Powys County Council

Auditor General for Wales' report to the Members of Powys County Council

I have audited the accounting statements and related notes of:

- Powys County Council; and
- Powys Pension Fund

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Powys County Council's accounting statements comprise 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.

Powys Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 14, the responsible financial officer is responsible for the preparation of the statement of accounts, including Powys Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to Powys County Council and Powys Pension Fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the responsible financial officer; and
- the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report and Annual Governance Statement to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Powys County Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on the accounting statements of Powys Pension Fund

In my opinion, the Pension Fund accounts and related notes:

- give a true and fair view of the financial transactions of Powys Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the Fund's assets and liabilities as at that date, and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report and Annual Governance Statement is consistent with the accounting statements and related notes.

Matters on which I report by exception

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;
- the accounting 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;
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
28 September 2017

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Your ref / Eich cyf:

Our ref / Ein cyf: DP/STR

Date / Dyddiad: 22nd September, 2017

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of Powys County Council for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Audit Practice; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:



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

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

Representations by those charged with governance

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

We acknowledge our responsibility for ensuring that the Council maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Powys County Council on 22 September 2017.

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

Signed by:

Signed by:

Section 151 Officer
Date: 22 September 2017

Chair of the Audit Committee
Date: 22 September 2017



David Powell, Strategic Director - Resources /
Cyfarwyddwr Strategol - Adnoddau

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Your ref / Eich cyf:

Our ref / Ein cyf: DP/SDR

Date / Dyddiad: 22nd September, 2017

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Powys Pension Fund for the year ended 31 March 2017 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Audit Practice; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:

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Strong communities in the green heart of Wales
www.powys.gov.uk



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

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

Representations by those charged with governance

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

We acknowledge our responsibility for ensuring that Powys Pension Fund maintains adequate accounting records.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 22 September 2017.

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

Signed by:

Signed by:

Section 151 Officer
Date: 22 September 2017

Chair of the Audit Committee
Date: 22 September 2017



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Narrative Report

Introduction

The Statement of Accounts 2016/17 provide details of the Council's financial position for the year ended 31 March 2017. The information presented on pages 1 to 189 is in accordance with the requirements of the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) based on International Financial Reporting Standards (IFRSs), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts consist of:

- The **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves;
- The **Expenditure and Funding Analysis** shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The **Comprehensive Income and Expenditure Statement** which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from council tax. The council tax position is shown in the Movement in Reserves Statement;
- The **Balance Sheet** which sets out the financial position of the Council at 31 March 2017.
- The **Cash Flow Statement** which shows the changes in cash and cash equivalents of the Council during the financial year;
- The **Notes to the Core Financial Statements** which provide further information to the Core Financial Statements;
- The **Housing Revenue Account (HRA)** and notes which show in more detail the income and expenditure on HRA services included in the Comprehensive Income and Expenditure Account;
- The **Pension Fund Accounts**. The financial data has been extracted from the 2016/17 Powys County Council Pension Fund annual report and included in these statements. They are independent of the statements above. Powys County Council is the Administering Authority of the Pension Fund. The fund has to be completely separate from Powys County Council's own finances;
- The **Annual Governance Statement** which sets out the governance arrangements in place, annual review and recommended improvements.

POWYS COUNTY COUNCIL

Review of the Year

Revenue Funding

The Council's net revenue budget is funded from Welsh Government Grant, Redistributed Business Rates, locally generated income and Council Tax income.

The Welsh Government funded 71.9% of the Council's 2016/17 net revenue budget compared to 73.2% in 2015/16. The funding is provided in a settlement known as Aggregate External Finances (AEF).

As part of the UK Government's austerity measures for 2016/17 the AEF decreased across Wales by an average of 1.3%. Powys received the lowest settlement in Wales with a 3% decrease, equivalent to a decrease in funding of £5.229m after adjusting for transfers.

Collection of Council Tax and Non Domestic Rates

Our Council Tax was set at £1,090.06 for properties in valuation Band D (£1,045.62, 2015/16). We collected £72.004m with a collection rate of 97.6%, the collection rate for Non Domestic Rates was 97.4%.

Revenue Expenditure

The revenue financial performance of the Council is summarised below:

Service Area	Original Budget	Total Working budget	Net Expenditure before Reserve movement	Total Movement to/(from) Reserves	Approved use of Reserves	Service Variance from Budget Under/(Over) spend
	£'000	£'000	£'000	£'000	£'000	£'000
People						
Adult & Commissioning	54,944	56,356	59,780	(3,421)	3	(3,424)
Children Services	15,774	15,949	15,847	102	-	102
Housing General Fund	828	735	568	139	(28)	167
Place						
Leisure & Recreation	11,380	12,001	11,554	393	(54)	447
Regeneration, Property & Commissioning	7,308	7,759	7,289	(98)	(568)	470
Highways, Transport & Recycling	20,104	22,219	22,899	(1,417)	(737)	(680)
Schools						
Schools Service	29,029	24,119	24,119	(157)	(157)	-
Chief Executive	4,127	4,150	3,862	338	50	288
Resources						
Professional Services	1,004	907	901	6	-	6
Information Services	234	186	10	(69)	(245)	176
Business Services	1,091	1,779	1,674	(37)	(142)	105
Service Area Totals	145,823	146,160	148,503	(4,221)	(1,878)	(2,343)
Central Activities	21,317	14,789	13,007	2,730	948	1,782
Total	167,140	160,949	161,510	(1,491)	(930)	(561)
Schools Delegated	69,978	76,169	76,449	(2,493)	(2,213)	(280)
Housing Revenue Account (HRA)	-	-	(822)	390	(432)	822
Total including Schools & HRA	237,118	237,118	237,137	(3,594)	(3,575)	(19)

The Revenue Budget for the Council was approved by the Council on the 25 February 2016 at £237.118m.

The Council's net expenditure for the year was £237.137m with £3.539m funded from reserves. A number of reserve movements were included in the approved budget or made by virements during the year this includes Capital and Voluntary Severance.

After excluding approved reserve transfers the Service performance against budget reported an overall overspend of £561k, after excluding Schools Delegated and the Housing Revenue Account (HRA).

POWYS COUNTY COUNCIL

In order to balance the budget significant savings of £12.139m were required and £9.633m have been achieved leaving a shortfall of £2.506m. This shortfall has been included within the overall budget position reported and has been mitigated by underspends in other service areas following management action and other factors during the year to limit the overspend position. Delivery of the remaining £2.506m savings is still required and is essential to the delivery of an ongoing balanced budget. Service managers continue to develop plans to make these permanent reductions and delivery will be monitored on a monthly basis throughout next year.

The revenue outturn performance indicator target is to be within 0.5% of net budget. The forecast outturn for the year excluding the HRA and Schools delegated is a net underspend of £561k or -0.35% of the working budget.

Pressures within the Adult Social Care budget were highlighted during the year and in order to manage the financial position a recovery plan was implemented and this has supported a significantly improved outturn for the directorate limiting the overspend to £3.155m.

Underspends within Corporate Activities due to lower borrowing costs, as expenditure on Capital projects was less than budgeted and the earning of more interest on the money held, together with the ability to capitalise some transformation costs limited the need to draw on reserves to fill this gap.

Revenue Grants

The Council supports a number of organisations by providing them with a grant. The recipient does not provide a service directly for the Council but their activity supports the wider objectives of the Council, for example in promoting the social, economic or environmental well-being of their area. During 2016/17 grants totalling £3.16m were issued supporting 82 organisations.

Revenue Reserves

31 Mar 16 £'000	Revenue Reserves	31 Mar 17 £'000
	Ring Fenced or Restricted Use Reserves	
2,393	School Reserves	(8)
8,007	Other Specific Reserves	7,772
	Committee Specific Reserves	
16,299	Other Specific Reserves	20,554
26,699	Total Earmarked Reserves	28,318
	Central or General Reserves	
14,269	Council Fund	8,686
1,386	Housing Revenue Fund	1,761
42,354	Total	38,765

Revenue reserves represent an accumulation of revenue over and underspends and sums set aside specifically to meet future expenditure.

Ring fenced reserves must be used for the purpose intended. The Housing Revenue Account (HRA) and school reserves are ring-fenced by statute.

STATEMENT OF ACCOUNTS

The HRA net contribution to reserve was £375k, due to an underspend on its core budget, this increases the reserve to £1.761m. Under Financial Regulations this balance should not be less than £1m.

Schools delegated budgets were heavily supported from their reserves in this financial year, schools experienced reductions to their funding as pupil numbers continued to fall. Decisive action needs to be taken by schools to address their individual financial positions. During 2016/17 the net transfer from reserves was £2.401m.

The level of General Fund reserves at 31 March 2017 is 3.62% of net expenditure.

Capital Expenditure

The approved capital programme totalled £47.677m. Final expenditure in 2016/17 was significantly lower than the approved programme at £33.624m. The variance is mainly due to a number of projects being delayed and re-profiled in the year.

The capital expenditure excluding revenue expenditure funded from capital under statute is included in the table below.

Area	Capital Expenditure £'000
Adults & Commissioning	177
Highways, Transport & Recycling	8,830
Housing Revenue Account	12,502
Leisure & Recreation	4,410
Regeneration, Property & Commissioning	2,401
Schools	4,220
Other	1,084
Total	33,624

The projects delivered within the programme include the commencement of 5 new schools in the Gwernyfed Catchment, improvements to our Leisure Centres, maintenance of our roads, the programmed replacement of vehicles, and the continued improvements to our council housing stock to bring the properties up to the standards required within the Welsh Quality Housing Standard by March 2018. We have also purchased Ladywell House in Newtown to assist us in rationalising our property portfolio but to also develop some commercial opportunities.

The Council receives a core capital allocation from Welsh Government, in 2016/17 this allocation was £7.491m, a reduction of £0.032m compared to the previous year. In addition to this the capital programme is also funded through a mixture of Supported and Prudential Borrowing, capital receipts, grants and revenue reserves as shown below:

Area	Capital Financing £'000
Supported Borrowing	3,780
Prudential Borrowing	7,001
Grants	12,196
Capital Receipts	2,923
Reserves	7,724
Total	33,624

Borrowing Arrangements

The Council operated within the requirements of its Treasury Management Policy which is set according to the Local Government Act 2003 and the CIPFA Prudential Code. Overall borrowing totalled £255.024m as at the 31 March 2017. This consisted of the following:-

- Public Works Loan Board (PWLB) - £181.016m
- LOBOs (Lenders Option, Borrowers Option) - £40.576m
- Temporary Borrowing - £25.001m (2 local authorities and one LA pension fund)
- Other long-term loan - £5.431m (local authority)

Further information is disclosed in Note 18 on page 65.

Medium Term Financial Strategy

The Council's budget settlement continues to be adversely affected by the UK Government's austerity measures to significantly reduce public spending in order to address the UK's debt situation.

The Welsh Government's budget process for 2017/18 has been undertaken against the backdrop of unprecedented levels of uncertainty, following the outcome of the European Union referendum but also relating to the fiscal outlook, which presents a number of challenges.

The Welsh Local Government finance settlement has had a slight increase in their revenue funding for 2017/18 of £10m, this is the first increase in the settlement for Local Government since 2013/14. This represents an average increase of 0.2% for councils from 2016/17. When new responsibilities are netted off the settlement will show a slight decrease.

Overall the levelling out of reductions to the revenue settlement is clearly better than it has been over the last three financial years. However, local government spending pressures will total around £200m in 2017/18 which will have to be absorbed by councils or partially offset by Council Tax increases. The impact on discretionary areas of spend will be particularly tough for councils.

The role that local government services play in reducing the impact and cost pressures of other public services is recognised with additional funding included in the settlement for Social Services.

The local context affecting our funding and demand for services is heavily influenced by Powys being sparsely populated with a wide geographic area requiring services. It has a higher than average elderly population that is predicted to increase at a rate that is significantly greater than the national average. This statistic can largely be attributed to people living longer as a result of better healthcare and improved lifestyles together with an inward migration of people to the county above retirement age.

Conversely the county's younger population is declining with a reducing birth rate and a sizeable outward migration of young people looking for further educational and career opportunities being the main contributors to this trend.

These factors in combination are presenting significant challenges. The provision of services to a dispersed and relatively small population is expensive as a result of greater transport costs and the demand for facilities to be delivered locally or within a commutable distance. Additionally, a consequence of an ageing population is the increased demand for more complex and therefore more expensive care support.

2020 Vision

The Council's response to the challenges that it faces is captured in its vision of what the Council will look like and how public services will be delivered by 2020. It envisages 'strong communities in the green heart of Wales' that are vibrant, economically active and work in partnership with the Council to deliver services locally. In support of this vision, the Council has established four key priorities. They are:

- Remodelling council services to respond to reduced funding
- Supporting people within the community to live fulfilled lives
- Developing the economy
- Improving learner outcomes for all, minimising disadvantage

The Council's Budget Strategy centres on the Council's vision and these four organisational priorities that aim to meet the challenges presented by the combination of reduced funding and service pressures.

In February the Council approved its latest Medium Term Financial Strategy and a more detailed 3 year plan to 2019/20. These documents are available on the Councils Web site at <http://powys.moderngov.co.uk/ieListDocuments.aspx?CId=137&MId=3247&Ver=4> as item C19-2017 Appendix 1.

This financial strategy includes all council services and activity funded by the revenue budget, the Housing Revenue Account and the Capital programme. The Financial Resources Model (FRM) sets out how a balanced budget will be delivered for 2017/18, however, this position is reliant on the delivery of £9.6m savings during the year.

The FRM identifies the requirement for further savings of £16.4m over the remaining period of this strategy. Given that local government does not have funding data from Welsh Government beyond 2017/18, this assessment is based on indicative figures and work undertaken by the WLGA and the Institute for Fiscal Studies focusing on how Local Government Settlements in Wales may be affected by central government's finances in the future. It is therefore based on best possible available information. However, forecasting for future years is difficult to predict with any great certainty and is subject to multiple internal and external influences. Even so, it is highly likely the reducing funding for Powys will continue because of population changes and the continuing reductions in national funding.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

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

These accounts were approved by Audit Committee on the 22 September 2017.

Signature:

Date 22 September 2017

Audit Committee Chairman

Strategic Director of Resources Responsibilities

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

In preparing this Statement of Accounts, the Strategic Director - Resources has:

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

The Strategic Director - Resources has also:

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

Certificate of the Strategic Director - Resources on the Accounts of Powys County Council and Powys County Council Pension Fund for 2016/17.

I certify that the accounts set out on pages 1 to 189 present a true and fair view of the financial position of Powys County Council and the Powys County Council Pension Fund as at 31 March 2017 and its income and expenditure for the year then ended.

Signature:

Date 22 September 2017

D Powell Strategic Director – Resources

Movement in Reserves Statement

	Council Fund £'000	Earmarked Reserves (Note 8) £'000	HRA £'000	Capital Receipts £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 26) £'000	Total Authority Reserves £'000
Balance at 31 March 2015	11,007	26,085	3,833	13,804	1,337	56,066	311,066	367,132
Movement In Reserves During 2015/16								
Surplus Or (Deficit) On Provision Of Services	(19,537)	-	(65,909)	-	-	(85,446)	-	(85,446)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	42,097	42,097
Total Comprehensive Expenditure and Income	(19,537)	-	(65,909)	-	-	(85,446)	42,097	(43,349)
Adjustments Between Accounting Basis And Funding Basis Under Regulations (Note 7)	23,413	-	63,462	740	(206)	87,409	(87,409)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	3,876	-	(2,447)	740	(206)	1,963	(45,312)	(43,349)
Transfers To/(From) Earmarked Reserves	(614)	614	-	-	-	-	-	-
Increase/(Decrease) Movement In Year	3,262	614	(2,447)	740	(206)	1,963	(45,312)	(43,349)
Balance at 31 March 2016 Carried Forward	14,269	26,699	1,386	14,544	1,131	58,029	265,754	323,783
Movement In Reserves During 2016/17								
Surplus Or (Deficit) On Provision Of Services	(22,324)	-	5,651	-	-	(16,673)	-	(16,673)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	(36,395)	(36,395)
Total Comprehensive Expenditure and Income	(22,324)	-	5,651	-	-	(16,673)	(36,395)	(53,068)
Adjustments Between Accounting Basis And Funding Basis Under Regulations (Note 7)	18,313	-	(5,262)	858	(124)	13,785	(13,785)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	(4,011)	-	389	858	(124)	(2,888)	(50,180)	(53,068)
Transfers To/(From) Earmarked Reserves	(1,572)	1,619	(14)	-	(33)	-	-	-
Increase/(Decrease) Movement In Year	(5,583)	1,619	375	858	(157)	(2,888)	(50,180)	(53,068)
Balance at 31 March 2017 Carried Forward	8,686	28,318	1,761	15,402	974	55,141	215,574	270,715

Expenditure and Funding Analysis

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2015/16			2016/17			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES)		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES)
£'000	£'000	£'000		£'000	£'000	£'000
4,466	(39)	4,427	Chief Executives	3,919	20	3,939
74,129	70,664	144,793	People	73,379	(1,978)	71,401
34,348	11,078	45,426	Place	34,395	9,754	44,149
8,591	2,394	10,985	Resources	15,854	1,845	17,699
97,959	4,464	102,423	Schools	94,483	7,822	102,305
219,493	88,561	308,054	Net Cost of Services	222,030	17,463	239,493
21,802	1,841	23,643	Other Operating Expenditure	22,092	2,486	24,578
14,698	1,566	16,264	Financing and Investment Income and Expenditure	15,658	1,143	16,801
(257,422)	(5,093)	(262,515)	Taxation and Non Specific Grant Income Operations not Included in Net Cost Of Services	(256,158)	(8,041)	(264,199)
(1,429)	86,875	85,446	Surplus or Deficit	3,622	13,051	16,673

(40,925)	Opening General Fund and HRA Balance at 31 March	(42,354)
(1,429)	Add (Surplus)/Deficit on General Fund and HRA Balance in Year	3,622
-	Transfers between Reserves	(33)
(42,354)	Closing General Fund and HRA Balance at 31 March	(38,765)

A split of the Council Fund and HRA balances are shown in the Movement in Reserves Statement.

The 2015/16 adjustment in the People directorate includes a settlement of £72m which was paid to the Welsh Government in April 2015 to buy-out of the HRA subsidy scheme.

The 'Adjustments between the Funding and Accounting Basis' are disclosed in more detail in Note 6.

Comprehensive Income & Expenditure Statement (CIES)

2015/16 Restated				2016/17		
Gross Exp. £'000	Gross Inc. £'000	Net Exp. £'000		Gross Exp. £'000	Gross Inc. £'000	Net Exp. £'000
6,031	(1,604)	4,427	Chief Executives	5,742	(1,803)	3,939
197,426	(52,633)	144,793	People	124,661	(53,260)	71,401
77,593	(32,167)	45,426	Place	74,850	(30,701)	44,149
45,164	(34,179)	10,985	Resources	50,647	(32,948)	17,699
121,209	(18,786)	102,423	Schools	121,315	(19,010)	102,305
447,423	(139,369)	308,054	Cost Of Services	377,215	(137,722)	239,493
		23,643	Other Operating Expenditure (Note 9)			24,578
		16,264	Financing and Investment Income and Expenditure (Note 10)			16,801
		(262,515)	Taxation and Non Specific Grant Income and Expenditure (Note 11)			(264,199)
		85,446	(Surplus)/Deficit On Provision Of Services			16,673
		(22,572)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets (Note 26)			(11,607)
		271	Impairment losses on non-current assets charged to the revaluation reserve (Note 26)			905
		24	(Surplus)/Deficit on Revaluation of Available For Sale Financial Assets (Note 26)			(133)
		(19,820)	Re-measurements of the net defined benefit (asset)/liability (Note 26)			47,230
		(42,097)	Other Comprehensive Income And Expenditure			36,395
		43,349	Total Comprehensive Income And Expenditure			53,068

The CIES in 2015/16 has been restated to show the authority's management structure as per the changes to the code. Gross Income and Expenditure in the Cost of Services has been increased to reflect trading accounts previously classified under Financing and Investment Income and Expenditure.

Balance Sheet

Balance as at 31 Mar 16 £'000		Note	Balance as at 31 Mar 17 £'000
776,001	Property, Plant And Equipment	12	786,938
1,420	Heritage Assets	13	1,433
1,814	Investment Property	14	2,822
2,025	Intangible Assets	15	1,781
3,761	Long Term Investments	18	2,848
3,570	Long Term Debtors	18	3,110
788,591	LONG TERM ASSETS		798,932
5,875	Short Term Investments	18	12,050
1,423	Assets Held For Sale	22	1,598
1,143	Inventories	19	961
236	Intangible Asset – Carbon Reduction Commitment		273
29,081	Short Term Debtors	20	27,785
350	Cash And Cash Equivalents	21	16,343
38,108	CURRENT ASSETS		59,010
(3,037)	Short Term Borrowing	18	(28,276)
(28,566)	Short Term Creditors	23	(35,848)
(1,898)	Short Term Provision	24	(1,969)
(207)	Capital Grant Receipts In Advance	38	(262)
(33,708)	CURRENT LIABILITIES		(66,355)
(1,159)	Provisions	24	(774)
(227,013)	Long Term Borrowing	18	(226,749)
(21,976)	Long Term Creditors	23	(20,239)
(219,060)	Liability Related To Defined Benefit Pension	44	(273,110)
(469,208)	LONG TERM LIABILITIES		(520,872)
323,783	NET ASSETS		270,715
58,029	Usable Reserves	25	55,141
265,754	Unusable Reserves	26	215,574
323,783	TOTAL RESERVES		270,715

Cash Flow Statement

2015/16 Reclassified £'000		Note	2016/17 £'000
	OPERATING ACTIVITIES		
	Cash Outflows		
161,925	Cash Paid to and on Behalf of Employees		158,844
95,193	Other Operating Cash Payments		13,454
144,159	Cash Paid to Suppliers of Good and Services		158,664
17,772	Housing Benefit Paid Out		17,343
21,802	Precepts and Levies Paid		22,091
8,487	Interest Paid		9,925
449,338	TOTAL OUTFLOWS		380,321
	Cash Inflows		
(10,509)	Rents (After Rebates)		(11,066)
(70,316)	Council Tax Income		(73,517)
(38,880)	National Non-Domestic Rate Receipts from Pool		(40,525)
(135,436)	Revenue Support Grant		(129,896)
(17,803)	DWP Grants for Benefits		(17,429)
(41,895)	Other Government Grants	30	(37,865)
(79,242)	Cash Received for Goods and Services		(85,854)
(85)	Interest Received		(156)
(394,166)	TOTAL INFLOWS		(396,308)
55,172	NET CASH OUTFLOW/(INFLOW) FROM OPERATING ACTIVITIES		(15,987)
	INVESTING ACTIVITIES	28	28,422
28,356			
(72,624)	FINANCING ACTIVITIES	29	(28,428)
10,904	DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		(15,993)
11,254	Cash and Cash Equivalent Balance as at 1 April		350
350	Cash and Cash Equivalent Balance as at 31 March	21	16,343

The 2015-16 Cashflow has been reclassified to reflect gross Revenue Support Grant payments and also the movement in cash equivalents as investing activities.

Notes to the Core Financial Statements

Note 1: Accounting Policies

i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017 on a going concern basis. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

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

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

ii. Accruals of income and expenditure

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

- Revenue from 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.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

iii. Acquisitions and discontinued operations

No such transactions took place.

iv. Cash and cash equivalents

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

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

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

v. Exceptional items

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

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

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

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

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

vii. Charges to revenue for Non-Current Assets

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

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

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

The MRP on supported borrowing on Council Fund debt is calculated on a 2% straight-line basis.

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

Termination benefits

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

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

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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 Pensions Scheme, administered by Powys County Council.

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

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

The Local Government Pension Scheme

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

- The liabilities of the Powys pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method- ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality corporate bond (Aon Hewitt GBP Select AA Curve)).
- The assets of Powys C.C. pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value.

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

- Service cost compromising:
 - Current service cost - the increase in liabilities as a result of years of service earned this year- allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Non Distributed Costs within Resources.
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement- this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period- taking into account and changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to Powys C.C. pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions reserve thereby measures the beneficial impact to the Council Fund of being required to account for the retirement benefits on the basis of cash flows rather than as benefits earned by the employees.

Discretionary Benefits

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

ix. Events after the Balance Sheet date

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

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

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

x. Foreign currency translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi. Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Council Fund balance. The gains and losses are therefore reversed out of the Council Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xii. Interests in companies and other entities

The Authority has no material interests in companies and no other entities that have the nature of subsidiaries, associates and jointly controlled entities.

xiii. Inventories and long term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First in First Out 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.

xiv. Investment property

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

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

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

xv. Jointly controlled operations and jointly controlled assets

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

xvi. Leases

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

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

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

The Authority as lessee:

Finance leases

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

Lease payments are apportioned between:

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

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

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

Operating leases

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

The Authority as lessor:

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

Operating leases

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

xvii. Property, plant and equipment

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

Capitalisation

All assets falling into the following categories are capitalised:

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

Further information of intangible assets can be read in part xi. Intangible Assets earlier in this document.

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

Tangible assets which are capable of being used for a period which exceeds one year and which:

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

Depreciation & Amortisation

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

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

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

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

The useful life is determined by the valuer, and with the change in 2013/14 to the District Valuation Service the lives of some assets have been amended in particular the Council Dwellings, garages and some operational assets.

Valuation

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

The Council Dwellings are valued on an Existing use – Social Housing basis. The beacon method has been adopted with a 40% of the market value used in the revaluations.

Impairment

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

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

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

Heritage Assets

The Code of Practice has required that all heritage assets are valued and recognised in the Statement of Accounts under non-current assets as far as it is practicable to establish a valuation for the asset. A key feature of heritage assets is that they have cultural, environmental or historical associations that make their preservation for future generations important. Heritage assets are maintained principally for their contribution to knowledge; it is this that distinguishes them from other assets.

The significant items held in the museums are recorded in the Authority's Asset Register. The values are based on a valuation undertaken in 2008/09. A number of Memorials are also recorded in the Asset Register and are valued on a 5 year rolling cycle.

Heritage assets are not depreciated because the assets do not wear out over time. The assets will be considered for any economic impairment from deterioration as part of the impairment review.

Some assets have not been included in the Statement of Accounts. These include:

- Ancient monuments 7
- War memorials 11
- Clock towers 3

The ownership of these assets is uncertain. However, they are on the Authority's land and therefore should be disclosed.

Componentisation

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

1. Materiality with regards to the Council's financial statements.

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

2. Significance of component:

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

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

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

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

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

- Plant and equipment and engineering services.
- Structure.

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

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

Highways assets are not treated as a single asset. Instead the layers of the highway are going to be recognised as work is undertaken on these layers. Specifically:

Structural Maintenance: Reconstruction associated with the removal of two or more of the structural layers of a road or pavement and their replacement with new material, including new surfacing. It involves the replacement of the existing wearing costs to increase or restore the strength of the carriageway. The Highways Asset Management Plan (HAMP) gives these assets an 18 year life.

Surface Dressing: Application of a bituminous emulsion to the carriageway upon which one or more layers of stone chippings are applied. It also includes the renewal of the anti-skid treatment, to enhance the surface texture and seal the carriageway. The HAMP gives these assets a 7 year life.

Adopted roads

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

xviii. Provisions, contingent liabilities and contingent assets

Provisions

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

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

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

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

Contingent liabilities

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

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

Contingent assets

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

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

xix. VAT

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

xx. Overhead and support services

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

Corporate & Democratic Core: Costs relating to the council's status as a multifunctional democratic organisation.

Non Distributed Costs: The cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Account as part of the Net Cost of Services.

xxi. Reserves

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

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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.

xxii. Financial assets

Financial assets are classified into two types:

- Loans & Receivables:** Assets that have fixed or determinable payments but are not quoted in an active market.
- Available-for-sale Assets:** Assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing 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 council 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.

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 at a marginally higher effective rate of interest than the rate receivable, 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 included in 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 Statement of Movement on the Council Fund Balance.

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 Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Available-for-sale assets

These are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets would be maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value would be balanced by an entry in the Available-For-Sale Reserve and the gain/loss is recognised in the Comprehensive Income and Expenditure Statement. The exception is where impairment losses have been incurred - these would be debited to the Comprehensive Income and Expenditure Statement along with any net gain/loss for the asset accumulated in the reserve.

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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the surplus or deficit on the provision of services along with any accumulated gains/losses previously recognised in the Movement in Reserves statement. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

xxiii. Provision for repayment of external loans

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

xxiv. Financial liabilities

Examples of Liabilities are payables and borrowings from third parties.

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council 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 in the loan agreement.

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Gains and losses on the repurchases or early settlement of borrowing are credited and debited to 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 premia 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 following rules apply in respect of this:-

- Premia is spread over the longer of the outstanding term of the replaced loan or the term of the replacement loan, although authorities are able to choose a shorter period.
- Discounts are spread over a minimum period equal to the outstanding term on the replaced loan or 10 years if shorter.

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.

The Authority does not give financial guarantees to make specified payments to reimburse the holder of debt.

xxv. Calculating fair value for financial instruments

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

Complexities of the NPV calculation

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

Evaluation of PWLB debt

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

Inclusion of accrued interest

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

Discount rates used in NPV calculation

The rates used were obtained by our advisors, Capita, from the market on 31 March 2017 using bid prices where applicable.

Assumptions

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

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

xxvi. Revenue expenditure funded from capital under statute

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

xxvii. Grants, contributions and donated assets

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

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

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

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

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

xxviii. Non-Current assets held for sale

If an asset is actively marketed for disposal, is available for immediate disposal and there is a high probability that it will be disposed then a Non-Current asset will be transferred from its current classification to assets held for sale. If it is highly probable that the capital receipt will be received within one year, then the asset will be classified under current assets. The value transferred will be the lower of the carrying amount and fair value less the costs to sell. Depreciation is not charged.

xxix. Schools

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

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

xxx. Accounting for the costs of the Carbon Reduction Commitment scheme

The Authority is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently the second phase, which ends on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used.

As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the costs of the Authority's services and is apportioned to services on the basis of energy consumption.

xxxi. Fair Value measurement

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

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

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

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

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

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

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

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

NDR

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

Council Tax

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

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

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2017 for 2016/17). None of the standards introduced in the 2017/18 code are expected to have a material impact on the financial statements.

Note 3: Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The IAS 19 pension cost calculations in note 44 involve placing present values on future benefit payments to individuals many years into the future. These benefits will be linked to pay increases whilst individuals are active members of the Fund and will be linked to statutory pension increase orders (inflation) in deferment and in retirement. Assumptions are made for the rates at which the benefits will increase in the future (inflation and salary increases) and the rate at which these future cashflows will be discounted to a present value at the accounting date to arrive at the present value of the defined benefit obligation. The resulting position will therefore be sensitive to the assumptions used. The present value of defined benefit obligations is linked to yields of high quality corporate bonds whereas, for the LGPS funded arrangements, the majority of the assets of the fund are usually invested in equities or other real assets. Fluctuations in investment markets in conjunction with discount rate volatility will lead to volatility in the funded status of the fund and thus to volatility in the net pension asset on the Balance Sheet and in other Comprehensive Income and Expenditure. To a lesser extent this will also lead to volatility in the pension expense in the surplus or deficit on the provision of services.
- Provisions are made when clear and accurate information is available to do so. In the absence of this, creating a provision may be misleading and could have significant financial implications. This is particularly the case in respect of the Council's future obligations in respect of landfill sites. In this case there is uncertainty regarding a professional assessment in relation to the quantum of such costs and their timing, as well as the implications of accounting approach and their related financial impact. These are therefore classed as a contingent liability. Further information is contained in the relevant section of the accounts.

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

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

The items in the Authority's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Property, Plant and Equipment
Uncertainty	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.
Effect if assumptions differ from actual	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings within Land and Buildings would increase by £455k for every year that useful lives had to be reduced.

Item	Provisions
Uncertainty	The Authority has made a provision (included in Note 24) for the settlement of claims for back pay arising from the Equal Pay initiative, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.
Effect if assumptions differ from actual	An increase over the forthcoming year, in either the total number of claims, or the estimated average settlement would each have the effect of adding to the provision needed.

Item	Pension Liability
Uncertainty	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.
Effect if assumptions differ from actual	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £14.85m. However, the assumptions interact in complex ways. During 2016/17, the Authority's Actuaries advised that the net pension's liability had decreased by £10.06m as a result of estimates being corrected as a result of experience and likewise by £12.38m attributable to updating of the demographic assumptions. There was an increase of £141.41m attributable to financial assumptions.

Item	Arrears
Uncertainty	At 31 March 2017, the Authority had a balance of sundry debtors of £28.1m. A review of significant balances suggested that an impairment of doubtful debts of £3.4m was appropriate. Housing Rent arrears had a balance of £1.2m and Council Tax arrears £3.5m at 31 March 2017. A review of significant balances suggested that an impairment of doubtful debts of £0.9m for Housing Rent arrears and £0.7 Council Tax arrears was appropriate based on the stage the arrears are within the recovery process. However, in the current economic climate it is not certain that such an allowance would be sufficient.
Effect if assumptions differ from actual	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £5.0m to be set aside as an allowance. However, very little debt is historically written off as disclosed in Note 48.

Note 5: Material Items of Income and Expense

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

Note 6: Note to the Expenditure and Funding Analysis

Please note that the explanation for the meaning of the column headings can be found on the next page.

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2015/16				Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2016/17			
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
5	(10)	(35)	(40)	Chief Executives	-	(16)	36	20
70,940	(38)	(238)	70,664	People	(2,085)	(70)	177	(1,978)
11,394	(58)	(258)	11,078	Place	9,677	(104)	181	9,754
2,507	(27)	(86)	2,394	Resources	1,721	(22)	146	1,845
5,996	(37)	(1,495)	4,464	Schools	6,225	(128)	1,725	7,822
90,842	(170)	(2,112)	88,560	Net Cost of Services	15,538	(340)	2,265	17,463
1,841	-	-	1,841	Other Operating Expenditure	2,486	-	-	2,486
(5,835)	7,150	251	1,566	Financing and Investment Income and Expenditure	(6,260)	7,160	243	1,143
(5,093)	-	-	(5,093)	Taxation and Non Specific Grant Income and Expenditure	(8,041)	-	-	(8,041)
81,755	6,980	(1,861)	86,874	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	3,723	6,820	2,508	13,051

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

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

Other Differences

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

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

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

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

	Usable Reserves				Unusable Reserves £'000
	Council Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
2016/17 TRANSACTIONS					
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(18,321)	(6,445)	-	-	24,766
Amortisation of intangible assets	(615)	-	-	-	615
Capital grants and contributions applied	10,774	4,032	-	(5)	(14,801)
Revenue expenditure funded from capital under statute	(4,780)	-	-	-	4,780
Revaluation gain/loss on property plant and equipment	32	-	-	-	(32)
Movement in fair value of investment property	28	-	-	-	(28)
Loss on derecognition of assets	(2,557)	-	-	-	2,557
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(3,028)	(1,529)	-	-	4,557
Insertion of items not debited or credited to the Comprehensive Income And Expenditure Statement:					
Statutory provision for the financing of capital investment	4,471	1,789	-	-	(6,260)
Capital expenditure charged against the council fund and HRA balances	1,742	6,088	-	-	(7,830)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	26	-	-	129	(155)
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	3,088	1,641	(4,729)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	4,197	-	(4,197)
Contribution from the capital receipts reserve towards administrative costs of non-current asset disposals	(12)	(47)	59	-	-
Available for sale asset capital receipt	(10)	-	-	-	10

	Usable Reserves				Unusable Reserves £'000
	Council Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
2016/17 TRANSACTIONS					
Deferred capital receipts upon receipt of cash	-	-	(358)	-	358
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(99)	-	-	-	99
Adjustments primarily involving the Available for Sale Financial Instruments Reserve:					
Accumulated gains on assets sold and maturing assets written out of the comprehensive income and expenditure statement as part of other investment income	11	-	(27)	-	16
Adjustment 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	(303)	30	-	-	273
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 44)	(23,379)	(811)	-	-	24,190
Employer's pensions contributions and direct payments to pensioners payable in the year	16,805	565	-	-	(17,370)
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	(2,186)	(51)	-	-	2,237
Total adjustments	(18,313)	5,262	(858)	124	13,785

	Usable Reserves				Unusable Reserves £'000
	Council Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
2015/16 TRANSACTIONS					
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(18,179)	(5,900)	-	-	24,079
Amortisation of intangible assets	(664)	-	-	-	664
Impairment	(15)	-	-	-	15
Capital grants and contributions applied	7,555	4,425	-	-	(11,980)
Revenue expenditure funded from capital under statute	(5,602)	-	-	-	5,602
HRA Subsidy Exit Payment	-	(72,423)	-	-	72,423
Revaluation gain/loss on property plant and equipment	(4,446)	-	-	-	4,446
Movement in fair value of investment property	50	-	-	-	(50)
Loss on derecognition of assets	(2,626)	-	-	-	2,626
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(3,422)	(761)	-	-	4,183
In year prior year adjustment	(64)	-	-	-	64
Insertion of items not debited or credited to the Comprehensive Income And Expenditure Statement:					
Statutory provision for the financing of capital investment	4,112	1,726	-	-	(5,838)
Capital expenditure charged against the council fund and HRA balances	630	8,433	-	-	(9,063)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	482	-	-	206	(688)
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	2,949	1,273	(4,222)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	3,897	-	(3,897)
Contribution from the capital receipts reserve towards administrative costs of non-current asset disposals	-	(31)	31	-	-
Available for sale asset capital receipt	(20)	-	-	-	20
Deferred capital receipts upon receipt of cash	(2)	-	(444)	-	446

	Usable Reserves				Unusable Reserves £'000
	Council Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
2015/16 TRANSACTIONS					
Transfer of deferred sale proceeds credited to the capital receipts reserve	-	-	(2)	-	2
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	781	-	-	-	(781)
Adjustments primarily involving the Available for Sale Financial Instruments Reserve:					
Accumulated gains on assets sold and maturing assets written out of the comprehensive income and expenditure statement as part of other investment income	(18)	-	-	-	18
Adjustment 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	(258)	1	-	-	257
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 44)	(23,417)	(713)	-	-	24,130
Employer's pensions contributions and direct payments to pensioners payable in the year	16,653	497	-	-	(17,150)
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	2,108	11	-	-	(2,119)
Total adjustments	(23,413)	(63,462)	(740)	206	87,409

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

Council Fund Balance

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

Housing Revenue Account Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Note 8: Transfers To/(From) Earmarked Reserves

	As at 31 Mar 15	Movement	As at 31 Mar 16	Movement	As at 31 Mar 17
Reserve Name	£'000	£'000	£'000	£'000	£'000
Restricted Use And Non Transferable					
Schools Reserve ¹	3,082	(689)	2,393	(2,401)	(8)
Insurance Reserve ²	2,188	(223)	1,965	430	2,395
Corporate Initiative Reserve ³	6,503	(461)	6,042	(665)	5,377
	11,773	(1,373)	10,400	(2,636)	7,764
Committee Specific Reserves					
Carried Forward Reserves ⁴	1,616	365	1,981	21	2,002
Revenue Grants Unapplied ⁵	1,079	39	1,118	88	1,206
21 Century Schools ⁶	6,916	(182)	6,734	(437)	6,297
Transport Reserve ⁷	3,029	2,024	5,053	1,146	6,199
Invest To Save ⁸	1,544	(294)	1,250	(77)	1,173
Other Reserves ⁹	128	35	163	29	192
Budget Management Reserve ¹⁰	-	-	-	3,485	3,485
	14,312	1,987	16,299	4,255	20,554
Total	26,085	614	26,699	1,619	28,318

¹ Total representing the funds available and ring-fenced to specific schools.

² To mitigate the effect of large claims against the Authority

³ Balance of unspent money for specific initiatives and one off Authority wide projects and costs. This Reserve included money set aside to fund the Authority's Job Evaluation exercise which was implemented from the 1 April 2013.

⁴ Accumulated balances that are Committee specific and not available for general purposes. These reserves finance variances in annual spending patterns from the Council's target. Conversely any over spends are carried forward for recoupment in future years. Each reserve must have a business case with a timetable of planned use that justifies its inclusion as a carry forward.

⁵ Grants received but that have not been utilised that do not have to be repaid to the Grantor.

⁶ Specifically to help finance the Schools Modernisation Programme.

⁷ The transport reserve is used to fund vehicle, plant and equipment replacements. Services are charged a real depreciation amount which is transferred to the reserve annually and new VPE is purchased when the assets are life expired.

⁸ Funds can be borrowed by departments to fund money saving schemes.

⁹ A total of accumulated balance made up from smaller reserves.

¹⁰ An accumulation of the difference between the budget and the outturn position to mitigate future potential pressures.

Note 9: Other Operating Expenditure

2015/16 £'000		2016/17 £'000
	Precepts	
2,511	Community Council Precepts	2,715
12,182	Dyfed Powys Police Precept	12,241
	Levies	
6,483	Mid And West Wales Fire Authority	6,537
585	Brecon Beacons National Park	556
41	Powys Land Drainage Board	42
(3)	(Gain)/loss on the disposal of non-current assets	(171)
2,627	Non-enhancing expenditure	2,558
(783)	Transfer to deferred credits - landlord loans	100
23,643		24,578

Note 10: Financing and Investment Income and Expenditure

2015/16 £'000		2016/17 £'000
10,062	Interest Payable And Similar Charges	9,926
7,150	Net Interest on the defined liability (asset)	7,160
(730)	Interest Receivable And Similar Income	(169)
5	Impairment Of Financial Instruments	-
(224)	Income And Expenditure In Relation To Investment Properties And Changes In Their Fair Value (Note 14)	(113)
-	Other investment income	(3)
16,263		16,801

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

2015/16 £'000		2016/17 £'000
78,757	Council Tax income	81,707
38,880	Non Domestic Rates	40,525
135,435	Non-ringfenced government grants	129,896
9,443	Capital grants and contributions	12,071
262,515		264,199

Note 12: Property, Plant and Equipment

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Movement In 2016/17								
Cost or Valuation								
As at 1 April 16	257,065	431,836	67,478	133,704	1,100	4,305	5,252	900,740
Additions	12,502	6,267	3,005	3,592	-	-	6,813	32,179
Revaluation increases/(decreases) recognised in the revaluation reserve	-	8,443	-	-	-	(229)	-	8,214
Revaluation increases/(decreases) recognised in the surplus on the provision of services	-	(1,641)	-	-	-	(726)	-	(2,367)
Derecognition - disposals	(857)	(1,771)	(2,223)	(425)	(5)	(800)	-	(6,081)
Derecognition - other	-	(2,557)	-	-	-	-	-	(2,557)
Reclassification from/(to) held for sale	-	65	-	8	-	(642)	-	(569)
Reclassification from/(to) Investment Properties	-	-	-	-	-	-	(89)	(89)
Other movements	121	(4,682)	-	1,932	-	1,384	1,245	-
As at 31 March 17	268,831	435,960	68,260	138,811	1,095	3,292	13,221	929,470

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2016/17	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation								
As at 1 April 16	(16,317)	(26,976)	(52,236)	(23,705)	-	(33)	(17)	(119,284)
Depreciation charge	(6,392)	(11,769)	(3,450)	(3,131)	-	(24)	-	(24,766)
Depreciation written out to the revaluation reserve	-	1,845	-	-	-	23	-	1,868
Depreciation written out to the deficit on the Provision of Services	-	986	-	-	-	97	-	1,083
Derecognition - disposals depreciation	55	118	1,774	82	-	-	-	2,029
Derecognition - other	-	-	-	-	-	-	-	-
Reclassified from/(to) held for sale	-	-	-	-	-	6	-	6
Other movements	(12)	157	-	(16)	-	(113)	(16)	-
As at 31 March 17	(22,666)	(35,639)	(53,912)	(26,770)	-	(44)	(33)	(139,064)
Accumulated Impairment								
At 1 April 16	(4)	(5,268)	(14)	(29)	-	-	(140)	(5,455)
Impairment (reversals)/losses recognised in the revaluation reserve	-	620	-	-	-	-	-	620
Impairment (reversals)/losses recognised in the surplus on the provision of services	-	1,316	-	-	-	-	-	1,316
Reclassified from/(to) Held for Sale	-	52	-	-	-	-	-	52
Derecognition - disposals impairment	-	-	-	-	-	-	-	-
Other movements	(1)	-	-	-	-	-	-	(1)
As at 31 March 17	(5)	(3,280)	(14)	(29)	-	-	(140)	(3,468)
Net Book Value								
As at 31 March 17	246,160	397,041	14,334	112,012	1,095	3,248	13,048	786,938
As at 31 March 16	240,744	399,592	15,228	109,970	1,100	4,272	5,095	776,001

Comparative Movements in 2015/16:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2015/16	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
As at 1 April 15	242,702	412,291	69,335	126,512	1,262	3,859	10,903	866,866
Additions	15,152	8,242	877	5,254	9	5	1,866	31,405
In year prior period adjustments	(1)	(59)	-	-	-	1	-	(59)
Revaluation increases/(decreases) recognised in the revaluation reserve	-	17,124	-	-	(34)	(5)	-	17,085
Revaluation increases/(decreases) recognised in the surplus on the provision of services	-	(4,563)	-	-	(137)	(542)	-	(5,242)
Derecognition - disposals	(808)	(1,458)	(2,738)	-	-	(1,025)	(61)	(6,090)
Derecognition - other	-	(2,683)	-	-	-	(5)	-	(2,688)
Reclassification from/(to) held for sale	-	150	-	-	-	(685)	-	(535)
Other movements	20	2,792	4	1,938	-	2,702	(7,456)	(2)
As at 31 March 16	257,065	431,836	67,478	133,704	1,100	4,305	5,252	900,740

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2015/16	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation								
As at 1 April 15	(10,514)	(20,133)	(50,837)	(20,613)	-	(241)	(19)	(102,356)
Depreciation charge	(5,843)	(11,278)	(3,815)	(3,090)	-	(53)	-	(24,079)
Depreciation written out to the revaluation reserve	-	3,833	-	-	-	178	-	4,011
Depreciation written out to the deficit on the Provision of Services	-	504	-	-	-	64	-	568
Derecognition - disposals depreciation	41	98	2,416	-	-	19	-	2,574
Derecognition - other	-	2	-	-	-	-	-	2
Reclassified from/(to) held for sale	-	(3)	-	-	-	-	-	(3)
Other movements	(1)	1	-	(2)	-	-	2	(1)
As at 31 March 16	(16,317)	(26,976)	(52,236)	(23,705)	-	(33)	(17)	(119,284)
Accumulated Impairment								
At 1 April 15	(6)	(6,574)	(14)	(29)	-	(2)	(140)	(6,766)
Impairment (reversals)/losses recognised in the revaluation reserve	-	1,205	-	-	-	-	-	1,205
Impairment (reversals)/losses recognised in the surplus on the provision of services	-	68	-	-	-	-	-	68
Derecognition - disposals impairment	-	45	-	-	-	-	-	45
Other movements	-	(4)	-	-	-	7	-	3
In year prior period adjustments	2	(8)	-	-	-	(5)	-	(11)
As at 31 March 16	(4)	(5,268)	(14)	(29)	-	-	(140)	(5,455)
Net Book Value								
As at 31 March 16	240,744	399,592	15,228	109,970	1,100	4,272	5,095	776,001
As at 31 March 15	232,182	385,584	18,485	105,870	1,262	3,616	10,744	757,742

STATEMENT OF ACCOUNTS

The land associated with the Infrastructure assets amounting to £1,847k has been transferred from Land and Buildings to Infrastructure in preparation for the introduction of Highways Network Asset classification. The introduction has now been delayed but the land is still to be held in Infrastructure and is not depreciated.

Capital Commitments

At 31 March 2017, the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2017/18 and future years budgeted to cost £7,589k. Similar commitments at 31 March 2016 were £2,584k.

In addition, there was an outstanding Revenue Expenditure Funded from Capital Under Statute (Reffcus) commitment of £128k in respect of private sector housing at 31 March 2017 (£419k at 31 March 2016).

Revaluations

The Authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations undertaken this year were carried out by external valuers from the District Valuers Services; the specialist property arm of the Valuation Office Agency (VOA).

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Assets valued in 2016/17 were revalued at 1 April 2016.

The Council Dwellings were valued on an Existing use – Social Housing basis. The beacon method was adopted with a 40% of the market value used in the revaluations.

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

The fair values of Property, Plant and Equipment:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure	Community	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Historical cost	1,799	13,430	56,641	138,686	762	-	12,842	224,160
Valued at fair value:								
31 Mar 17	-	34,619	-	-	-	3,257	-	37,876
31 Mar 16	-	56,136	-	-	-	-	96	56,232
31 Mar 15	267,032	139,264	3,734	125	171	-	283	410,609
31 Mar 14	-	122,749	823	-	124	-	-	123,696
31 Mar 13	-	69,762	7,062	-	38	35	-	76,897
	268,831	435,960	68,260	138,811	1,095	3,292	13,221	929,470

Note 13: Heritage Assets – Tangible

Cost or Valuation	Art Collection £'000	Statues £'000	Museum Artefacts £'000	Civic Regalia £'000	Total £'000
As at 1 April 16	565	117	798	93	1,573
Additions	-	2	11	-	13
As at 31 March 17	565	119	809	93	1,586

Impairments	Art Collection £'000	Statues £'000	Museum Artefacts £'000	Civic Regalia £'000	Total £'000
As at 1 April 16	(73)	-	(80)	-	(153)
As at 31 March 17	(73)	-	(80)	-	(153)

Net Book Value	Art Collection £'000	Statues £'000	Museum Artefacts £'000	Civic Regalia £'000	Total £'000
As at 31 March 17	492	119	729	93	1,433
As at 31 March 16	492	117	718	93	1,420

Comparative Movements in 2015/16

Cost or Valuation	Art Collection £'000	Statues £'000	Museum Artefacts £'000	Civic Regalia £'000	Total £'000
As at 1 April 15	550	67	798	93	1,508
Additions	15	50	-	-	65
As at 31 March 16	565	117	798	93	1,573

Impairments	Art Collection £'000	Statues £'000	Museum Artefacts £'000	Civic Regalia £'000	Total £'000
As at 1 April 15	(73)	-	(80)	-	(153)
As at 31 March 16	(73)	-	(80)	-	(153)

Net Book Value	Art Collection £'000	Statues £'000	Museum Artefacts £'000	Civic Regalia £'000	Total £'000
As at 31 March 16	492	117	718	93	1,420
As at 31 March 15	477	67	718	93	1,356

All the heritage assets have been valued in the Balance Sheet at Insurance Valuation which is based on market value. The significant items held in the museums are recorded in the Authority's Asset Register. The values are based on a 2008/09 valuation by Jeremy Rye and Co., Fine Art Agents and Valuers. Limits on the usefulness of any valuations include:

- They are held for perpetuity to further knowledge;
- The most recent valuation was for insurance purposes though is based on market value;
- There may not be a market for many of the assets held.

STATEMENT OF ACCOUNTS

A number of Memorials are also recorded in the Asset Register and are valued on a 5 year rolling cycle. Heritage Assets are not depreciated because the assets do not wear out over time. The assets will be considered for any economic impairment from deterioration as part of the impairment review.

There are a number of assets which have not been included in the Statement of Accounts as the ownership is uncertain, however, they are on the Authority's land and should be disclosed. These include:

- Ancient monuments 7
- War memorials 11
- Clock towers 3

Note 14: Investment Properties

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

2015/16 £'000		2016/17 £'000
(126)	Rental income	(98)
(48)	Direct operating expense	13
(174)		(85)

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

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

2015/16 £'000		2016/17 £'000
1,763	Balance as at 1 April	1,814
-	Additions	1,150
(1)	Disposal	(170)
50	Change in fair value	28
	Transfers:	
2	Other Changes	-
1,814	Balance as at 31 March	2,822

Fair Value Measurement

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

2015/16				2016/17				
Level 1: Quoted Market Price	Level 2: Observable Inputs	Level 3: Unobservable Inputs	Total as at 31 March 2017	Level 1: Quoted Market Price	Level 2: Observable Inputs	Level 3: Unobservable Inputs	Total as at 31 March 2017	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Recurring fair value measurements:								
-	1,814	-	1,814	Investment property	1,150	1,672	-	2,822
Non-recurring fair value measurements:								
-	685	-	685	Assets held for sale	122	852	-	974
132	4,112	-	4,244	Surplus assets	-	3,248	-	3,248

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

2015/16			2016/17			
Fair Value £'000	Balance Sheet £'000	Variance £'000	Fair Value £'000	Balance Sheet £'000	Variance £'000	
1,814	1,814	-	Investment Property (Note 14)	2,822	2,822	-
685	1,423	738	Assets held for sale (Note 22)	974	1,598	624
4,244	4,272	28	Surplus Assets	3,248	3,248	-

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

Valuation Techniques Used to Determine Level 2 Fair Values

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

Highest and Best Use

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

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

Sensitivity to Changes in Significant Unobservable Inputs

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

Note 15: Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. All software is given a finite useful life of 7 years, based on assessments of the period that the software is expected to be of use to the Authority.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £615k charged to revenue in 2016/17 was mostly charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movements on intangible assets are below.

2015/16			2016/17	
Other £'000	Total £'000		Other £'000	Total £'000
6,261	6,261	Cost at 1 April	6,320	6,320
(3,609)	(3,609)	Accumulated amortisation 1 April	(4,273)	(4,273)
(22)	(22)	Accumulated impairment 1 April	(22)	(22)
2,630	2,630	Net carrying amount at 1 April	2,025	2,025
		Additions:		
60	60	Purchase	283	283
(1)	(1)	Other Adjustments	88	88
(664)	(664)	Amortisation for the period	(615)	(615)
2,025	2,025	Net carrying amount at 31 March	1,781	1,781
		Comprising		
6,320	6,320	Cost at 31 March	6,691	6,691
(4,273)	(4,273)	Accumulated amortisation 31 March	(4,888)	(4,888)
(22)	(22)	Accumulated impairment 31 March	(22)	(22)

Note 16: Capital Expenditure and Capital Financing

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

2015/16 £'000		2016/17 £'000
224,482	Opening capital financing requirement	302,362
	Capital investment:	
31,198	Property, plant and equipment	32,179
-	Investment properties	1,150
63	Heritage assets	13
60	Intangible assets	283
5,602	Revenue expenditure funded from capital under statute	4,780
72,423	HRA subsidy exit payment	-
	Less sources of finance:	
3,897	Capital receipts	4,197
12,668	Government grants and other contributions	14,957
	Sums set aside from revenue:	
9,063	Direct revenue contributions	7,830
5,838	Minimum revenue provision (MRP)	6,260
302,362	Closing capital financing requirement	307,523
	Explanation of movement in year:	
(2,924)	Decrease in underlying need to borrow (supported by government financial assistance)	(1,881)
8,382	Increase in underlying need to borrow (unsupported by government financial assistance)	7,042
72,423	Additional borrowing for HRA buyout	-
77,881	Increase/(decrease) in capital financing requirement	5,161

Note 17: Impairment Losses and Derecognition of Non-Enhancing Expenditure

During 2016/17 the Authority has recognised no impairment losses (£432k in 2015/16) and £2,557k (£2,627k in 2015/16) relating to the derecognition of assets in relation to capital expenditure on other land and buildings, which does not change the value of the asset as it is considered non-enhancing.

Note 18: Financial Instruments

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

2016			2017	
Long-term £'000	Current £'000		Long-term £'000	Current £'000
3,761	5,875	Investments	2,848	12,050
1,020	5,875	Loans And Receivables	-	12,050
2,741	-	Available For Sale Financial Assets	2,848	-
3,570	29,081	Debtors	3,110	27,785
3,570	-	Loans And Receivables	3,110	-
-	29,081	Financial Assets Carried At Contract Amount	-	27,785
227,013	3,037	Borrowings	226,749	28,276
227,013	3,037	Financial Liabilities At Amortised Cost	226,749	28,276
21,976	30,464	Creditors	20,239	37,817
21,976	30,464	Financial Liabilities Carried At Contract Amount	20,239	37,817

2016					2017			
Financial Liabilities at Amortised Cost	Financial Assets: Loans and Receivable	Financial Assets: Available for Sale	Total		Financial Liabilities at Amortised Cost	Financial Assets: Loans and Receivable	Financial Assets: Available for Sale	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
10,061	-	-	10,061	Interest expense	9,918	-	-	9,918
-	5	-	5	Impairment loss	-	-	-	-
10,061	5	-	10,066	Total expense in deficit on the provision of services	9,918	-	-	9,918
-	(723)	-	(723)	Interest income	-	(169)	-	(169)
-	(723)	-	(723)	Total income in deficit on the provision of services	-	(169)	-	(169)
-	-	24	24	(Gains)/loss on revaluation	-	-	(133)	(133)
-	-	24	24	(Surplus)/deficit arising on revaluation of financial assets in other comprehensive income and expenditure	-	-	(133)	(133)
10,061	(718)	24	9,367	Net (gain)/loss for the year	9,918	(169)	(133)	9,616

Fair Values of Assets and Liabilities

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

- Estimated ranges of interest rates at 31 March 2017 of 0.83% to 2.34% for loans from the PWLB and 2.19% to 2.62% for other loans receivable and payable, based on new lending rates for equivalent loans at that date.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Accrued interest has been included in the fair value calculation since it is included in the carrying value of loans in the Balance Sheet.

The fair values calculated are as follows:

31 March 16			31 March 17	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
230,050	285,195	Financial liabilities	255,024	336,418
21,976	21,976	Long-term creditors	20,239	20,239

The fair value of the liabilities 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 16			31 March 17	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
6,895	6,427	Loans and receivables	12,050	12,050
3,570	3,570	Long-term debtors	3,110	3,110

Low Cost Housing (available for sale assets)

Under this scheme the Council bought properties and sold them at a discount to eligible purchasers. The debtor sums reflect the amounts repayable to the Council when those properties are sold and are measured at market value.

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

Note 19: Inventories

Inventories are stated at the lowest of cost and net realisable value. All inventories from the previous year are expensed through the accounts. The balances are those held as at 31 March.

31 Mar 16 £'000		31 Mar 17 £'000
463	Building materials, vehicle parts etc	477
630	Road salt	465
50	Other	19
1,143		961

Note 20: Short Term Debtors

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

31 Mar 16 £'000		31 Mar 17 £'000
	Central Government	
3,811	Welsh Government	7,380
102	European Community	376
2,295	HMRC (Value Added Tax)	1,905
58	Natural Resources Wales	-
93	Food Standards Agency	104
30	Home Office	122
44	National Lottery	832
11	Sports Council	-
	Trunk Road Agencies	
5,165	North Wales Trunk Road Agency	2,677
	Local Authorities	
122	Ceredigion C.C	87
1,360	Other local and education authorities	1,900
	NHS Bodies	
3,879	Powys Teaching Health Board	4,005
60	Other NHS bodies	52
	Other entities and individuals	
2,868	Council tax	2,849
245	Housing benefits	269
66	Employees	70
7,340	Other short-term debtors	4,036
1,532	Payments in advance	1,121
29,081		27,785

Note 21: Cash and Bank Accounts

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

31 Mar 16 £'000		31 Mar 17 £'000
3,659	Cash held by the Authority	21,329
(3,309)	Bank current accounts	(4,986)
350		16,343

Note 22: Assets Held for Sale

2016 £'000		2017 £'000
1,598	Opening balance	1,423
	Assets newly classified as held for sale	
685	Property, plant and equipment	636
	Assets declassified as held for sale	
(147)	Property, plant and equipment	(73)
(713)	Assets sold	(388)
1,423	Closing balance	1,598

Note 23: Creditors

Short Term Creditors

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

31 Mar 16 £'000		31 Mar 17 £'000
	Central Government	
(2,552)	Welsh Government	(4,322)
(2,760)	HM Revenues and Customs	(3,106)
(237)	Department of Energy And Climate Change	(273)
(200)	Department for Work and Pensions	(371)
	Local Authorities	
(310)	Ceredigion County Council	(105)
(529)	Other local and education authorities	(635)
	NHS Bodies	
(261)	Powys Teaching Health Board	(543)
(4)	Other NHS	(23)
	Other entities and individuals	
(14,983)	Sundry Creditors	(16,286)
(1,405)	Holiday Accrual	(3,642)
(1,120)	Wages And Salaries	(1,858)
(914)	Payments Received In Advance	(1,669)
(1,573)	Deposits – Section 40 Advance	(1,246)
(492)	Commutated Sums – Land Drainage	(520)
(1,226)	Council Tax Credits	(1,249)
(28,566)		(35,848)

Long Term Creditors

31 Mar 16 £'000		31 Mar 17 £'000
(21,976)	Deposits – Section 106 deposit	(20,239)
(21,976)		(20,239)

Note 24: Provisions

Long Term Provisions

	As at 1 April 16 £'000	Increase in Provision £'000	Reversal of Unused Provision £'000	Amounts Paid £'000	Movement to Short Term £'000	As at 31 March 17 £'000
Long Term ¹	(1,159)	-	2	33	350	(774)

Short Term Provisions

	As at 1 April 16 £'000	Increase in Provision £'000	Reversal of Unused Provision £'000	Amounts Paid £'000	Movement to Long Term £'000	As at 31 March 17 £'000
Insurance ²	(1,665)	(230)	-	532	-	(1,363)
Other ³	(233)	(200)	98	79	(350)	(606)
	(1,898)	(430)	98	611	(350)	(1,969)

Note 25: Usable Reserves

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

Usable Capital Receipts

2015/16 £'000		2016/17 £'000
13,804	Balance as at 1 April	14,544
4,668	Gross capital receipts	5,114
(1,530)	Financing fixed assets	(2,924)
(2,397)	Financing Refocus	(1,273)
30	Abortive costs	-
(31)	Less Administration costs	(59)
14,544	Balance as at 31 March	15,402

¹ Included in Long Term is an open book exercise which is being carried out to establish the cost of care home provision under/over paid by the Authority.

² A provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements, this includes employer and public liability.

³ Included in Other are Equal Pay claims still to be settled.

Note 26: Unusable Reserves

31 Mar 16 £'000		31 Mar 17 £'000
309,232	Revaluation reserve	309,837
1,642	Available for sale financial instruments	1,759
171,325	Capital adjustment account	177,440
505	Financial instruments adjustment account	233
(219,060)	Pensions reserve	(273,110)
3,515	Deferred capital receipts	3,057
(1,405)	Accumulated absences account	(3,642)
265,754		215,574

Revaluation Reserve

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

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

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

2015/16 £'000		2016/17 £'000
297,104	Balance as at 1 April	309,232
68	In year prior period adjustments	(39)
26,322	Upwards revaluation of assets	11,607
(4,020)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(905)
22,370	Surplus or deficit on the revaluation of non-current assets not posted to the surplus/deficit on the provision of services	10,663
(7,523)	Difference between fair value depreciation and historical cost depreciation	(7,768)
(2,719)	Accumulated gains on assets sold or scrapped	(2,290)
(10,242)	Amount written off to the capital adjustment account	(10,058)
309,232	Balance as at 31 March	309,837

Available For Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised.

2015/16 £'000		2016/17 £'000
1,684	Balance as at 1 April	1,642
(24)	Upward/(downward) revaluation of investments	133
(18)	Accumulated gains on assets sold and maturing assets written out the comprehensive income and expenditure statement as part of other investment income	(16)
1,642	Balance as at 31 March	1,759

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

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2015/16 £'000			2016/17 £'000	
	243,759	Balance as at 1 April		171,325
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income And Expenditure Statement:				
(133)		In year prior year adjustment	39	
(24,079)		Charges for depreciation of non-current assets	(24,766)	
(664)		Amortisation of Intangible Assets	(615)	
(4,446)		Revaluation gain/(loss) on Property, Plant And Equipment	32	
(15)		Impairment due to economic consumption	-	
(5,602)		Revenue expenditure funded from capital under statute	(4,780)	
(72,423)		HRA Subsidy Exit Settlement	-	
(2,626)		Loss on derecognition of Assets	(2,557)	
(4,183)	(114,171)	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income And Expenditure Statement	(4,557)	(37,204)
	10,241	Adjusting amounts written out of the Revaluation Reserve		10,058
	(103,930)	Net written out of the cost of non-current assets consumed in the year		(27,146)
Capital Financing applied in the year				
3,897		Use of the Capital Receipts Reserve to finance new capital expenditure	4,197	
11,980		Capital grants and contributions credited to the Comprehensive Income And Expenditure Statement that have been applied to capital financing	14,801	
688		Application of grants to capital financing from the Capital Grants Unapplied Account	155	
9,063		Capital expenditure charged against the Council Fund and HRA balances	7,830	
5,838	31,466	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	6,260	33,243
	50	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income And Expenditure Statement		28
	(20)	Available for Sale Assets		(10)
	171,325	Balance as at 31 March		177,440

Financials Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses, relating to certain financial instruments and for bearing losses, or benefiting from gains, per statutory provisions. The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Council Fund Balance to the account in the movement in reserves statement. Over time, the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March 2017 will be charged to the Council Fund over the remaining life of repaid loans.

2015/16 £'000		2016/17 £'000
762	Balance as at 1 April	505
(289)	Discounts paid from rescheduling of debt	(273)
45	Soft loans adjustment	7
(13)	Invest to save loans	(6)
505	Balance as at 31 March	233

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Authority makes employer's contributions to Pension Funds or eventually pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2015/16 £'000		2016/17 £'000
(231,900)	Balance as at 1 April	(219,060)
19,820	Actuarial gains or (losses) on pensions assets and liabilities	(47,230)
(24,130)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income And Expenditure Statement	(24,190)
17,150	Employer's pensions contributions	17,370
(219,060)	Balance as at 31 March	(273,110)

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Deferred Capital Receipts Reserve

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

2015/16 £'000		2016/17 £'000
3,181	Balance as at 1 April	3,514
(2)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
781	Landlord Loans	(99)
(446)	Transfer to the Capital Receipts Reserve upon receipt of cash	(358)
3,514	Balance as at 31 March	3,057

Accumulated Absences Account

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

2015/16 £'000		2016/17 £'000
(3,524)	Balance as at 1 April	(1,405)
3,524	Settlement or cancellation of accrual made at the end of the preceding year	1,405
(1,405)	Amounts accrued at the end of the current year	(3,642)
(1,405)	Balance as at 31 March	(3,642)

Note 27: Expenditure and Income Analysed by Nature

2015/16 Restated £'000		2016/17 £'000
159,899	Employee Costs	164,838
14,984	Premises related expenditure	15,602
15,476	Transport related expenditure	16,054
26,062	Supplies and Services	25,434
24,744	Depreciation and Impairment losses	25,364
5,602	Reffcus	4,780
72,423	HRA Subsidy Exit Settlement	-
82,958	Third Party Payments	81,247
21,802	Precepts and Levies (see note 9)	22,091
47,230	Transfer Payments	46,208
11,223	Capital financing costs (Interest and Similar Charges)	9,926
7,150	Pension Interest Costs	7,160
4,411	Impairment	-
470	IAS 19 Past Service Costs	520
2,627	Non-Enhancing Expenditure	2,557
783	Transfer to deferred credits – landlord loans (see note 9)	307
497,844	Total Expenditure	422,088
(87,716)	Grants, reimbursements and contributions (see note 38)	(89,013)
(67,853)	Customer and client income	(60,944)
(2)	Profit on Disposal of Assets	(171)
(783)	Transfer to deferred credits - landlord loans (see note 9)	(207)
-	Interest received and similar income	(170)
(2,972)	Reffcus	(2,782)
(14,693)	Precepts	(14,956)
(64,063)	Council Tax	(66,751)
(38,880)	Non Domestic Rates	(40,525)
(135,436)	Revenue Support Grant	(129,896)
(412,398)	Total Income	(405,415)
85,446	Net Expenditure/(Income)	16,673

Reconciliation to the report to Cabinet (see Narrative Forward)

	2016/17 £'000
(Surplus)/Deficit on the Provision of Services (see CIES)	16,673
Council Tax	66,751
Non-Domestic Rates	40,525
Revenue Support Grant	129,896
Items not reported to management	
Adjustments made between Accounting Basis and Funding Basis Under Regulations (see Expenditure and Funding Analysis)	(13,051)
Transfer from 21st Century Schools Reserve to Reffcus	(82)
Budgeted Reserve Movements	(3,575)
Net Expenditure/(Income) as per Narrative Report	237,137

Note 28: Cash Flow Statement – Investing Activities

2015/16 Restated £'000		2016/17 £'000
26,913	Purchase of property, plant and equipment, investment property and intangible assets	27,850
254,895	Purchase of short and long term investments	275,131
(3,995)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,600)
(249,457)	Proceeds from the sale of short and long term investments	(269,959)
28,356	Net cash flows from investing activities	28,422

Note 29: Cash Flow Statement – Financing Activities

2015/16 Restated £'000		2016/17 £'000
(80,777)	Cash receipts of short and long term borrowing	(24,964)
(11,698)	Other receipts from financing activities	(7,613)
15,679	Repayments of short and long term borrowing	25
4,172	Other payments for financing activities	4,124
(72,624)	Net cash flows from financing activities	(28,428)

Note 30: Cash Flow Statement – Analysis of Government Grants

2015/16 £'000		2016/17 £'000
11,547	Housing Grants	11,125
-	Other Housing	420
2,270	Other Social Services (Primarily Mental Handicap Strategy)	3,006
7,509	Supporting People	6,351
1,397	Other Transport Grants	1,431
3,484	Waste Disposal And Recycling Grants	2,629
7,799	Education Grants	7,057
38	Welsh Language Grant	29
1,376	PIG Policy Agreements	-
1,227	Concessionary Travel	1,316
200	CESF Grant	-
1,457	Miscellaneous	2,428
86	Safer Communities Fund	163
111	Communities First	113
2,714	Reffcus	1,243
451	Sports Council	442
121	Animal Welfare	68
108	Arts Council of Wales	44
41,895		37,865

Note 31: Trust Funds

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

The Charities Act 1993 requires there to be an independent audit of the Statement of Accounts of the following two trust funds. The 2016/17 results below had not been audited by the time Powys County Council's audit was complete and the Audit Report at the rear of this Statement of Accounts does not relate to these Trust Funds.

Welsh Church Acts Fund

The Welsh Church Acts Fund was established under the Welsh Church Act of 1914 and is administered by the County Council. Grants are made from the Fund to individuals and organisations with charitable status. The unaudited accounts of the Welsh Church Acts Fund are set out below. These accounts do not form part of the Authority's consolidated accounts.

2015/16 £'000	Revenue Account	2016/17 £'000
	Income	
(91)	Investment Income	(84)
-	Gains on Investment Assets	(294)
(91)	Total Income	(378)
	Expenditure	
43	Raising Funds	31
129	Charitable Activities	85
133	Losses on Investment Assets	-
305	Total Expenditure	116
214	Deficit/(Surplus) for the year	(262)
(2,568)	Fund Balance Brought Forward	(2,354)
(2,354)	Fund Balance Carried Forward	(2,616)

31 Mar 16 £'000	Balance Sheet	31 Mar 17 £'000
	Non-current Assets	
205	Land and Buildings	205
2,075	Investments	2,369
2,280	Total Non-current Assets	2,574
74	Net Current Assets	42
2,354	Net Assets	2,616
2,354	Fund Surplus	2,616

POWYS COUNTY COUNCIL

Rhayader Leisure Centre Trust Fund

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

2015/16 £'000	Revenue Account	2016/17 £'000
(438)	Income	(404)
460	Expenditure	404
22	Deficit/(Surplus) for the year	-
(26)	Fund Balance Brought Forward	(4)
(4)	Fund Balance Carried Forward	(4)

31 Mar 16 £'000	Balance Sheet	31 Mar 17 £'000
4	Net Current Assets	4
4	Net Assets	4
4	Fund Surplus	4

Note 32: Agency Services

The Council carries out work on an agency basis for other organisations for which it is fully reimbursed. These amounts are excluded from the Authority's results. The significant agency services provided were:

2015/16 £'000	Agency	Description	2016/17 £'000
2	Welsh Government	Houses for Homes	112
333	Welsh Government	Home Improvement Loans	193
18	Welsh Government	Viable & Vibrant Places Scheme	346

Note 33: Pooled Budgets and Joint Arrangements**Funded Nursing Care Pooled Budget (Section 31 Health Act 1999)**

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

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Assembly Government Guidance NHS Funded Nursing Care 2004. The allocation received for 2016/17 for Free Nursing care was £2,108,424 which is now within the PTHB base allocation from WG.

2015/16 £'000		2016/17 £'000
	Gross Funding	
1,065	Powys County Council	1,064
1,005	Powys Teaching Health Board	1,044
2,070	Total funding	2,108
	Expenditure	
*2,004	Monies spend in accordance with pooled budget arrangement	*2,212
2,004	Total expenditure	2,212
66	Net under/(over) spend	(104)
	Net under/(over) spend held	
(4)	Powys County Council	-
70	Powys Teaching Health Board	(104)

*The PTHB employs 5 nurse assessors plus travel over and above the allocation.

Powys Carers Services Section 33 Pooled Budget

Powys County Council and Powys Teaching Health Board have entered into a partnership agreement in accordance with Section 33 of the NHS (Wales) Act 2006. Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

2015/16 £'000		2016/17 £'000
	Gross Funding	
282	Powys County Council	237
16	Powys Teaching Health Board	16
298	Total funding	253
	Expenditure	
298	Powys Carers	251
298	Total expenditure	251
-	Net under/(over) spend	2

POWYS COUNTY COUNCIL

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

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

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

2015/16 £'000		2016/17 £'000
	Gross Funding	
521	Powys County Council	521
521	Powys Teaching Health Board	521
6	Other	3
1,048	Total funding	1,045
	Expenditure	
53	Management costs	56
5	Audit	2
432	Equipment purchase	301
289	Maintenance and inspection	326
377	Delivery, cleaning and collection charges	335
-	Professional Fees	4
1,156	Total expenditure	1,024
(108)	Net under/(over) spend	21
	Net under/(over) spend held	
(54)	Powys County Council	11
(54)	Powys Teaching Health Board	10

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

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

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

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

2015/16 £'000		2016/17 £'000
	Gross funding	
177	Powys County Council	177
177	Powys Teaching Health Board	177
354	Total funding	354
	Expenditure	
354	Twelve beds	354
354	Total expenditure	354
-	Net under/(over) spend	-

Reablement Service Section 33 Joint Arrangement

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

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

2015/16 £'000		2016/17 £'000
	Gross funding	
413	Powys County Council	413
828	Powys Teaching Health Board	828
1,241	Total funding	1,241
	Expenditure	
728	Powys County Council	725
394	Powys Teaching Health Board	445
1,122	Total expenditure	1,170
119	Net under/(over) spend	71
	Net under/(over) spend held	
4	Powys County Council	7
115	Powys Teaching Health Board	64

POWYS COUNTY COUNCIL

Kaleidoscope Tier 2/3 Psycho-social Treatment Services Section 33 Joint Arrangement

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

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

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

2015/16 £'000		2016/17 £'000
	Gross funding	
670	Powys County Council	624
122	Powys Teaching Health Board	122
792	Total funding	746
	Expenditure	
792	In accordance with joint arrangement	746
792	Total expenditure	746
-	Net under/(over) spend	-

ICT Service

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

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

The purpose of the agreement is to pool ICT funds from both partners so as to enhance the ICT service in both organisations due to finite resources.

2015/16 Restated £'000		2016/17 £'000
	Gross funding	
2,168	Powys County Council	2,340
1,084	Powys Teaching Health Board	838
107	Other income	152
3,359	Total funding	3,330
	Expenditure	
2,845	In accordance with joint arrangement	3,366
2,845	Total expenditure	3,366
514	Net under/(over) spend	(36)
	Net under/(over) spend held	
(71)	Powys County Council	136
585	Powys Teaching Health Board	(172)

Integrated Care Team for Older People Section 33 Joint Arrangement

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

Powys Teaching Health Board will be the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

The purpose of the agreement is to ensure the delivery of integrated health and social care via an integrated Care Team for Older people in Ystradgynlais area.

2015/16 £'000		2016/17 £'000
	Gross funding	
-	Powys County Council	1,460
-	Powys Teaching Health Board	2,124
-	Total funding	3,584
	Expenditure	
-	Powys County Council	1,302
-	Powys Teaching Health Board	2,005
-	Total expenditure	3,307
-	Net under/(over) spend	277
	Net under/(over) spend held	
-	Powys County Council	158
-	Powys Teaching Health Board	119

Note 34: Joint Committees

Education through Regional Working ERW is a Joint Committee consisting of six local authorities in South West and Mid-Wales. Pembrokeshire is the lead Authority. The total annual contribution from participating Authorities for 2016/17 was £250k (£250k in 2015/16) of which Powys C.C. contributed £36k (£36k in 2015/16). The reserve held specifically for Powys C.C. by ERW is £58k in 2016/17 (£55k in 2015/16).

Note 35: Members Allowances

A total of £1,222k was paid to Councillors in basic and special responsibility allowances (£1,237k in 2015/16). Councillors were also reimbursed travel, working expenses and subsistence expenses in accordance with regulations amounting to £109k (£104k in 2015/16).

Note 36: Senior Officers Emoluments

The remuneration ratio of the Chief Executive during the year of the accounts to the amount of the median remuneration (£19,238 in 2016/17, £19,048 in 2015/16) of the Authorities employees was 6.97 (6.97 in 2015/16). Please note that these calculations are based on contracted salaries and so excludes non-contracted payments such as the Chief Executive’s role as the Returning Officer.

The following number of higher paid officers, excluding senior officers, of the County Council received emoluments in excess of £60,000 in the year. Remuneration bands exclude employer’s pension contributions.

2015/16 Officers	Remuneration Band	2016/17 Officers
8	£60,000 - £64,999	13
6	£65,000 - £69,999	6
3	£70,000 - £74,999	3
2	£75,000 - £79,999	4
-	£80,000 - £84,999	1
-	£85,000 - £89,999	-
1	£90,000 - £94,999	1
-	£95,000 - £99,999	-
-	£100,000 - £104,999	1

Note 43 details termination benefits.

Senior officer posts that attracted remuneration of at least £60k are on the next two pages.

Please note that in addition to the officers shown for 2016/17, the authority also has a Joint Director of Workforce and Organisation Development. The post holder is an employee of Powys Teaching Health Board seconded to Powys County Council for two days a week at a cost of £49k in 2016/17.

STATEMENT OF ACCOUNTS

Post Title	Salary (inc fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution ¹	Total Remuneration including Pension Contribution
2016/17	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive ²	154	-	-	154	35	189
Solicitor to the Council	76	1	-	77	18	95
Strategic Director – Resources	104	1	-	105	24	129
Strategic Director – People ³	77	-	83	160	19	179
Strategic Director – Place	103	1	-	104	24	128
Interim Director – PCC/PTHB Integration ⁴	41	-	139	180	10	190
Head of Highways, Transport & Recycling	80	3	-	83	19	102
Head of Schools Service	80	3	-	83	18	101
Head of Professional Services & Commissioning ⁵	60	1	79	140	14	154
Head of Financial Services ⁶	5	-	-	5	2	7
Head of Childrens Services ⁷						
Up to 31 Aug 2016	33	4	-	37	8	45
From 12 Sep 2016	41	-	-	41	9	50
Head of Adult Services ⁸	1	-	-	1	-	1
– Operations ⁹	75	-	-	75	17	92
– Transformation ⁵	77	-	-	77	18	95
Head of Housing	72	3	-	75	17	92
Head of Business Services	76	2	-	78	17	95
Head of Regeneration, Property & Commissioning ¹⁰	65	-	-	65	15	80
Head of Regeneration & Regulatory Services ¹⁰	4	-	-	4	1	5
Head of ICT & Programme Office	68	3	-	71	16	87

¹ Pension Contribution is 23.2% of pensionable pay, of which 15.2% relates to Employers future service cost while 8% is deficit funding relating to the shortfall concerning past service liabilities.

² Salary includes £20k relating to election fees which are a separate employment and payment is made by the election bodies, not the council. The fees are set by regulation.

³ The position of Strategic Director - People was vacated in December 2016 and immediately replaced by a seconded employee from Powys Teaching Health Board on an interim basis. Please refer to note 40 to see the accrual entered in respect of the unbilled period covering January to March 2017.

⁴ The position of Interim Director – PCC/PTHB Integration was made vacant in August 2016.

⁵ The role of Head of Professional Service & Commissioning was removed at the end of December 2016 and replaced by the new role of Head of Financial Services.

⁶ The role of Head of Financial Services was filled in March 2017 with a salary of £65k per annum.

⁷ The post holder vacated this position on 31 August 2016 and was replaced on 12 September 2016. The new post holder started at the bottom of the pay scale for this role (£74k) as per standard procedure, whereas the outgoing post holder was at the top (£80k) before departing.

⁸ The role of Head of Adult Services was vacated in April 2016.

⁹ The role of Head of Adult Services has been split between Operations and Transformation, both appointed in March 2016.

¹⁰ The role of Head of Regeneration Property & Commissioning has been replaced with the role of Head of Regeneration and Regulatory Services in late March 2017.

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Post Title	Salary (inc fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution ¹	Total Remuneration including Pension Contribution
2015/16	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive ²	138	-	-	138	32	170
Solicitor to the Council	75	2	-	77	17	94
Strategic Director – Resources	103	1	-	104	24	128
Strategic Director – People	101	-	-	101	23	124
Strategic Director – Place	99	-	-	99	23	122
Interim Director – PCC/PTHB Integration ³	96	1	-	97	22	119
Head of Highways, Transport & Recycling	79	2	-	81	18	99
Head of Schools Service	77	2	-	79	18	97
Head of Professional Services & Commissioning	77	1	-	78	18	96
Head of Childrens Services	77	4	-	81	18	99
Head of Adult Services ⁴	77	-	-	77	18	95
– Operations ⁵	5	-	-	5	1	6
– Transformation ⁵	4	-	-	4	1	5
Head of Housing ⁶	76	1	-	77	18	95
Head of Business Services	72	2	-	74	17	91
Head of Regeneration, Property & Commissioning	71	-	-	71	16	87
Head of ICT & Programme Office ⁷	2	-	-	2	-	2

A Joint Director of Workforce and Organisation Development between the Powys Teaching Health Board (PTHB) and Powys County Council (PCC) commenced on 1 December 2015. The post holder is an employee of the PTHB but seconded to PCC for two days a week. PCC were invoiced for £17k (inclusive of on-costs) in 2015-16 for the four months to 31 March 2016.

¹ Pension Contribution is 23.2% of pensionable pay, of which 15.2% relates to Employers future service cost while 8% is deficit funding relating to the shortfall concerning past service liabilities.

² Salary includes £5k relating to election fees which are a separate employment and payment is made by the election bodies, not the council. The fees are set by regulation.

³ The role of Director – Change & Governance was removed and the post holder transferred into the role of Interim Director – PCC/PTHB Integration in February 2015 although the council's records did not reflect this change until October 2015.

⁴ The role of Head of Adult Services was vacated in April 2016.

⁵ The role of Head of Adult Services has been split between Operations and Transformation, both appointed in March 2016. The fulltime equivalent salary for a full year was £75k for Transformation and £73k for Operations.

⁶ The figures for 2015/16 in respect of the Head of Housing includes £6k back pay and £1k pension contributions for work in March 2015.

⁷ The role of Head of ICT & Programme Office was appointed on 21 March 2016. The fulltime equivalent salary for a full year was £66k.

Note 37: Audit Costs

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

2015/16 Restated £'000		2016/17 £'000
212	Accounts	208
124	Performance audit	110
75	Grant claims	71
2	Other	-
413		389

Accounts (£4k) and Performance Audit (£25k) in 2015/16 have been increased to reflect additional fees relating to that year.

Note 38: Taxation and Non-specific Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

2015/16 £'000	Credited to Taxation and non-specific grant income	2016/17 £'000
78,757	Council Tax	81,707
135,435	Revenue Support Grant	129,896
38,880	Non-domestic Rates redistribution (NNDR)	40,525
253,072		252,128

NNDR is organised on a national basis. The Welsh Government (WG) specifies an amount for the rate 48.6p in 2016/17 (48.2p in 2015/16) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by this amount. The total rateable value at 31 March 2017 was £79,824,688 (£75,853,034 at 31 March 2016). The Council pays the rates it collects to a pool administered by WG. WG redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population.

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The Authority also receives specific grants to be credited directly to services as below. Note that 2015/16 was reclassified to more accurately reflect the source contributions in respect of Local Health Boards [+£438k], Other Government Grants [+£221k], Other Non-government Grants [£107k] and Other [-£643k].

2015/16 Reclassified £'000	Grants, Reimbursements and Contributions	2016/17 £'000
219	Animal Health Welfare Grant	203
505	Benefit Administration Grant	404
546	Benefit Payments	568
311	Bus Revenue Support (Traws Cymru)	459
1,139	Concessionary Travel	936
306	Contribution From TEC	528
-	Environmental & Sustainable Development ¹	67
121	European Agricultural Fund for Rural Development	285
5,868	Education Improvement Grant	5,589
1,152	Families First	1,043
1,782	Flying Start	1,853
11,547	Housing Benefit Subsidy	11,125
922	Independent Living Grant	1,169
1,014	Integrated Care Fund	1,492
300	Integration Grant	-
4,662	Joint Finance – Area Health	5,415
2	Learning in Digital Wales	-
1,273	Local Health Boards	2,110
332	NNDR Collection Grant	333
1,367	Outcome Agreements	10
1,921	Pupil Deprivation Grant	2,051
1,127	Regional Transport Service Grant	1,280
16,993	Rent Allowance Grant	16,692
194	School Milk	151
290	CSW Development	289
5,546	Sixth Form Grant	5,098
451	Sports Council	431
835	Substance Abuse Action Plan	933
5,138	Supporting People	5,138
3,892	Sustainable Waste Management Grant ¹	3,618
9,319	Capital Grants	12,015
2,806	Other Government Grants	2,724
395	Other Non-Government Grants	201
5,441	Other	4,803
87,716		89,013

¹ Environmental & Sustainable Development (ESDLA) will replace the Sustainable Waste Management Grant in future years

STATEMENT OF ACCOUNTS

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

2015/16 £'000	Capital grants received in advance	2016/17 £'000
174	Balance as at 1 April	207
39	Grants Received	82
(6)	Transfer to capital grants unapplied	(27)
207	Balance as at 31 March	262

Note 39: Council Tax

Council Tax income derives from charges raised according to the value of residential properties which have been classified into ten valuation bands based on the draft valuation list prepared by the Valuation Office that came into effect 1 April 2006. Charges are calculated by taking the amount of Council Tax income required by the County Council, Dyfed Powys Police and Community Councils for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The tax base used for the calculation of Council Tax in 2016/17 was 61,186 (60,889 in 2015/16).

The basic charge of £1,090.06 (£1,045.62 in 2015/16), for a band D property in 2016/17 for County Council purposes is multiplied by the proportion specified for the particular band to give the amount due for each individual property. A similar exercise is done for Dyfed Powys Police Authority and Community Council purposes to arrive at the total Council Tax charge per property.

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

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Properties	4	3,077	6,035	9,946	9,127	13,359	12,480	6,352	1,126	384

2015/16 £'000		2016/17 £'000
78,921	Council tax income	81,830
(165)	Miscellaneous write offs	(123)
78,756	Net proceeds from council tax	81,707

Note 40: Related Parties

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

Central Government

Welsh Government have effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions.

Chief and Senior Officers and their Close Families

Senior Officers of the Council maintain a register of gifts received and are asked annually to declare any relevant interests. No material transactions took place in 2016/17.

Other Public Bodies [Subject To Common Control by Central Government]

The Authority has seven pooled budget arrangements with Powys Teaching Health Board for the provision of health services. Transactions and balances outstanding are detailed in note 33.

Powys County Council also have three members of staff who are joint working with Ceredigion County Council and Powys Teaching Health Board. The below table shows the amounts exchanged in relation to the named positions.

Position	Purpose	Authority	Billed to/(from) £'000	Outstanding £'000
Streetworks Manager	Joint Working CWIC	Ceredigion County Council	17	17
Workforce Director	Joint Working	Powys Teaching Health Board	(49)	-
Interim Strategic Director - People	Joint Working	Powys Teaching Health Board	-	4

Please note that at the time of closing Powys County Council has yet to have been invoiced for the Interim Strategic Director – People, as such a £4k accrual has been entered in to the accounts for the period covering 1 January 2017 to 31 March 2017.

The Powys Pension Fund

As well as making employer contributions to the Fund the County Council also provides administrative services for the fund. In 2016/17 the Council was paid £887k for these services (£863k for 2015/2016).

Members

As required by law the Authority holds a Register of Members' Interests which Members are required to maintain. In addition Members declare interests where they are involved in Authority decisions affecting that interest. Note 35 shows the allowances paid to members.

The following table is a summary of all transactions recorded in relation to declared relationships which were either controlled by a member or otherwise considered material. As all amounts have been rounded to the nearest thousand, any transactions between nil and £499.99 are represented as a zero (0).

Member	Body	Relationship	Expenditure		Income	
			In Year £'000	O/S £'000	In Year £'000	O/S £'000
Breeze, Graham Charles	Mytown Media Ltd	Director	0	-	-	-
Brunt, John Harold	Mid Wales Manufacturing Group	Project Manager	78	-	-	-
Brunt, John Harold	Neath Port Talbot College	Corporation Board Member	391	186	57	11
Davies, Melanie Jade Brookes	Lakeside Llangorse	Director and land owner	4	-	1	-
Davies, Steve	Mountain Micros	Owner	-	-	2	1
George, Russell Ian	Fuze Ltd	Director	-	-	0	-
Harris, Rosemarie	Royal Welsh Agricultural Show	Enterprise Director and Steward	70	38	26	-
Hayes, Stephen Murray	Castle Kitchen, Montgomery	Partner	-	-	1	-
Jones, David Richard	Powysland Internal Drainage Board	Context suggests member of	21	-	-	-
Jones, Michael E.	East Radnor Day Centre	Chairman	152	-	4	0
Jones, Michael John	Brecon Beacons National Park	Member of Planning Committee	609	1	53	6
Jump, Francesca Helen	Canal & River Trust	Rep. for Montgomeryshire	12	-	0	-
Mackenzie, Maureen	Wyeside Arts Centre	Interim Chair	37	-	2	-
Mayor, Darren	Impact Schools Team (charity)	Director	1	0	-	-
Meredith, David William	Theatr Brycheiniog	Board Member	79	-	1	2
Morgan, Evan Thomas	Defynnog Agricultural Society	Trustee and Chief Steward	-	-	0	-
Powell, John	Church in Wales, Diocese of Swansea & Brecon	Member of Finance Board	0	-	0	0
Silk, Kathryn Susan	Arts Alive	Trustee	27	7	0	-
Thomas, William Barry	Banwy Fuels	Lease Holder at Glanverniew	41	2	0	-
Van Rees, Tim	Royal Regimental Museum	Chair of Exec. Comm. of Trustees	-	-	0	-
Williams, Gwilym Ioan Snead	Brecon Beacons National Park	Member of Planning Committee	609	1	53	6
Williams, Sarah Louise	Communities First	Health Project Manager	-	-	30	8

Members also declared control over the below bodies, however there were no transactions recorded in respect of these for financial year 2016/17.

Councillor	Body	Relationship
Bowker, Gemma-Jane	Robert Owen Museum, Newtown	Member of Management Committee
Breeze, Graham Charles	Breeze PR	Owner
Breeze, Graham Charles	Mid Wales Trophies and Engraving	Partner
Brown, Richard Graham	Punch Bowl Inn, Llandrinio	Partner
Brown, Richard Graham	Llandrinion Village Hall Committee	Trustee
Brunt, John Harold	Army Cadet Force Association	Trustee
Brunt, John Harold	Army Cadet Force Association Wales	Chairman
Davies, Roche	W. V. Davies & Co	Partner
George, Russell Ian	Montgomeryshire branch of United Nations	Vice President
George, Russell Ian	Montgomeryshire Area Scout Council	Area President
Gibson-Watt, James	Adela	Owner
Harris, Peter	River Severn Custodians	Chairman
Harris, Peter	Newtown Civic Society	Committee Member
Hayes, Stephen Murray	Montychini Investments	Partner
Hopkins, Geraint George	Traveline Cymru	Director
Jones, Graham Maurice	M Jones & Son	Partner
Jones, Wynne	W.T. &D. Jones	Partner
Jones, Wynne	Tanst Partnership, Mid Wales	Director
Jones, Wynne	Abermule Bowling Club	President
Jones, Wynne	Millfields Amenity Land Trust	Trustee & Chairman
Jump, Francesca Helen	Friends of Montgomery Canal	Member
Mayor, Darren	Impact (charity)	Trustee
Medlicott, Peter James	Hereford, Breconshire and Radnorshire Law Society	Director
Medlicott, Peter James	Rhayader and Elan Valley Angling Association	Chairman
Medlicott, Peter James	Medlicott Solicitors	Partner
Morgan, Evan Thomas	Maescaer Community Hall Committee	Chairman
Morgan, Evan Thomas	Sennybridge Stock Market	Chairman and Trustee
Morgan, Evan Thomas	Sir John Dary Charity	Trustee
Morgan, Evan Thomas	Sennybridge and Brecknock YFC	Vice President

Councillor	Body	Relationship
Morris, John	Graig Barn Farm/Welsh Farmhouse Applejuice	Partner
Powell, William Denston	Transport Focus	Board Member
Pritchard, Philip Charles	Football Association Wales	Director/Life Vice President
Shearer, Joy	JM & JG Shearer, Cochsidan	Partner
Turner, Tom	Funky Dragon	Director
Turner, Tom	Media Solutions	Owner
Van Rees, Tim	War Memorial Institute	Secretary and Trustee
Vaughan, Gwilym Pughe	Mr G Vaughan (School Transport Contract)	Owner

Note 41: Leases**Authority as a Lessee****Operating Leases**

Various services use assets financed by operating lease. The lease costs form part of each service's revenue expenditure. Total operating lease rentals paid in the year were £1,081k (£1,088k in 2015/16) and the total outstanding commitment on operating leases at the 31 March 2017 was £2,593k (£2,092k at 31 March 2016).

31 Mar 16 £'000	Minimum lease payments	31 Mar 17 £'000
1,022	No later than one year	1,143
1,042	Later than one but no later than five years	1,142
28	Later than five years	308
2,092		2,593

Finance Leases

The Authority has no finance leases.

Authority as a Lessor**Operating Leases**

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

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

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

31 Mar 16 £'000	Minimum lease payments	31 Mar 17 £'000
1,566	No later than one year	1,552
4,037	Later than one but no later than five years	3,898
6,736	Later than five years	6,025
12,339		11,475

Finance Leases

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

Note 42: Obligations under Long Term Contracts

The contract with BUPA to purchase a minimum number of beds amounting to £10.5m was originally scheduled to expire in 2014. This contract has been extended on multiple occasions as follows:

- Extended to 2016 for an additional £6.9m
- Extended to 2017 for an additional £4.8m
- Extended to 2019¹ for an additional £10.2m

The below table shows the commitments under this agreement.

31 Mar 16 £'000	Commitment	31 Mar 17 £'000
4,406	No later than one year	4,929
400	Later than one but no later than five years	5,670
-	Later than five years	-
4,806		10,599

Note 43: Termination Benefits

The Authority had the following termination costs.

2015/16			2016/17	
Staff	£'000		Staff	£'000
260	1,104	£0 - £20,000	241	946
20	560	£20,001 - £40,000	27	812
7	319	£40,001 - £60,000	4	204
1	74	£60,001 - £80,000	3	208
-	-	£80,001 - £100,000	1	83
-	-	£100,001 - £150,000	1	139
1	157	£150,001 - £200,000	-	-
289	2,214		277	2,392

2015/16 £'000		2016/17 £'000
1,524	Redundancy	1,641
482	Pension strain	539
115	Loss of office	84
93	Payment in lieu of notice or holidays	128
2,214		2,392

¹ The agreement is scheduled to end on 1 June 2019 but may be extended for multiple period(s) by mutual agreement. The same agreement also states that the extensions cannot go beyond 31 October 2024.

Note 44: Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The actuarial valuation at 31 March 2013 and the contributions to be paid until 31 March 2017 resulting from that valuation are set out in the Funds Rates and Adjustment Certificate. An actuarial valuation of the Fund was carried out at 31 March 2016 and as part of the valuation a new Rates and Adjustment Certificate will be produced for the three year period from 1 April 2017.

Transactions Relating to Post-employment Benefits

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

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2015/16 Funded £'000	2015/16 Total £'000	Comprehensive income and expenditure statement	2016/17 Funded £'000	2016/17 Total £'000
		Cost of services		
16,510	16,510	Current service cost	16,510	16,510
470	470	Past service costs	520	520
		Financing And Investment Income And Expenditure		
7,150	7,150	Interest on net defined benefit	7,160	7,160
24,130	24,130	Pension expense charged to the surplus/deficit on the provision of services	24,190	24,190
		Other post employment benefit charged to the Comprehensive Income And Expenditure Statement		
11,880	11,880	Return on plan assets (in excess of)/that recognised in net interest	(71,740)	(71,740)
(25,480)	(25,480)	Actuarial (gains)/losses due to change in financial assumptions	141,410	141,410
-	-	Actuarial (gains)/losses due to changes in demographic assumptions	(12,380)	(12,380)
(6,220)	(6,220)	Actuarial (gains)/losses due to liability experience	(10,060)	(10,060)
4,310	4,310	Total other post employment benefit charged to the Comprehensive Income And Expenditure Statement	71,420	71,420
		Movement In Reserves Statement		
(24,130)	(24,130)	Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the Code	(24,190)	(24,190)
		Actual amount charged against the Council Fund balance during the year:		
(17,150)	(17,150)	Employers contributions payable to scheme	(17,370)	(17,370)

The cumulative amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement to the 31 March 2017 is a loss of £47.23m.

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2016 £'000		2017 £'000
465,810	Fair value of assets	550,690
684,870	Present value of funded defined benefit obligation	823,800
(219,060)	Funded Status	(273,110)
(219,060)	Asset/(Liability) recognised on the balance sheet	(273,110)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2015/16 £'000	Pension Scheme Assets	2016/17 £'000
463,580	Brought forward 1 April	465,810
14,830	Interest Income on Assets	15,800
(11,880)	Remeasurement gains/(losses) on assets	71,740
17,150	Contributions by the employer	17,370
4,390	Contributions by participants	4,290
(22,260)	Net benefits paid out	(24,320)
465,810	Carried Forward 31 March	550,690

2015/16 £'000	Actual Return on Assets	2016/17 £'000
14,830	Interest Income on Assets	15,800
(11,880)	Remeasurement gains/(losses) on assets	71,740
2,950	Actual Return On Assets	87,540

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

2016 Funded £'000	Pension Scheme Liabilities	2017 Funded £'000
695,480	Brought forward 1 April	684,870
16,510	Current service cost	16,510
21,980	Interest expense on defined benefit obligation	22,960
4,390	Contributions by participants	4,290
(25,480)	Actuarial (gains)/losses on liabilities – financial assumptions	141,410
-	Actuarial (gains)/losses on liabilities – demographic assumptions	(12,380)
(6,220)	Actuarial (gains)/losses on liabilities – experience	(10,060)
(22,260)	Net benefits paid out	(24,320)
470	Past service cost	520
684,870	Carried forward 31 March	823,800

Local Government Pension Scheme Assets Comprised

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

% of Assets 31 Mar 16		% of Assets (Quoted) 31 Mar 17	% of Assets (Unquoted) 31 Mar 17	Total Assets 31 Mar 17
51.6	Equity Investments	47.3	4.5	51.8
14.2	Property	11.9	-	11.9
13.4	Government Bonds	14.8	-	14.8
7.6	Corporate Bonds	6.9	-	6.9
0.9	Cash	1.5	-	1.5
12.3	Other	13.1	-	13.1
100.0		95.5	4.5	100.0

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

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The valuations have been carried out as of 31 March 2013 and updated for following years by AON Hewitt Limited the independent Actuaries to the fund. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement (for schemes where the age profile of the active membership is significantly rising).

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

2016 %		2017 %
2.9	Inflation – RPI	3.1
3.3	Rate of general increase in salaries	3.5
1.8	Rate of increase to pensions in payment	2.0
1.8	Rate of increase to deferred pensions	2.0
3.4	Discount rate	2.6

The Principal Demographic Assumptions are:

31 Mar 16	Post Retirement Mortality	31 Mar 17
	Males	
Standard SAPS Normal Health All Amounts (\$1NMA)	Year of Birth base table	Standard SAPS S2N tables
100.0%	Scaling to the above table	100.0% for current pensioners 105.0% for future pensioners
CMI_2012	Cohort improvement factors to base table	CMI_2014
1.5%	Minimum underpin to improvement factors	1.5%
23.1	Future lifetime from age 65 (currently aged 65)	23.0
25.3	Future lifetime from age 65 (currently aged 45)	24.8
	Females	
Standard SAPS Normal Health All Amounts (\$1NMA)	Year of Birth base table	Standard SAPS S2N tables
100.0%	Scaling to the above table	95.0% for current pensioners 100.0% for future pensioners
CMI_2012	Cohort improvement factors to base table	CMI_2014
1.5%	Minimum underpin to improvement factors	1.5%
25.6	Future lifetime from age 65 (currently aged 65)	25.7
28.0	Future lifetime from age 65 (currently aged 45)	27.5

	31 Mar 16	31 Mar 17
Commutation	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.

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

Funded LGPS Benefits

Discount Rate Assumption		
Experience gains / (losses) on liabilities	+0.1% p.a.	-0.1% p.a.
Present value of total obligations (£'000s)	808,950	838,920
% change in present value of total obligation	-1.8%	1.8%
Projected service cost (£'000s)	22,090	23,420
Approximate % change in projected service cost	-2.9%	3.0%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value to total obligation (£'000s)	827,060	820,580
% change in present value of total obligation	0.4%	-0.4%
Projected service cost (£'000s)	22,750	22,750
Approximate % change in projected service cost	0.0%	0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	835,640	812,150
% change in present value of total obligation	1.40%	-1.40%
Projected service cost (£'000s)	23,420	22,090
Approximate % change in projected service cost	3.0%	-2.9%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumptions ¹	-1 year	+1 year
Present value of total obligation (£'000s)	848,310	799,440
% change in present value of total obligation	3.0%	-3.0%
Projected service cost (£'000s)	23,560	21,940
Approximate % change in projected service cost	3.60%	-3.60%

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on March 2016.

The Council anticipates paying £19.74m regular contributions to the scheme in 2017/18.

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

Active members (35%)	Deferred pensioners (16%)	Pensioners (49%)
----------------------	---------------------------	------------------

The weighted average duration of the defined benefit obligation for scheme members is 18.2 years in 2016/17 (18.3 years 2015/16).

¹ A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

Risks Associated with the Fund in Relation to Accounting

Asset Volatility

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

Changes in Bond Yield

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

Inflation Risk

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

Life Expectancy

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

Exiting Employers

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

Note 45: Teacher Pension Costs

In 2016/17 the County Council paid £6.9m to the Department for Education in respect of teacher's pension costs which represents 16.4% of teacher's pensionable pay (£6.5m, 14.1% up to 31 August 2016 and 16.4% from 1 September 2016 in 2015/16). These contributions are set in relation to the current period only. In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with an actuarially calculated percentage of any early retirements awarded after 1 September 1998. It is also responsible for any related increases on these awards. In 2016/17 payments made in relation to added years amounted to £1.4m, representing 3.41% of pensionable pay (£1.4m, 3.13% in 2015/16). Estimated employer contributions for 2017/18 are £6.9m.

Note 46: Contingent Liabilities

The Authority had up to 2005/06, a contractual arrangement with the local water supplier. This arrangement was understood to be one by which the council was to provide billing and collection services, in return for a void allowance for empty properties and a commission to reflect both the administrative costs attached and the transfer of risk and bad debt associated with these accounts. 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. The potential liability exposure of the Authority cannot be estimated and maybe subject to a time limitation.

Under the Equal Pay Act (Amendment) Regulations 2003 the Council must complete and implement a local pay review. As a result there is a possibility that compensation claims could be raised in relation to equal pay for work of equal value. Any settlement is uncertain at this stage so the provision set aside is the best estimate based on the latest negotiations and legal advice.

Municipal Mutual Insurance Company (MMI) was the main local authority insurer for many years up until 1992 when the company failed and went into "run-off". A Scheme of Arrangement was approved in 1994 with the aim of meeting all claims and achieving a solvent run-off. For a number of years the Administration and Creditors Committee reported that a solvent run off was likely to be achieved and sought to sell the business to another insurer to bring the arrangement to a conclusion. Unfortunately a sale has never been achieved and more recently claims have emerged where courts have ruled in favour of claimants rather than MMI. This increased the risk that a solvent run-off would not be achieved.

On 13 November 2012 the directors of MMI "triggered" MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 (now section 899 of the Companies Act 2006). The Scheme administrator set an initial Levy rate of 15% on claims paid by MMI exceeding in aggregate £50k. The initial Levy payment was made in 2013-14. In March 2016 the Scheme administrator applied a Second Levy increasing the initial levy to 25%. A provision of £44k is included in note 24 as 25% of outstanding estimates provided by the Scheme administrator. The contingent liability is noted to incorporate any increase in the levy above 25%.

There is potential that decisions made by our planning committee with regard to planning permission for Wind Farm development will go to appeal.

Powys County Council owned landfill sites were all closed before 1994, the date financial provision was introduced as a requirement by the Environmental Protection Act 1990. Due to the time elapsed since closure there is some uncertainty in relation to the extent of Council obligations and also relevant sites and accounting treatment, the Council has not made provision for these as without this the Council deems that it cannot meet all the three tests required by IAS 37 for the creation of a provision.

Note 47: Contingent Assets

No such assets were known to exist at 31 March 2017.

Note 48: Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority has an investment list of banks and other financial institutions which is based on current credit ratings, credit default swap data and other relevant financial information. The ratings determine the maximum amount that can be invested with a particular institution and the length of time for which it may be invested. The Authority has a policy of not lending more than £20m of its surplus balances to one institution at any one time.

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

	Amount at 31 Mar 17 £'000	Actual provision for bad debts made £'000	Bad debt written off in year £'000
Deposits with banks and financial institutions	11,030	-	-
Customers			
Council Tax	3,518	(669)	155
Housing rents	1,212	(943)	134
Sundry debtors	28,059	(3,392)	272
	32,789	(5,004)	561

No collateral is held as security on Financial Assets.

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

	3 to 6 Months £'000	6 to 9 Months £'000	Over 9 Months £'000	Total £'000
Debtors Ledger Control	99	154	1,581	1,834

	1 to 2 Years £'000	2 to 5 Years £'000	Over 5 Years £'000	Total £'000
Council Tax	2,326	468	252	3,046

Liquidity Risk

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

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

2016 £'000		2017 £'000
26	Within a year	25,391
385	Between 1 to 2 years	5,029
12,093	Between 2 to 5 years	11,613
26,217	Between 5 to 10 years	29,729
188,073	Over 10 years	180,012
226,794		251,774

Refinancing and Maturity Risk

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

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

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

The maximum principal sum invested for periods longer than 364 days is £10m.

Market Risk

Interest Rate Risk

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

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

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

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

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

To highlight the sensitivity of rises, if interest rates had been 1% higher during 2016/17 with all other variables constant, the financial effect would be:

	£'000
Increase In Interest Payable On Variable Rate Borrowings	300
Increase In Interest Receivable On Variable Rate Investments	(518)
Increase In Surplus Of Income And Expenditure Account	(218)
Share Of Overall Impact Debited To The HRA	-

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

Price Risk

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

Foreign Exchange Risk

For part of the year the Authority had foreign exchange exposure resulting from an element of the monies received in respect of the Icelandic Glitnir Bank deposit being in Icelandic Kroner. This situation concluded on 2 September 2016.

Note 49: Icelandic Banks

Glitnir Bank HF

Glitnir Bank HF is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Following the Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made a distribution to creditors in a basket of currencies in March 2012.

An element of the distribution was in Icelandic Kroner which was in an escrow account in Iceland and was earning interest of 4.22% as at 31 March 2016. On 16 June 2016 the Authority took part in the final Icelandic Central Bank currency auction as a result of which the ISK held in escrow was sold at the best price available. Settlement was made in Euros (€475k) to a Euro bank account held by the Authority in the UK. This gave the Authority control over the timing of the currency exchange. A decision was made on 2 September 2016 to convert the Euros to GBP (£399k). As such, the Glitnir situation was concluded.

Note 50: Capitalisation Direction

Under sections 16(2)(b) and 20 of the Local Government Act 2003 the Council may treat as capital expenditure, expenditure which

- i. is incurred by the Council on the revenue costs of projects designed to reduce future revenue costs and/or transform service delivery; and
- ii. is properly incurred by the authorities during the financial years that end on 31 March 2017, March 2018 and 31 March 2017

It is a condition of this direction that expenditure treated as capital expenditure in accordance with it, may only be met from capital receipts which have been received in the years to which the direction applies.

The below are projects that made use of this capital receipts flexibility. These projects were all funded from capital receipts.

The expected savings in 16-17 are shown on a project-by-project basis.

The Joint Venture Partnership did not make any savings during the financial year but the project which continues into 2017-18 will make savings then upon its inception.

	2016/17	
	Total Capitalised £'000	Estimated Savings Made £'000
Phase 2 of Third Party spend Implementation	221	1,239
Children's Transformation Project	203	510
Head of Transformation (Adult Social Care)	108	969
Care Home Project	234	
Joint Venture Partnership	141	-
	907	2,718

Note 51: Events after the Balance Sheet Date

The Council and Kier Support Services have set up a Joint Venture Company, commencing on 3 July 2017 and named Heart of Wales Property Services Ltd (HOWPS), the new company will deliver repairs and maintenance, minor/major works, consultancy, advice and statutory testing for Council Housing and for the Council's public and commercial buildings (Corporate Services). Powys' contract with Heart of Wales Property Services Ltd will be circa £10m.

The Statement of Accounts was authorised for issue by the Strategic Director - Resources on 22 September 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Housing Revenue Accounts

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

Housing Revenue Account (HRA) Self Financing

In July 2013 the UK Government and the Welsh Government reached agreement on the terms under which Authorities with housing stock in Wales could exit from the HRA subsidy system and become self-financing. The move to self-financing in April 2015 means that Authorities for the first time be in a position where they can support their landlord activities from their own income. A settlement of £72m was paid to the Welsh Government (on behalf of the UK Treasury) in April 2015 to buy-out of the HRA subsidy system. Loans were taken out with the PWLB to fund the settlement.

Income and Expenditure Account

2015/16 £'000		2016/17 £'000
	Expenditure	
3,191	Supervision and management	3,306
7,078	Repairs and maintenance	6,950
1	Subsidy payable	-
72,423	HRA Subsidy Exit Payment	-
49	Rents and rates	55
71	Movement in allowance for bad and doubtful debts	142
5,900	Depreciation, impairment and revaluation of noncurrent assets	6,445
76	Debt management expenses	13
88,789	Total service expenditure	16,911
	Income	
(21,430)	Dwelling rents	(21,380)
(476)	Non dwelling rents	(535)
(138)	Other charges for services and facilities	(402)
(3)	Contributions towards expenditure	(2)
(22,047)	Total service income	(22,319)
66,742	Net cost of services as included in the Comprehensive income and expenditure account	(5,408)
122	HRA services share of corporate and democratic core	125
66,864	Net cost of HRA services	(5,283)
	HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement	
(512)	(Gain)/loss on sale of HRA noncurrent assets	(112)
3,777	Interest payable and similar charges	3,572
(1)	Amortisation of premiums and discounts	(30)
207	Net interest on the net defined benefit liability	234
(1)	HRA investment income	-
(4,425)	Capital grants and contributions applied	(4,032)
65,909	(Surplus)/deficit for the year on HRA services	(5,651)

Movement on Housing Revenue Account Statement

2015/16 £'000		Note	2016/17 £'000
3,833	Balance as at 1 April		1,386
(65,909)	Surplus/(deficit) for the year on the HRA		5,651
63,462	Adjustments between accounting basis and funding basis under statute	5	(5,262)
(2,447)	Increase/(decrease) in the HRA balance Before transfers to or from reserves		389
-	Transfers to/(from) earmarked reserves		(14)
(2,447)	Increase/(decrease) in the HRA balance		375
1,386	Balance as at 31 March		1,761

Notes to the Housing Revenue Accounts

Note 1: Housing Stock

2015/16 Total		Number of bedrooms						2016/17 Total
		1	2	3	4	5	6	
48	Detached house/bungalow	4	33	8	3	-	-	48
2,138	Semi-detached house/bungalow	271	807	1,012	38	3	-	2,131
2,125	Terraced house	208	713	1,126	67	5	1	2,120
1,058	Flats	322	687	49	-	-	-	1,058
17	Bedsits	17	-	-	-	-	-	17
5,386		822	2,240	2,195	108	8	1	5,374

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

2016 £'000		2017 £'000
339	Current tenant arrears	379
842	Former tenant arrears	833
1,181	Total arrears	1,212
36	Bad debts	134
935	Provision for bad debt	943

Note 3: Housing Revenue Account Capital Expenditure

During the year the Authority incurred the following expenditure on Housing Revenue Assets:

2016/17					
Capital expenditure	Total £'000	Dwellings £'000	Intangible £'000	Equipment £'000	Non operational £'000
Enhancing costs	12,502	12,502	-	-	-
Total expenditure	12,502	12,502	-	-	-
Depreciation	6,445	6,392	-	53	-

The capital expenditure was financed as follows:

Financed by	2016/17 £'000
Capital Grants and Contributions	4,029
Usable Capital Receipts	997
Direct Revenue Contributions and Reserves	6,089
Prudential Borrowing	1,387
	12,502

2015/16					
Capital expenditure	Total £'000	Dwellings £'000	Intangible £'000	Equipment £'000	Non operational £'000
Enhancing costs	15,153	15,152	1	-	-
Total expenditure	15,153	15,152	1	-	-
Depreciation	5,900	5,843	53	4	-

The capital expenditure was financed as follows:

Financed by	2015/16 £'000
Capital Grants and Contributions	4,425
Usable Capital Receipts	404
Direct Revenue Contributions and Reserves	8,433
Prudential Borrowing	1,891
	15,153

The HRA Subsidy Exit Payment (£72,423k) was also financed from prudential borrowing.

Note 4: Housing Revenue Account Capital Receipts

The following amounts were received during the year:

2015/16 £'000		2016/17 £'000
11	Disposal of land	90
1,262	Housing	1,551
1,273		1,641

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

2015/16 £'000		2016/17 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the HRA Balance for the year	
1	Difference between interest payable and similar charges including amortisation of premiums and discounts in accordance with statute	30
(216)	Net charges made for retirement benefits in accordance with IAS 19	(246)
512	(Gain)/loss on sale of HRA non-current assets	112
	Adjustments	
	Primarily involving the Capital Adjustment Account	
(5,900)	Depreciation and impairment	(6,445)
1,726	HRA Minimum Revenue Provision	1,789
(72,423)	HRA Subsidy Exit Settlement	-
4,425	Capital Grants and Contributions Applied	4,032
8,433	Capital Expenditure Funded by HRA	6,088
	Primarily involving the Capital Receipts Reserve	
(31)	Admin costs on council house sales	(47)
	Primarily involving the Accumulated Balances Account	
11	Holiday accrual	(51)
(63,462)	Net additional amount required by statute to be debited to the HRA Balance for the year	5,262
-	To other committees/reserves	(14)

Note 6: Housing Revenue Account Contributions to the Pension Scheme

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

2015/16 £'000		2016/17 £'000
497	Employer contributions actually paid	565
(14)	Past Service Costs	(17)
(492)	Current cost of employees	(561)
(207)	Net Interest on the net defined benefit/(liability)	(233)
(216)	Contribution to/(from) reserve	(246)



Pension Fund Accounts 2016/17



Fund Administration

Scheme Details

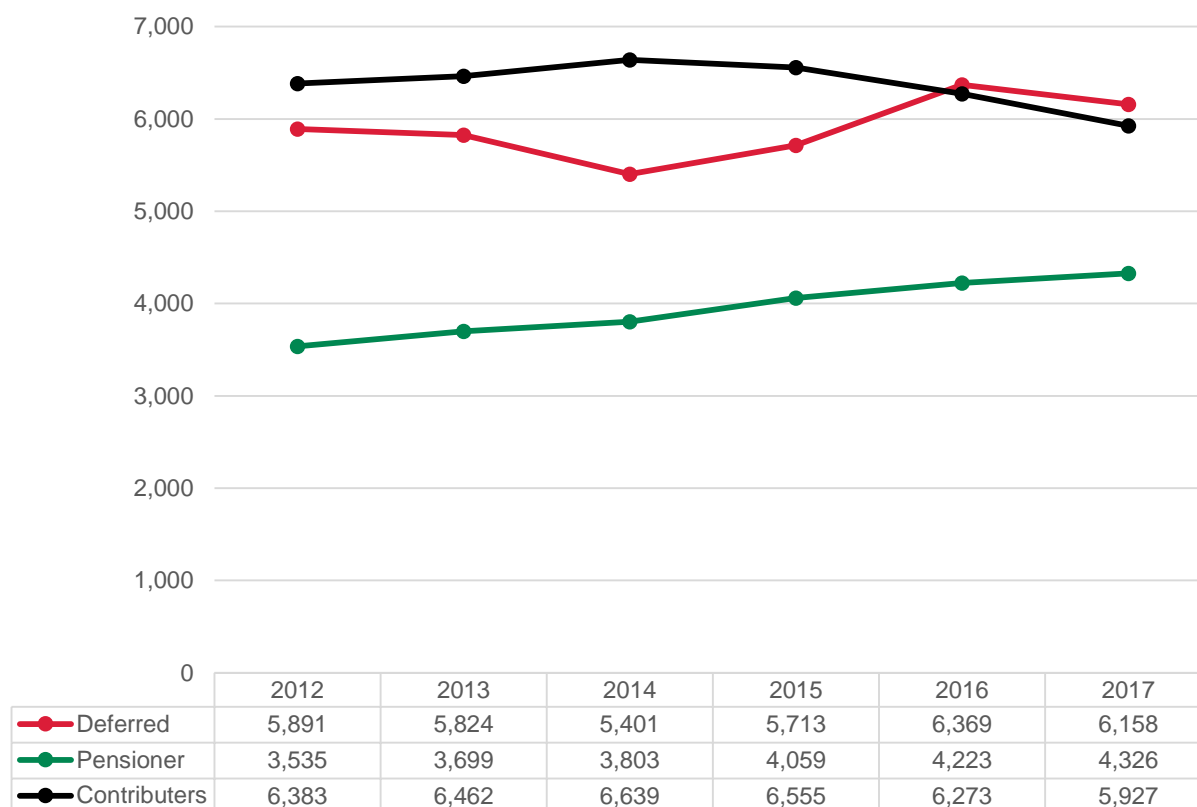
Powys County Council is the Administering Authority for the Powys Pension Fund. The Pension Fund provides pension entitlements under the Local Government Pension Scheme (“LGPS”) to all eligible employees of Powys County Council and other participating bodies. Membership of the LGPS is not mandatory and excludes teachers, police officers and fire fighters, for whom specific separate pension schemes are available. The LGPS is a statutory public service defined benefit pension scheme based on final salary for benefits accrued up to 31 March 2014 and Career Average Revalued Earnings (“CARE”) for benefits accrued from 1 April 2014. Contributions payable by employees and the benefits due to them are prescribed by the Local Government Pension Scheme Regulations.

With effect from 1 April 2016 all members have been allocated a contribution rate based on the following:

Band	Range	Contribution Rate
1	Up to £13,600	5.50%
2	£13,601 to £21,200	5.80%
3	£21,201 to £34,400	6.50%
4	£34,401 to £43,500	6.80%
5	£43,501 to £60,700	8.50%
6	£60,701 to £86,000	9.90%
7	£86,001 to £101,200	10.50%
8	£101,201 to £151,800	11.40%
9	More than £151,801	12.50%

The graph below shows the membership of the Fund as at 31 March. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.

POWYS COUNTY COUNCIL



Pension Increases

Pensions paid to retired members are increased each year in line with the cost of living, which is measured by the Consumer Price Index (CPI). Increases are payable from the first Monday of each tax year. The table below shows the pension increases of the last 5 years:

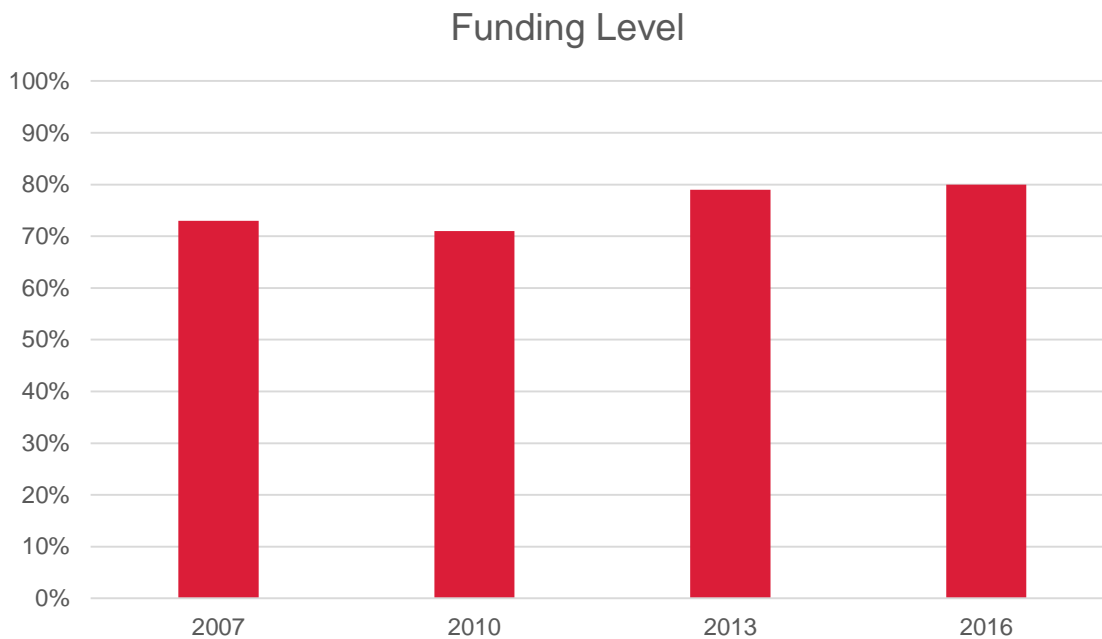
Effective date	Increase
8 April 2013	2.2%
7 April 2014	2.7%
6 April 2015	1.2%
11 April 2016	0.0%
10 April 2017	1.0%

Management of the Fund

The County Council is the designated statutory body responsible for administering the Powys Pension Fund of its constituent scheduled and admitted bodies. The County Council has delegated the decision-making responsibilities to the Pensions and Investment Committee, which meets at least quarterly. The Committee has co-opted two non-voting members, one staff representative nominated by the Trade Unions and one representative nominated by the Outside Bodies Employers. The Committee will review market conditions and economic trends with the aim of forming a view on the prospects for each of the world markets over the short, medium and long term. The Pensions and Investment Committee, alongside the Chief Financial Officer and the external experts it employs, provided the general direction and advice by which the Fund is managed. It also monitors the performance of the Fund and the investments for which the administering Authority is responsible.

Day to day administration of the scheme is provided by the Pensions Section of Powys County Council. A list of the bodies that have been admitted to the scheme can be found in Appendix 2.

Funding and Valuation



The aim of the funding is to accumulate current contributions at a level sufficient to provide known benefits at some time in the future. In short therefore, the scheme benefits are financed by contributions from employees and employers together with income from investments. Both the employees' contributions and the benefits to be provided by the scheme are fixed by the Government as set out in the Local Government Pension Scheme Regulations, leaving the employers' rate of contribution as the only element which can be deliberately adjusted

The employers' rate of contribution is assessed by the Actuary to the Fund who reviews the future income and liabilities of the Fund. These reviews, or actuarial valuations, are required by law with a major review being undertaken every third year.

The actuarial valuation as at 31 March 2016 showed the assets held at the valuation date were sufficient to cover 80% of the accrued liabilities assessed on an ongoing basis. While this is an improvement on the 79% achieved as at 31 March 2013, it is the long-term goal to achieve 100% funding and efforts continue to be made to address this. The level of funding has no impact on members' benefits which are guaranteed by law.

Additional Voluntary Contribution (AVC) Scheme

Since 6 April 1988, it has been a legal requirement for all Pension Schemes to provide members with access to an in-house AVC Scheme. The Authority's appointed providers are the Equitable Life Assurance Society, the Standard Life Assurance Company and Prudential plc. Members are able to pay contributions into a variety of AVC arrangements offered by the providers, in order to secure additional pension benefits. The AVC investments are excluded from the Pension Fund Accounts.

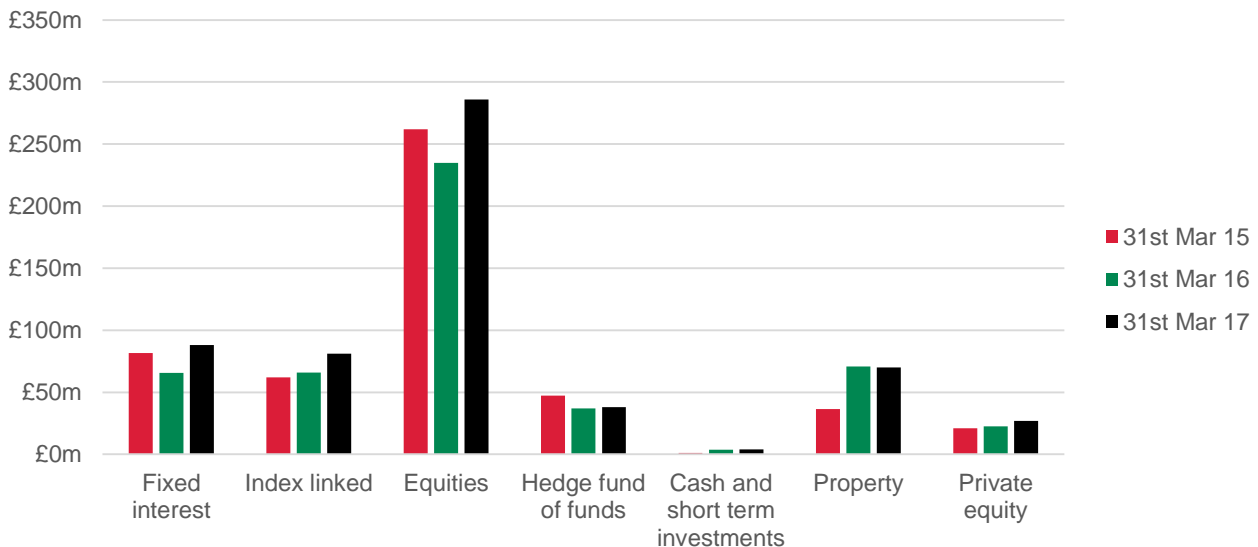
Investment Strategy Statement

As required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 the Pensions and Investment Committee have produced an Investment Strategy Statement which can be found in the Pension Fund Annual Report (see note 24) - which complies with the six investment principles set out by the Chartered Institute of Public Finance Accountants (CIPFA) Pensions Panel.

Investment Report

The prime requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes and different geographical areas. The right balance must be struck between the desire for enhanced returns and potential ‘risk’ of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. There is no ideal split for any fund, so the portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.

Market value by asset class



The investment style of the Fund is to appoint external expert fund managers with clear performance benchmarks and place accountability for performance against those benchmarks on the fund managers. The benchmarks can be seen in the Pension Fund Annual Report. The Chief Financial Officer must ensure that the management of the Fund falls within the requirements of the Local Government Pension Scheme Regulations.

Performance Review

	1 Year %	3 Years %	5 Years %
Powys Overall Return Annualised Rolling Return pa	20.4	11.6	10.6
Inflation CPI	1.1	0.8	1.4
Average Earnings Index	2.4	2.1	1.9

Given the long-term nature of the Fund, perhaps the most significant column above is that detailing the comparisons over five years. Inflation and average earning percentages are taken from the Office for National Statistics data.

During 2016/17 the Fund invested £46.2m in global equities with Carnegie and Hosking Partners, funded by a complete disinvestment from Aberdeen and partial disinvestments from Blackrock, MFS & Schrodgers. The £10.9m complete disinvestment from Permal Hedge Fund was invested with GSAM Hedge Fund. Of the £19.9m capital commitment (Note 18) outstanding as at 31 March 2016, £3.98m was drawn down in 2016/17.

Investment manager structure as a percentage of fund total, as at 31 March 2017

Asset Class	Manager						Total %
	Blackrock Passive %	Aberdeen, Schroders & MFS Active %	Insight Investments Active %	Permal, GAM & Goldman Sachs Active %	Aviva, CBRE, Schroders & Hermes Active %	Standard Life & Harbourvest Active %	
Equities	24.4	23.7	-	-	-	-	48.1
Fixed Interest	3.4	-	11.3	-	-	-	14.7
Index Linked	13.7	-	-	-	-	-	13.7
Property	-	-	-	-	11.8	-	11.8
Private Equity	-	-	-	-	-	4.6	4.6
Hedge Fund	-	-	-	6.4	-	-	6.4
Cash/ Other	0.7	-	-	-	-	-	0.7
Total	42.2	23.7	11.3	6.4	11.8	4.6	100.0

The strategic asset allocation is as follows:

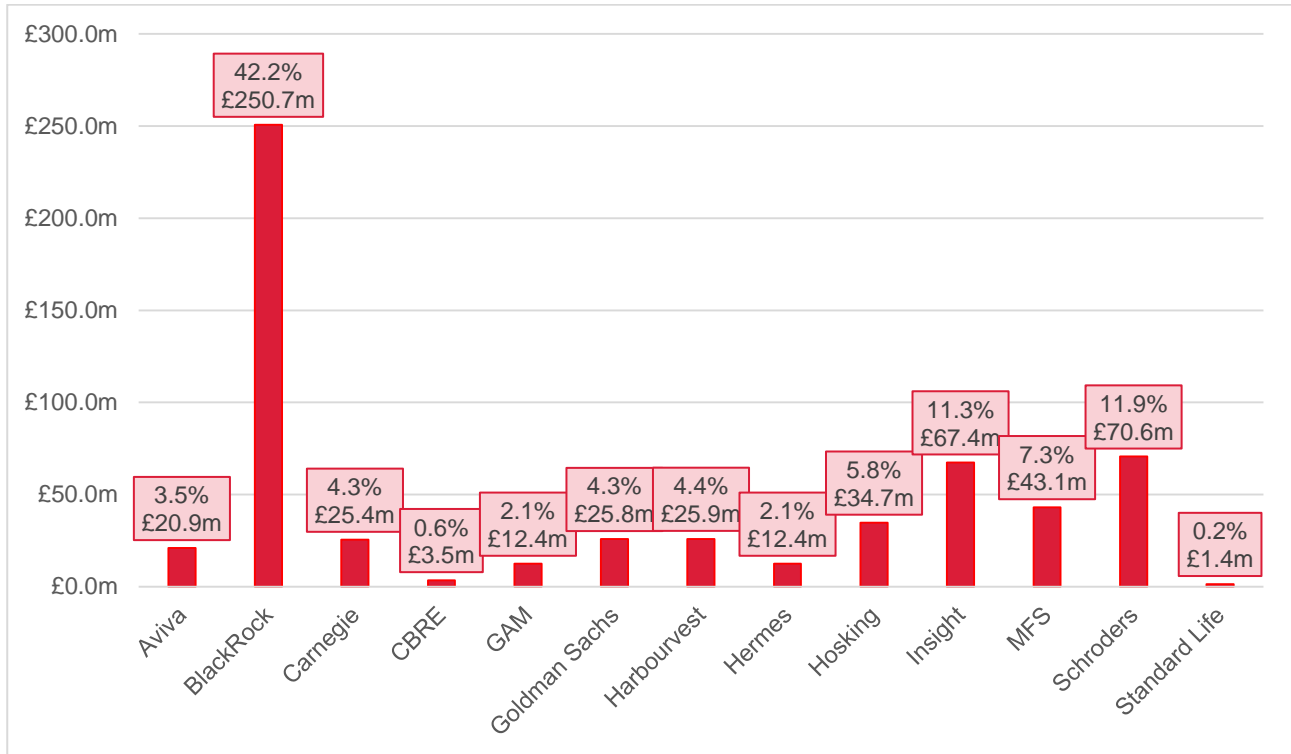
2015/16		2016/17
47%	Equities	47%
30%	Fixed interest and index linked securities	30%
10%	Property	10%
5%	Private equity	5%
8%	Hedge fund of funds	8%
100%	Total	100%

The current strategic asset allocation is 70% return seeking and 30% risk reducing (matching assets). This strategy was determined with the aid of the Funds Investment Advisors.

The strategic asset allocation is the ideal target and cannot be achieved until the scheme is fully funded in all areas. It does not reflect the actual investments held at the year-end. The current structure aims to have a 70:30 split between return seeking and liability matching assets.

PENSION FUND ACCOUNTS

AON Hewitt Limited currently operates a Medium Term Asset Allocation (MTAA) project for the Fund. It utilises all of the Fund's assets excluding Private Equity. The MTAA service has the target of increasing the return achieved by these assets by 0.5% per annum by deliberately allocating assets away from the strategic allocation to take advantage of market over/under valuations during the medium term. The MTAA service has an artificial benchmark of 52% equity, 33% bonds and 15% alternatives. The market value of assets spread between the fund managers as at 31 March 2017 is shown below.



Net Assets Statement

As at 31 March

2016 £'000		Note	2017 £'000
499,332	Investments	12	594,163
3,229	Current Assets	13	4,308
(783)	Current Liabilities	13	(329)
501,778	Net Asset as at 31 March		598,142

The accounts show cash held with the Investment Managers as investments as recommended in the Statement of Recommended Practice, Financial Reports for Pension Schemes.

Pension Fund Account

2015/16 £'000		Note	2016/17 £'000
	Contributions and benefits		
(23,026)	Contributions receivable	4	(23,516)
(1,038)	Transfers in	5	(1,055)
(48)	Other income	6	(427)
(24,112)	Total income		(24,998)
24,019	Benefits payable	7	24,951
997	Payments to and on account of leavers	8	3,273
3,723	Administrative expenses	9	3,691
28,739	Total expenditure		31,915
4,627	Net (additions)/withdrawals from dealing with members		6,917
	Returns on investments		
(5,175)	Investment income	10	(4,993)
19	Taxes on income	11	12
349	Changes in the market value of investments	12	(98,300)
(4,807)	Net profit on investments		(103,281)
(180)	Net (increase)/decrease in the fund		(96,364)
501,598	Opening net assets		501,778
501,778	Closing net assets		598,142

Notes to the Pension Accounts

Note 1: Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the 2016/17 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 2: Accounting Policies

Contributions and Benefits

Contributions are accounted for on an accruals basis. Benefits payable represents the benefits entitlement up to the end of the reporting period.

Transfers to other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contribution to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Refunds to Leavers

These are accounted for when due.

Investment Management Expenses

Each fund manager receives a fee for their services based on the market value of the assets they manage.

Investment Income

Interest income

Interest income is recognised in the fund account as it accrues.

Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Change in Market Value

Changes in market value of investments comprise reinvested investment income and all realised and unrealised profits/losses during the year.

Foreign Currency Transactions

Assets and liabilities held in a foreign currency are translated at the rate of sterling quoted at year-end. Income and expenditure arising during the year is translated into sterling at the rate quoted on the date of receipt or payment. Resulting exchange gains or losses are recognised through the revenue account.

Valuation of Assets

No property is directly held by the fund. The market value used for quoted investments is the bid market price ruling on the final day of the accounting period. Fund Managers value unquoted securities at the year-end in line with generally accepted guidelines to ascertain the fair value of the investment. Change in Market value also includes income which is reinvested in the fund, net of applicable tax. Fixed interest securities are recorded at net market value based on their current yields. Fair value for limited partnerships is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. It is not the intention of the fund to dispose of unquoted investments before maturity.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash and that are subject to minimal risk of changes in value.

Taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Financial Liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net assets statement (note 21).

Administrative expenses

All staff costs of the pension administration team and other overheads are apportioned to the fund in accordance with Council policy.

Contingent Liabilities

Contingent liabilities are possible liabilities whose existence will only be confirmed by future events and are not recognised until the realisation of the loss is virtually certain.

Additional Voluntary Contributions (AVC's)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(2)b of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (note 15).

Note 3: Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Unquoted private equity investments are valued by the investment managers using acceptable guidelines. The value of these investments at 31 March 2017 was £27.4m (31 March 2016: £22.5m).

An analysis of investments can be found later in Note 12a.

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the statement of the actuary. This estimate is subject to significant variances based on changes to the underlying assumptions.

Note 4: Contributions Receivable

2015/16 £'000	By Category	2016/17 £'000
18,251	Employers	18,798
4,775	Employees	4,718
23,026		23,516

2015/16 £'000	By Authority	2016/17 £'000
21,557	Powys County Council (administering body)	21,686
761	Scheduled bodies	866
708	Admitted bodies	964
23,026		23,516

2015/16 £'000	By Type	2016/17 £'000
11,569	Employers normal contributions	11,698
4,775	Employees normal contributions	4,718
495	Employers additional contributions	545
6,187	Employers deficit reduction contributions	6,555
23,026		23,516

Note 5: Transfers In

2015/16 £'000		2016/17 £'000
1,038	Individual transfers from other schemes	1,055

Note 6: Other Income

2015/16 £'000		2016/17 £'000
-	Other Contributions	394
21	Administrative fees received	12
27	Additional allowances recovered	21
48		427

Other contributions include a one off unplanned transaction of £394k funded by the Powys County Council general fund. See note 9 'Management Expenses'.

Note 7: Benefit Payable

2015/16 £'000		2016/17 £'000
20,139	Pensions	20,359
3,196	Commutations and lump sum retirement benefits	4,090
684	Lump sum death benefits	502
24,019		24,951

Benefits can be further analysed:

2015/16 £'000		2016/17 £'000
20,137	Powys County Council (administering authority)	21,149
2,754	Scheduled bodies	2,586
1,128	Admitted bodies	1,216
24,019		24,951

Note 8: Payments to and on Account of Leavers

2015/16 £'000		2016/17 £'000
52	Refunds to members leaving service	61
2	Payments to members joining state scheme	13
943	Individual transfers to other schemes	3,199
997		3,273

Note 9: Management Expenses

2015/16 £'000		2016/17 £'000
906	Administration	1,413
2,706	Investment management expenses (see note 9a)	2,152
111	Oversight and governance costs	126
3,723		3,691

Administration expenses include an exchange rate loss totalling £394k incurred during an investment transaction. This has been funded by Powys County Council general fund as shown within 'Other Contributions' in Note 6 'Other Income'.

Note 9a: Investment Management Expenses

2015/16 £'000		2016/17 £'000
2,340	Management fees	1,874
366	Investment advice	250
-	Custody fees	28
2,706		2,152

Management fees includes a one off fee rebate of £547k.

Note 10: Investment Income

2015/16 £'000		2016/17 £'000
(5)	Interest on cash deposits	(3)
(901)	Income from bonds	(889)
(1,225)	Pooled property investments	(1,554)
(3,035)	Private equity income	(2,546)
(9)	Other investment income	(1)
(5,175)		(4,993)

Note 11: Taxes on Income

2015/16 £'000		2016/17 £'000
19	Withholding tax – Private Equity	10
-	Foreign tax on investment	2
19		12

Note 12: Investments

	Value as at 1 April 16	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 March 17
2016/17	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	65,551	35,500	(24,413)	(79)	-	11,251	87,810
Index linked Securities	65,863	83,907	(75,008)	-	(1,207)	7,710	81,265
Equities (Pooled Funds)	234,875	69,955	(91,915)	(504)	(19)	72,876	285,268
Property (Pooled Funds)	69,774	1,075	(2,172)	(439)	-	1,618	69,856
Private Equity	22,509	3,980	(4,374)	(498)	2,545	3,199	27,361
Hedge Fund of Funds	36,934	10,988	(10,988)	(415)	-	1,643	38,162
Cash & Short Term Investments	3,826	26,212	(25,600)	-	-	3	4,441
	499,332	231,617	(234,470)	(1,935)	1,319	98,300	594,163

2015/16	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	81,706	18,300	(35,323)	(73)	-	941	65,551
Index linked Securities	62,035	-	(3,000)	-	-	6,828	65,863
Equities (Pooled Funds)	261,837	9,323	(27,000)	(262)	-	(9,023)	234,875
Property (Pooled Funds)	36,571	32,099	(2,025)	(423)	-	3,552	69,774
Private Equity	21,050	4,913	(5,301)	(426)	3,035	(762)	22,509
Hedge Fund of Funds	47,357	-	(8,000)	(513)	-	(1,910)	36,934
Cash & Short Term Investments	1,151	6,900	(4,250)	-	-	25	3,826
	511,707	71,535	(84,899)	(1,697)	3,035	(349)	499,332

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Some transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees.

These transaction costs incurred in the year are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the scheme. All equity investments held by the fund are now in unit trusts.

Note 12a: Analysis of Investments

2015/16 £'000		2016/17 £'000
	Fixed interest securities	
65,551	Pooled funds	87,810
65,551		87,810
	Index linked securities	
65,863	UK quoted	81,265
234,875	Equities – Pooled	285,268
36,934	Hedge Fund of Funds	38,162
22,509	Private Equity	27,361
69,774	Property	69,856
147	Cash	124
3,679	Liquidity Funds	4,317
499,332		594,163

Note 12b: Investments Analysed by Fund Manager

31 Mar 16			31 Mar 17	
Market Value £'000	%		Market Value £'000	%
32,942	6.6	Aberdeen Asset Management Ltd	-	-
21,001	4.2	Aviva Investors Pensions Ltd	20,919	3.5
219,146	43.9	BlackRock Global Investors Ltd	250,745	42.2
-	-	Carnegie	25,404	4.3
5,321	1.1	CBRE Ltd	3,321	0.6
12,573	2.5	GAM Fund Management Ltd	12,411	2.1
13,631	2.7	Goldman Sachs Asset Management Ltd	25,751	4.3
20,138	4.0	HarbourVest Partners LLC	25,941	4.4
12,110	2.4	Hermes Fund Managers Ltd	12,396	2.1
-	-	Hosking	34,731	5.8
41,314	8.3	Insight Investment Ltd	67,383	11.3
43,395	8.7	MFS International Ltd	43,132	7.3
10,731	2.2	Permal Investment Management Services Ltd	-	-
64,660	12.9	Schroders Investment Management Ltd	70,610	11.9
2,370	0.5	Standard Life Investments Ltd	1,419	0.2
499,332			594,163	

The following investments represent more than 5% of the net assets of the scheme:

31 Mar 16		Security	31 Mar 17	
Market Value £'000	%		Market Value £'000	%
32,942	6.6	Aberdeen Life World Equity Fund	-	-
70,639	14.1	Blackrock Aquila Life US Equity Index Fund	88,538	14.9
-	-	Blackrock Aquila Life Over 5Yr UK Idx Lkd	81,265	13.7
15,260	3.1	Insight Bonds Plus fund	39,620	6.7
26,053	5.2	Insight UK Corporate All Maturities Bond Fund	27,764	4.7
43,395	8.7	MFS Global Equity Fund	43,132	7.3
33,318	6.7	Schroder Life QEP Active Value Fund	37,389	6.3
31,342	6.3	Schroder UK Real Estate Fund	33,220	5.6

Note 13: Current Assets and Liabilities

2015/16 £'000		2016/17 £'000
Current Assets		
121	Contributions due from employers and members	138
2,506	Cash balances	2,634
602	Sundry debtors	1,536
3,229		4,308
Current Liabilities		
(73)	Benefits payable	(36)
(710)	Sundry creditors	(293)
(783)		(329)

Amounts unpaid at the year end are subsequently paid within a reasonable time frame, i.e. the majority of the balances are paid within a 3 month period.

Note 14: Related Party Transactions

Details of Members and officers of the Council represented on the Pensions and Investment Committee are shown in Appendix 1. Their combined contributions into the scheme totalled £22k in 2016/17 (£27k in 2015/16). The Chairman of the Committee is in receipt of a pension from the Fund.

The Fund is administered by Powys County Council. Consequently there is a relationship between the Authority and the Fund.

The Authority incurred costs of £887k in 2016/17 (2015/16: £863k) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £16,855k to the Fund in 2016/17 (2015/16: £16,687k) in employers contributions and deficit recovery payments.

Governance

The makeup of the Pensions and Investment Committee can be seen in Appendix 1.

The Strategic Director - Resources, Mr David Powell, who has the role of Section 151 Officer for the Authority, plays a key role in the financial management of the Fund and is also an active member of the Fund.

Councillors are required to declare their interest at each meeting.

The Committee members and Strategic Director - Resources accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

The full Governance Policy of the Powys Pension Fund is available on the Powys County Council website.

Note 15: Additional Voluntary Contributions (AVC)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(2)b of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (SI 2009/3093). However, as administering authority we oversee the following AVC arrangements:

2016/17	Standard Life	Prudential	Equitable Life	Total
Contributions received	£'000	£'000	£'000	£'000
Powys County Council	59	214	-	273
BBNP	1	16	-	17

	Standard Life	Prudential	Equitable Life	Total
Fund Value	£'000	£'000	£'000	£'000
As at 31 March 17	1,140	468	133	1,741

Note 16: Contingent Liabilities

No contingent liabilities were known to exist at the Balance Sheet date.

Note 17. Post Balance Sheet Events

The accounts outlined in these financial statements represent the financial position of the Fund as at 31 March 2017. Since this date, the performance of the global markets may have affected the financial value of pension fund investments.

Note 18: Capital Commitments

2015/16 £'000	Private Equity and Property mandate	2016/17 £'000
899	Standard Life (Private Equity)	934
19,012	Harbourvest (Private Equity)	25,686
19,911		26,620

The pension fund has committed to guaranteed investments in private equity that the asset managers can draw down upon as and when required. The Capital commitments figure

above, represents the level of investment guaranteed but not yet drawn down at the year end.

Note 19: Stock Lending

As set out in the Investment Strategy Statement, the Fund, custodian or investment managers do not engage in stock lending on behalf of the Fund.

Note 20: Financial Instruments

Note 20A: Fair value of financial instruments & liabilities

The table below summarises the carrying values of the financial assets & liabilities compared with their fair values.

31 Mar 16			31 Mar 17	
Cost £'000	Fair value through profit and loss £'000		Cost £'000	Fair value through profit and loss £'000
		Financial Assets		
62,753	65,551	Fixed interest securities	81,353	87,810
52,013	65,862	Index linked securities	81,800	81,265
152,696	234,876	Equities (pooled funds)	162,476	285,268
63,265	69,774	Property (pooled funds)	61,094	69,856
18,727	22,509	Private equity	20,852	27,361
33,669	36,934	Hedge fund of funds	34,825	38,162
3,679	3,826	Cash & short term investments	4,317	4,441
3,230	3,230	Current assets	4,308	4,308
390,032	502,562	Total financial assets	451,025	598,471
		Financial Liabilities		
(783)	(783)	Current liabilities	(329)	(329)
(783)	(783)		(329)	(329)

Note 20B: Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The private equity values are based on valuations provided by the general partners to the private equity funds in which the Powys Pension Fund has invested.

The hedge fund values are based on the net asset value provided by the fund manager.

The tables below show the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Value as at 31 Mar 17	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	458,784	69,856	65,523	594,163
Current assets	4,308	-	-	4,308
Current liabilities	(329)	-	-	(329)
Net financial assets	462,763	69,856	65,523	598,142

Value as at 31 Mar 16	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	370,115	69,774	59,443	499,332
Current assets	3,229	-	-	3,229
Current liabilities	(783)	-	-	(783)
Net financial assets	372,561	69,774	59,443	501,778

Note 21: Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure for the year ending 31 March 2016 of the actuarial valuation of promised retirement benefits as set out in IAS 26. The actuarial present value should be calculated on an IAS 19 basis. IAS 26 is the accounting standard that sets out the requirements for accounting and reporting in respect of retirement and the requirements for accounting and reporting of promised retirement benefit plans following the move to financial reporting of the Pension Fund Accounts under the IFRS.

The actuarial present value of the promised retirement benefits were as follows

	31 March 2013 £'000	31 March 2016 £'000
Actuarial present value of promised retirement benefits	632,400	724,600

Assumptions used

	31 March 2013 %	31 March 2016 %
Discount rate	4.4	3.4
Inflation (CPI)	2.4	1.8
Salary increase rate	3.9	3.3

Note 22: Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members.) Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The council manages these investment risks as part of its overall pension fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification.

Other Price Risk – Sensitivity Analysis

The following movements in market price risk are reasonably possible for 2016/17. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates remain unchanged.

Asset type	Potential Market Movement (+/-)
Overseas Equities	18.35%
Global Pooled Equities	17.06%
Total Bonds including Index Linked	9.81%
Property	14.16%
Alternatives	12.50%

The table below shows the Fund's value at 31 March 2017 should the investments increase/decrease in line with the previous table.

Asset Type	Value as at 31 Mar 17 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Bonds	169,075	9.81	185,653	152,497
Equities - Pooled	285,268	17.06	333,935	236,601
Property	69,856	14.16	79,748	59,964
Private Equity	27,361	12.50	30,781	23,941
Hedge Fund of Funds	38,162	12.50	42,932	33,392
Cash & short term investments	4,441	0.00	4,441	4,441
Total Assets	594,163		677,490	510,836

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate and return are monitored by the Council and its investment advisors as part of the monthly and quarterly reporting and assessment of interest rate return against benchmark.

A 0% volatility associated with interest rates is considered likely, based on the Authorities Treasury Management advisors latest advice. The Fund's exposure to interest rate movements as at 31 March 2016 and 31 March 2017 is set out below.

As at 31 Mar 16 £'000	Asset Type	As at 31 Mar 17 £'000
3,826	Cash Instruments	4,441
2,506	Cash balances	2,634
65,551	Fixed interest securities	87,810
71,883	Total	94,885

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management, including monitoring the range of exposure to currency fluctuations.

The fund's currency exposure as at 31 March 2016 and 31 March 2017 is set out below.

A 10% volatility associated with exchange rates is considered likely. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

As at 31 Mar 16 £'000		As at 31 Mar 17 £'000
22,509	Private equity	27,360
-	Equities (Pooled Funds)	34,731
22,509	Total	62,091

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The table below shows the funds cash holding as at 31 March 2016 and 31 March 2017.

	Rating	As at 31 Mar 16 £'000	As at 31 Mar 17 £'000
Bank Current Account			
HSBC	AA-	80	2,288
Bank Deposit Account			
HSBC	AA-	2,426	346

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments. This will particularly be the case for meeting the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its pension fund cash holdings.

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2017 the value of illiquid assets was £133.6m, which represented 22.7% of the total fund assets - (31 March 2016 - £1,129.2m, which represented 25.9% of the total fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund investment strategy.

All financial liabilities at 31 March 2017 are due within one year.

Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Note 23: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted.

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2017 for 2016/17). None of the standards introduced in the 2017/18 code are expected to have a material impact on the financial statements.

Note 24: Annual Report

The full annual report for the Powys Pension Fund can be obtained from:

Head of Financial Services,
County Hall,
Llandrindod Wells,
Powys,
LD1 5LG

This report will also be made available under the Annual Reports and Accounts heading at <http://powypensionfund.org/powys-pension-fund/about-us/forms-and-publications/>

The report includes

- The Investment Strategy Statement
- Governance Statement
- Funding Strategy Statement
- Communications Policy

Statement of the Actuary for the Year Ended 31 March 2017

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Powys County Council Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review Employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2016 by Aon Hewitt Limited, in accordance with Regulation 62 of the Local Government Pension Scheme (Administration) Regulations 2013.

Actuarial Position

1. The valuation as at 31 March 2016 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets at that date (of £501.8M) covering 80% of the liabilities in respect of service prior to the valuation date allowing, in the case of current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating Employers with effect from 1 April 2017 is:
 - 18.6% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date.

Plus

 - Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 22 years from 1 April 2017, amounting to £6.6M in 2017/18, and increasing by 3.5% p.a. thereafter.
3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon Hewitt Limited's report dated 31 March 2017 (the "actuarial valuation report"). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the Employers.
4. The funding plan adopted in assessing the contributions for each individual employer or group is in accordance with the Funding Strategy Statement. Different approaches adopted in implementing contribution increases and individual Employers' recovery periods are set out in the actuarial valuation report.

POWYS COUNTY COUNCIL

5. The valuation was carried out using the projected unit actuarial method for most Employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate	4.4% p.a.
Rate of pay increases:	3.5% p.a.
Rate of increase to pension accounts	2.0% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension):	2.0% p.a.

In addition the discount rate for orphan liabilities (i.e. where there is no scheme employer responsible for funding those liabilities) was 2.1% p.a.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation, including the demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2016. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the Employer contribution rates for the period from 1 April 2017 to 31 March 2020 were signed on 31 March 2017. Contribution rates will be reviewed at the next actuarial valuation of the Fund due as at 31 March 2019 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2016. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon Hewitt Limited does not accept any responsibility or liability to any party other than our client, Powys County Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2016 is available on the Fund's website at <http://www.powyspensionfund.org/media/2717/powys-pension-fund-valuation-report-31-march-2016.pdf>

Aon Hewitt Limited
May 2017

Appendix 1: Pensions and Investment Committee

The Pensions and Investment Committee meet on a quarterly basis. During 2016/17 it consisted of the following:

County Councillors:

Mr AG Thomas (Chairman)
Mr PJ Ashton (Vice Chair)
Mr GP Vaughan
Mr EA Jones
Mr TG Turner
Mr WT Jones

Members Representative:

Vacant since March 2016

Outside Bodies Employers Representative:

Mr AMC Weale

County Council Officers:

Mr D Powell (Strategic Director - Resources)
Mr J Rollin (Pension Fund Manager)

Legal Advisors

Burges Salmon

Fund Managers:

Aviva Investors,
Blackrock Global Investors (BGI)
Carnegie
CBRE
GAM
Goldman Sachs
HarbourVest Partners
Hermes
Hosking
Insight Investments
MFS
Schroders Investment Management
Standard Life Investments

Independent Advisor to the Fund

Mrs R Pinder (Aon Hewitt Limited)
Mr S Mayne (Aon Hewitt Limited)

Actuary

Mr C Archer (Aon Hewitt Limited)

Legal Advisors

Burges Salmon

Appendix 2: Other Bodies

Powys County Council administers the scheme for employees and ex-employees of the following bodies:

Scheduled Bodies	Admitted Bodies
Brecon Beacons National Park	BUPA Care Homes
Brecon Town Council	Camping & Caravanning Club
Knighton Town Council	Careers Wales Powys
Llandrindod Wells Town Council	Celtica
Llanidloes Burial Joint Committee	Development Board for Rural Wales
Llanidloes Town Council	Elite Supported employment Agency
Machynlleth Town Council	Freedom Leisure
Newtown and Llanllwchaiarn Town Council	MENCAP
Powys County Council	Menter Maldwyn
Powys Magistrates Courts' Committee	Mirus Wales
Powys Probation Committee	Powys Association of Voluntary Organisations
Welshpool Town Council	Powys Dance
Ystradfellte Community Council	Powys Valuation Panel
Ystradgynlais Town Council	Presteigne Shire Hall Museum Trust
	Solo Service Group
	Theatr Brycheiniog
	Wales European Centre
	Ystradgynlais Miners Welfare & Community Hall Trust Ltd

Community Councils and various other statutory bodies have the right to be included in the Fund. Other bodies can be admitted at the discretion of the County Council.

Contact List and Communications

A copy of this report is available to anyone on demand, subject to a small administration charge. A full copy of the report can be viewed at www.powyspensionfund.org. Should you have any comments on the financial statement or any other pension matter please contact the appropriate officer in the following list:

Pension Scheme

Pensions Administration Manager Mr C Hurst 01597 827640

Accounts & Investment

Pension Fund Accounts Mr D Paley 01597 826042

Fund Governance & Other Matters

Pension Fund Manager Mr J Rollin 01597 827641

Glossary of Terms

Accrual

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

Actuary

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

Actuarial Valuation

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

Additional Voluntary Contributions

An option to secure additional pension benefits by making regular payments in addition to the % of basic earnings payable.

Admitted Bodies

Voluntary and Charitable bodies that fulfil certain conditions can apply to allow their employees to become members of the Local Government Pension Scheme.

Audit

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

Balance Sheet

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

Contingent Liabilities

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

Creditor

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

Current Asset

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

Current Liabilities

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

Current Service Costs (Pension)

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

Debtor

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

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Equities - Pooled

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

Financial Reporting Standards (FRS's)

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

Financial Year

This is the accounting period. For local authorities it starts on 01 April and ends on the 31 March in the following year.

Gilt Edged Stocks

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

IAS

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

IFRS

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

Liability

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

Past Service Costs (Pension)

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

Post Balance Sheet Events

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

Securities

These are investments such as stocks and bonds.

Annual Governance Statement 2016/17

1. Ensuring Good Governance

- 1.1 Powys County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and is used economically, efficiently and effectively. Powys County Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 1.2 In discharging this overall responsibility, Powys County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Powys County Council adopted a system of corporate governance in June 2008, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016 Edition). This statement will explain how Powys County Council has complied with the code.
- 1.4 Powys County Council is the Administering Authority for the Powys Pension Fund (the Pension Fund). The governance arrangements detailed in this Annual Governance Statement apply to the Council's responsibilities to the Pension Fund. There are further specific requirements for the Pension Fund which are:
 - The Investment Strategy Statement
 - Funding Strategy Statement
 - A full Actuarial Valuation to be carried out every third year.

2. The Governance Framework

2.1 The purpose of the framework

- 2.1.1 The governance framework comprises the systems, processes, cultures and values, by which the Authority is directed and controlled and through which it engages and leads the community, and accounts to 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 outcome-focused, cost-effective services.
- 2.1.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.1.3 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Powys County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.1.4 The following sections summarise the governance framework and the system of internal control which has been in place in Powys County Council for the year ended 31 March, 2017. The Council's constitution can be found at <http://powys.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13166&path=0>

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

- 2.2.1 The Council places a high value on upholding the highest standards in public office for both Members and Officers.

Creating a council of the future that is driven by the right culture and behaviours is important. The council wants to deliver high performance and value for communities by listening to, and working with, the public as well as private, voluntary and community sectors.

- 2.2.2 The organisational culture will be based on trust, innovation and responsibility. The Council has a new set of values that underpin all the work of the Council and guide the behaviours that are expected of everyone engaged in our work, or working with us.

Professional	Whatever role we play in the council, we act with professionalism and integrity
Positive	We take a positive attitude in all we do
Progressive	We take a proactive and responsible approach to planning for the future
Open	We keep each other informed, share knowledge and act with honesty and integrity
Collaborative	We work constructively and willingly on joint initiatives

These values are detailed in the council's Corporate Improvement Plan 2016/20.

2.2.3 For elected Members, the Council has adopted the Model Code of Conduct for County Councils in Wales as revised which came into force on 1 April 2016. Conduct of Members is monitored by the Public Services Ombudsman and the Council's Standards Committee. The Council has adopted other protocols for elected members such as one relating to gifts and hospitality and in respect of Planning Applications / Matters. A mandatory refresher training for Members in relation to the Code of Conduct has been held during 2015. In view of the number of webcasts being undertaken training has been provided for Members. The Council following the recommendation of the Public Services Ombudsman for Wales has adopted a Local Resolution Process whereby low level complaints between Members (or between officers and Members) can be resolved locally rather than being referred to the Public Services Ombudsman for Wales. There have been no complaints dealt with under this process in 2016/17.

There were a number of complaints against Members referred to the Public Services Ombudsman for Wales during 2016/17 but the number of referrals which are subsequently investigated are low (17 referrals and of those 7 were investigated by the Ombudsman). The Standards Committee is made aware at meetings of the numbers of referrals to the Ombudsman, and has considered 2 potential breaches of the Code of Conduct referred to it by the Ombudsman which has resulted in a suspension. These cases were all first reported in 2015-16.

The Standards Committee is active in trying to assist where possible, Members either individually or collectively in taking part in discussions where they might otherwise be debarred from taking part by the Code of Conduct, by the granting of individual or general dispensations. By this means the Standards Committee seeks to ensure that the representative role of Members is protected as well as protecting the Council's decision making processes from being brought into disrepute.

The Standards Committee monitors the attendances of Members at committees. Failure to comply with the 60% attendance requirement will lead to the Member having to account for their absences to the Committee. There were no significant attendance issues.

2.2.4 For officers, the Council follows the statutory Code of Conduct. Conduct and behaviour is the responsibility of the individual officer and a breach may constitute a disciplinary matter. In addition the Council has within its Constitution a protocol for Member and Officers Relations as well as Relationships between Officers and Political Groups.

The Council has an Anti-Fraud and Anti-Corruption Strategy and a Whistle Blowing Policy which allows matters of concern to be raised and sets out how they will be investigated. There has been 1 referral in the year under the Whistle Blowing Policy.

2.2.5 The Audit Committee is responsible for examining, approving and reviewing the adequacy of risk assessment, risk management and internal controls, including compliance.

2.2.6 The Council has a formal compliments and complaints procedure that enables complaints to be escalated and investigated independently of the service concerned.

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2.2.7 Powys County Council continues working in line with its Information Governance framework plan, to initiate, develop, and monitor policies and practices in relation to information security, management, and risk, in order to improve and ensure on going compliance with relevant information legislation and standards.

The Council has robust information security incident reporting and management processes in place; which enables swift corrective action, ICO notification where necessary, and which also allows informed identification of information risks and mitigation.

The numbers of formal information requests continue to rise and the Council continues to provide the public, who when exercising their right of access to information held by the Council with an efficient and professional service.

The training of staff in the basics of data protection and information handling continues to be an important measure in the Council's information assurance design. Powys County Council continues to progress its information management, assurance and governance policies, procedures, and practices.

The Senior Information Risk Owner (SIRO) receives an annual Information Governance Report.

2.3 Ensuring openness and comprehensive stakeholder engagement

2.3.1 Powys County Council and a number of its partners strive to work to the National Principles for Public Engagement in Wales so conversations are meaningful, timely and resourced. Both the Local Service Board and the Council have signed up to these principles. In addition the Joint Chairs and Vice-Chairs of the Scrutiny and Democratic Services Committees have formally signed up to the national principles for any scrutiny consultations undertaken in future, although the principles were adhered to for a consultation exercised undertaken in respect of a review of E-Books.

2.3.2 Throughout any given year we will engage our citizens, partners and businesses on a range of issues so that they have opportunities to influence future decisions. We engage using a mix of channels including traditional face to face methods whilst also working hard to grow a digital presence using social media and other channels to hear from as wide an audience as possible. We have a number of established groups that we look to for views including the Powys Youth Forum, the Physical Disability and Sensory Loss group and the Powys Citizens Panel.

2.3.2i Legislative Consultations

The council engaged residents on legislative consultation documents such as Active Travel; conducted a population assessment as part of the duties under the Social Services and Well-being (Wales) Act 2014; and began engagement around the Well-being of Future Generations (Wales) Act 2015 with the Powys Youth Forum and Citizens Panel and the wider public using a mix of different mechanisms from drop in sessions, organised focus groups and an online presence to capture views on the assessment.

2.3.2ii Service Consultations

A number of service consultations were carried out to ensure residents had their say on some of the final proposals about reductions for:

- Day care centres
- Libraries
- School modernisation plans
- Two leisure centres and Staylitttle Outdoor Centre
- Household Waste and recycling centres

2.3.2iii Budget Simulator Exercise

- 476 residents submitted a budget that helped the council to consider and address the necessary savings targets to set a balanced budget for the financial year 2016/17
- The simulator was launched again in December 2016 seeking residents' views on £22m worth of savings proposals over three years. Participants could see the consequences of reducing budgets by between 10-30% as well as increasing Council Tax up to offset service reductions they felt were unacceptable. Results were fed back to cabinet and full council.

2.3.3 Key conclusions:

The research and consultation exercises conducted during the year have provided two key things for decision makers.

- Useful feedback and insights into respondent's views on key services
- Evidence that residents are much more aware of the budget deficit issue faced by the local authority and the need for savings.

Note: Naturally with any consultation the views given are not necessarily representative of the whole population. Consultations are open to all residents and interested stakeholders but it's usual for only those interested in a particular topic or service to respond. Public consultation exercises are by their very nature "self-selecting" in that people are free to respond or not. They are thus not statistically reliable but they do have value in allowing senior managers, directors and members to hear the views of stakeholders who may have a particular vested interest in a service or who may be most affected by changes to said service or policy. The silent majority may not be heard on these occasions and this always needs to be taken into account when considering feedback. Efforts are made by engagement practitioners to ensure effective stakeholder mapping allows for as many views as possible to be heard alongside ensuring there is general publicity around all engagement and consultation exercises.

Statistically reliable surveys such as the Residents Satisfaction and Residents Attitude Survey are conducted using market research sampling methods so as to be more reflective of the views of the whole population.

What did we learn from consultations conducted this year?

There is a reluctance to see the services that provide for the more vulnerable in our society being cut. As per last year there was less appetite for budget cuts for children with disabilities, home care services, services for looked after children and family support services. Residential care and learning disability services also received lower cuts of just under 6%, followed by waste and recycling with a cut of just under 7%. There was also a reluctance to jeopardise services by cutting budgets to the point where there may be difficulty in maintaining statutory requirements. This applied to both schools and environmental health in particular.

How are we performing as a local authority?

The Local Government Performance Bulletin 2015/16 showed Powys ranked 11th out of 22 Welsh Authorities when considering the national strategic indicators (NSI) and public accountability measures (PAM).

- My Local Council
<http://www.mylocalcouncil.info/Data.aspx?id=00NN&lang=en-GB>

Furthermore, the bulletin confirmed Powys was the fourth best authority in Wales where measures had shown improvement. Powys has also consistently received the smallest increase in revenue support grant for the past 10 years, equivalent to a 20% real term reduction. This has required the council to prioritise its focus on improvements as detailed in the Corporate Improvement Plan.

Residents however are now seeing and stating that they have seen a decrease in the level of services provided by the council over the past year and satisfaction with the services that we provide overall as a council has decreased over the past five years (source – Residents Satisfaction Survey).

Further details on consultation and engagement undertaken by Powys County Council is available from the Corporate Consultation Officer on request

- 2.3.4 The Council publishes its agendas, reports and minutes of the Council, the Cabinet and committees on its public website. In addition the increasing use of webcasting ensures that the public have a greater ability to access meetings. The Council makes use of social media to deliver information to the public in a digital format. The Council also will respond to requests for factual information regarding services through social media.
- 2.3.5 All Council Members produce an Annual Report on their activities which are published on the Council's public website. Some Members only produce information regarding their attendances at meetings and training sessions whilst others provide additional information about activities undertaken in their electoral division and attending outside bodies as representatives of the Council.

2.4 Defining outcomes in terms of sustainable economic, social, and environmental benefits

2.4.1 The Council and its partners, through the former Powys Local Service Board (LSB), agreed to focus on collectively delivering eleven citizen centred outcomes detailed in the One Powys Plan 2014-17. These shared priorities define the conditions of well-being that we aim to create for the people of Powys and the environment in which they live through working in partnership with other key public agencies in Powys. The One Powys Plan was reviewed and updated for 2016-17. This is the second integrated One Powys Plan following on from the initial plan which ran from 2011-14.

2.4.2 The council has a statutory duty to set annual improvement objectives and make arrangements to secure continuous improvement. In 2014/15, the council took the unprecedented step of integrating its annual improvement plan (formerly known as the Powys Change Plan) into the One Powys Plan with the intention of removing a possible double layer of corporate planning and recognising that meeting future service provision needs requires working in partnership. The original One Powys Plan 2014-17 was agreed by Full Council on the 30 April 2014.

Recognising that the OPP 2014-17 is a three year plan, the former LSB undertook a light review of the plan following its implementation. This approach was discussed and agreed with both Welsh Government and the Wales Audit Office. The 2016 update was approved by Full Council on the 11th May 2016. All documents can be found at <http://www.one.powys.gov.uk>

2.4.3 On entering the third year of the plan, the council recognised some tensions arising from integrating the council's statutory improvement plan within the One Powys Plan (OPP). The council has at times, found it difficult to use the OPP to easily identify and communicate the council's vision (as opposed the LSB's vision). This is necessary for engagement with staff, elected members, the public and stakeholders such as regulators. In addition, it is not always possible to easily see the links to the council's medium term financial strategy (MTFS). The council also recognises that other partners retain their own corporate planning frameworks.

The council therefore introduced its own standalone Corporate Improvement Plan (CIP) for 2016-19 in parallel with the OPP Update 2016/17.

2.4.4 The Cabinet reviewed and re-confirmed the Council's overall vision to Strong Communities for the Green Heart of Wales.

The vision focuses on the relationship between the Council and its communities. The Council is seeking partnership from communities to work together to deliver services in future and in turn this will help keep communities vibrant. In particular the Council wishes to create more employment opportunities for young people within the community.

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2.4.5 The Cabinet continues to develop the Council's operating model based upon commissioning and has reaffirmed the following priorities to support the Vision via the Corporate Improvement Plan:

- Remodelling council services to respond to reduced funding.
- Supporting people within the community to live fulfilled lives.
- Developing the economy.
- Improving learner outcomes for all, minimising disadvantage.

These priorities shape everything the Council does. The Council will fully engage citizens and staff in the process of change. Citizens need to be aware that the Council can no longer deliver all the services in the traditional way and that to maintain services, communities and citizens will be supported to do more for themselves. Staff will be encouraged to work in new ways and to take on new responsibilities.

2.4.6 The council continues to operate a set of budget principles (Table 1) to shape decisions to allocate resources. These play a key part in shaping the overall budget and the approach seeks consistency and the best outcomes for communities in Powys.

Budget Principle	Definition
Valued Services	<ul style="list-style-type: none"> • Focusing on our priorities & what matters to people, stopping things we don't need to do.
Supporting the Vulnerable	<ul style="list-style-type: none"> • Targeting resources on individuals, families, communities at risk or disadvantaged; early intervention & prevention; a shift in social care provision.
Local Delivery	<ul style="list-style-type: none"> • Devolution to Community Councils and the Voluntary Sector; local decision making; working through area based provision; developing Social enterprise models.
Personal Responsibility	<ul style="list-style-type: none"> • Self-resilience, people and communities helping themselves, behavioural change; increase in personalisation.
Value for Money	<ul style="list-style-type: none"> • Reducing the pay bill; third party spend savings; smarter delivery, cutting costs. • Full cost recovery for services where appropriate. • Redefine property portfolio and release surplus assets. • Collaboration with appropriate councils and LHB. • Longer term financial planning within an agreed envelope. • Reducing bureaucracy; less regulation and red tape, smaller government; right first time delivery.
Improving Productivity	<ul style="list-style-type: none"> • Process challenge and redesign. • Reducing sickness absence. • Management delayering.

2.4.7 The Council's Joint Chairs and Vice-Chairs Steering Group (Scrutiny and Democratic Services Committees) undertake a challenge of the Draft One Powys Plan and any updates which are based on documents such as the Cabinet's Statement of Intent and the Joint Strategic Needs Assessment. The scrutiny committees have also undertaken a review of Service Improvement Plans. These challenges focus on whether the needs assessment is reflected in the Council's One Powys Plan and whether the outcomes are appropriate and can be realised.

In addition the scrutiny committees had established a number of working groups to oversee the Council's recovery plans following adverse reports by external regulators to ensure that the required improvement is achieved and this work is ongoing.

2.5 Determining the interventions necessary to optimise the achievement of the intended outcomes

2.5.1 The Council initiated 5 programme boards to manage delivery of key transformational change identified in the integrated One Powys Plan 2014-17:

Integrated Health and Adult Social Care Children and Young People Transforming Learning and Skills Stronger Communities Organisational and Partnership Development	} Regional Partnership Board
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Each multi-agency programme is assigned a Lead Portfolio Holder, Programme Sponsor, Deputy Programme Sponsor and Strategic Programme Manager.

Each programme reports on at least a quarterly basis and overview reports are made available to the newly formed Powys Public Service Board (Powys PSB) together with the Council's Management Team and Portfolio Holders.

2.5.2 Objectives for service improvement were developed in 11 Service Improvement Plans. These included some key objectives that underpinned the council's 4 priorities as detailed in the CIP.

2.5.3 In agreeing the budget for 2016/17, a number of budget savings were identified and the majority of these initiatives were also incorporated into the CIP to provide a single coherent plan for the council.

2.5.4 All commitments in the Corporate Improvement Plan were built into a comprehensive performance tracker that was considered by Management Team and Strategic Overview Board on a quarterly basis. This approach provided both challenge and accountability, ensuring the Cabinet retained focus on its key priorities. Following the conclusion of the quarterly SOB, a cabinet report was prepared for submission to Cabinet, ensuring that the key issues and responses had been identified and reported transparently

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

2.6.1 The Council's Constitution sets out the roles and responsibilities of Members and officers so that accountability for decisions made and actions taken is clear.

The Council has processes in place for the appointment by political groups to committees, as well as processes for the appointment of the Lay Member on the Audit Committee, Parent Governor Representatives on the People Scrutiny Committee and the appointment of Independent "Lay" members on the Standards Committee.

There are clear schemes of delegation to officers as well as limits to such delegation set out within the Constitution. The Constitution is reviewed on an ongoing basis to ensure that it meets the needs of the Council. The Council has implemented a new Constitution (using a new model format) as from 1 September, 2015 which is published on the Council's website. Revisions of the Constitution are ongoing and future changes will be incorporated in a new full version being published each time which will make easier the identification of versions in force at a particular point in time, which was not the case previously. The second version has been approved by Council and came into force on 20 April, 2016.

The third version of the council's constitution was approved by full council on the 7 March 2017 and reflects changes in response to proposals for improvement identified by WAO in their "Good Governance when delivering significant service changes".

2.6.2 The Council operates a Leader and Cabinet model of governance. The Council is responsible for appointing the Leader. The Leader appoints the remainder of the Cabinet. The Council retains responsibility for approving the Council's Change Plan and the annual budget.

The Cabinet has delegated responsibility for a number of functions, including:

- Strategic leadership and direction
- Developing and proposing to Council the Corporate Improvement Plan, the Medium Term Financial Strategy and the Annual Budget
- Ensuring delivery of the Corporate Improvement Plan
- Consulting with relevant Scrutiny Committees in the development of policy
- Delivering services in line with adopted policies and budgets

2.6.3 The Constitution sets out clear terms of reference for all Committees of the Council. The Cabinet, and the Scrutiny and Audit Committees have rolling work programmes.

In 2016/17, the Council operated three Scrutiny Committees:

- People
- Place
- Audit (designated in the Constitution as a scrutiny committee)

Scrutiny Committees undertake reviews and inquiries, either within the Committee as a whole by means of a spotlight or light touch review, or in greater depth by delegation to Working Groups. The findings of Scrutiny reviews and inquiries are presented to Cabinet with recommendations for action. A number of Working Groups which have been established work over a longer period rather than being “task and finish” such as those relating to Education and Social Care where the work of the groups has been mainly to monitor the delivery of the Council’s recovery plans following adverse external regulator reports. Since December 2016, greater emphasis is now placed on pre-decision scrutiny of significant strategic policy issues and service changes.

The Education Working Group’s remit has been increased following a direction from Estyn to scrutinise schools where there are financial or performance issues or where the schools are the subject of regulator intervention. The Finance Scrutiny Panel continues to scrutinise budget proposals by the Cabinet prior to those proposals being finalised by the Cabinet for consideration by the Council.

A Joint Audit and Adult Social Care Working Group has been established to review the reasons for the budget overspend in Social Care and to monitor the recovery plan.

The Scrutiny Committees are independent of the Cabinet, but the Audit Committee does undertake a ‘Scrutiny’ function. It oversees the work of Internal Audit, Risk Management and receives the reports of the Wales Audit Office. It has responsibility for approving the Council’s Accounts. It did monitor the Council’s performance in relation to its budget and achievement of performance targets, but this function has now been taken over by the Cabinet’s Strategic Overview Board.

The Council’s committees also include some representatives who are not County Councillors. The Audit Committee has an independent “lay” member, the People Scrutiny Committee has co-opted members in respect of education scrutiny. The Place Scrutiny Committee has a co-opted member in respect of crime and disorder matters, although this role is currently vacant.

2.6.4 The Council also operates a Joint Chairs and Vice Chairs Steering Group whose main focus is:

- The co-ordination and work programming of activities between the Scrutiny and Audit Committees
- A specific scrutiny response in respect of:
 - One Powys Plan
 - Corporate Improvement Plan
 - Annual Improvement Report and Certificates of Compliance (Wales Audit Office)
 - Annual Performance Summary and Technical Report (joint responsibility with Scrutiny working groups)
 - Annual Governance Statement

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2.6.5 The Chief Executive is the Head of Paid Service. He leads the Council's officers and chairs the Management Team and Heads of Service Group.

All staff have clear conditions of employment and job descriptions which highlight their roles and responsibilities. This is supported by a range of Human Resources policies.

During 2016/17, the following officers held statutory roles:

- The Solicitor to the Council was designated as Monitoring Officer and carried overall responsibility for legal compliance
- The Strategic Director – Resource was the Section 151 Officer appointed under the Local Government Act 1972. He was responsible for the proper administration of the financial affairs of the Authority
- The Strategic Director – People was the Statutory Director for Social Services and the Lead Director for Children and Young People
- The Chief Executive was the Interim Chief Education Officer
- The Scrutiny Manager was the Head of Democratic Services
- The Interim Strategic Director - People is appointed as the Senior Information Risk Owner (SIRO)

2.6.6 The Council aims to provide a wide range of opportunities for Members and Officers to be more effective.

All newly elected Members receive an induction programme. There is also specific training relating to whichever committees they are appointed. Powys County Council was re-awarded the Wales Charter for Member Support and Development in January 2015 (having first gained the award in 2011). An annual Member Development Programme is in place and the Council has identified mandatory and discretionary training as well as possible sanctions which can be utilised by the Standards Committees for Members failing to achieve the level of training set by the Council. Members in receipt of Senior Salaries (e.g. Cabinet Members and Committee Chairs) have undertaken personal development reviews (PDRs) to assess their individual training needs. This is undertaken on a 2 yearly basis or within 3 months of their appointment. PDRs have been offered to all other Members of the Council or they will be asked to undertake a training needs analysis which will assist in the development of the Member Development Programme.

A Member Development Working Group consisting of Councillors and officers has been established to develop and monitor the implementation of the Member training programme. In preparation for the Council elections in May 2017 the Working Group has been developing the Induction Programme to be implemented following the election which includes training for all members, as well as individual committees, together with information packs for Cabinet Members and Group Leaders. In addition work is ongoing on the Member Development Programme for 2017/18.

Council received a number of seminars between April 2016 / March 2017. These help to build background knowledge and help Members in fulfilling their scrutiny and audit roles. These seminars included:

- Planning and the Planning Protocol
- Adult and Child Protection and Corporate Parenting
- Powys Teaching Health Board Seminars
- Corporate Assessment
- Social Services and Wellbeing Act
- Budget seminars
- Private Landlords Registration
- Schools
- Mid Wales Healthcare Collaborative
- Treasury Management
- Welfare Reform Projects
- Procurement and Commissioning
- Older People's Accommodation
- Social Media Skills
- Local Development Plan
- Performance Management for Head Teachers / Teachers and the Role of Governors
- ERW

Other Member Development undertaken as a result of membership of committees:

- Planning, Taxi Licensing & Rights of Way Committee development - Planning Inspectorate – Role of Planning and the Planning Committee (as part of the All Council Seminar on Planning above)
- Pensions & Investment Committee
- Environmental, Social and Corporate Governance in Investment.
- Diversified Growth Funds.
- Finding returns in a low return environment.
- Pension Fund Governance.

2.6.7 All new officers receive induction training, both corporately and within their specific service. A range of role based training is available across the Council, in particular to ensure staff operate in a safe manner to protect themselves, the public and their colleagues. The Council offers specific training based around staff reviews to provide the opportunity to develop existing skills or learn new skills.

The Council implemented a new, more robust process for Individual Performance Review (IPR). This replaces the former annual Employee Development Reviews (EDR) and will provide better focus on more regular, worthwhile conversations that take place a minimum of four times a year.

The IPR process helps managers and staff have a greater focus on performance management to ensure work is directed towards achieving the goals of the individual services and the organisation as a whole. Therefore, the golden thread linking the Council's strategic plans to the work of individual officers and operational staff is ensured.

2.7 Managing risks and performance through robust internal control and strong public financial management

2.7.1 We are continuously improving and updating our approach to risk management to help better understand and manage the risks the Council faces, prepare for future challenges and to increase the likelihood of achieving objectives. Risk management is a core management discipline that supports organisational delivery. The risks that the organisation faces are changing all the time, so the art of good risk management is to combine planning for what we know might happen with preparation for unknown situations, and to safeguard the organisation and in turn make it more resilient.

2.7.2 The Portfolio Holder for Risk Management is the Leader of the Council. The portfolio holder is updated on the progress of the risk management programme on a monthly basis by the Business Continuity & Risk Management Officer. The Corporate Risk Register is also reported to Strategic Overview Board on a quarterly basis.

2.7.3 Consideration of risk is an integral part of quarterly performance reviews held with portfolio holders, strategic directors and heads of service. The Audit Committee has a key role in monitoring and challenging the Council's risk register.

Impact assessments (IA) were further developed during 2016/17 with the provision of extensive training to support managers in the completion of effective assessments. For last year's budget setting process, an IA was completed for each of the savings proposals identified. The IAs were included in the budget pack distributed to Members as part of the sign-off process.

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

2.8.1 The Council's Constitution sets out how the Council operates and the process for policy and decision making. Within this framework, decisions are taken by Council, Cabinet, individual Cabinet Members and officers. Certain specific decisions are taken by the Planning, Taxi Licensing and Rights of Way Committee, The Licensing Act 2003 Committee, Shire Committees, Pensions and Investment Committee and the Employment and Appeals Committee.

2.8.2 The Council's Publication Scheme commits Powys County Council to make information available to the public as part of its normal business activities. The scheme can be found at <http://www.powys.gov.uk/index.php?id=1935>

The Council presumes that reports will be publicly available unless certain, specific tests are met. There are seven categories of exempt information and these include:

- Information relating to a particular individual
- Information relating to legal matters

For information to be treated as exempt, an assessment of public interest has to be made, to ensure proper balance is achieved between the right to know, the right to personal privacy and the delivery of efficient government.

Agendas, reports and minutes of the Council's committees are published online and are accessible to the public unless an item contains information which is classed as exempt.

2.8.3 There is a presumption that most meetings will be open to the public, again save where information is to be discussed which is classed as exempt.

For issues attracting high public interest e.g. renewable energy applications, the Council's budget, the closure of high schools, the Council and the Cabinet has webcast meetings in order that interested stakeholders can view proceedings in real time and through an archive facility. The facility has been valued by stakeholders with both live debates and archived debates having high levels of discrete viewings. The Council initially undertook a pilot project, which ended in March, 2015, where Council, Cabinet, the Planning, Taxi-Licensing and Rights of Way Committee and the People Scrutiny Committee were webcast. As a result the Council has decided to undertake further webcasts on an ongoing basis. Initially only Council meetings and some Cabinet meetings are webcast, but it is intended to extend the number of webcasts in future.

2.8.4 In line with the requirements of the Local Government (Wales) Measure 2009 and the statutory guidance on Shared Purpose: Shared Delivery, an integrated Annual Performance Summary and Evaluation was prepared via the Powys PSB. The evaluation gave a balanced account of progress on delivery of the council's key commitments as detailed in the One Powys Plan for 2015/16 and was approved by full council on the 19 October 2016. The evaluation documents can be found at <http://www.powys.gov.uk/index.php?id=296>

Whilst the statutory requirements for reporting are not applicable to this current year, due regard has been given to the Well-being of Future Generations (Wales) Act 2015 in developing the council's review of performance for 2016/17 which will be available from November 2017.

2.8.5 The council contributes to a set of National Strategic and Public Accountability Measures. Results of these are submitted to the Local Government Data Unit who in turn publish an annual performance bulletin, which considers performance across all 22 Welsh local authorities. The council's position on the indicator sets is published as part of the council's annual performance summary and evaluation.

3. Opinion of Governance

3.1 There is an ongoing review of the effectiveness of the Council's Governance Arrangements. The review is informed by the work of:

- The Council's Cabinet
- The Council's Scrutiny and Audit Committees
- The Council's statutory Chief Officers
- The Authority's regulators, including Wales Audit Office, Estyn and CSSIW
- Internal Audit
- External requirements / legislation
e.g. Public Services Ombudsman for Wales, all Wales review of Constitutions.

3.1.1 Cabinet Strategic Overview Board

Throughout 2016/17, via Strategic Overview Board, the Council's Cabinet and Management Team has received quarterly reports to review both the Council's performance through service improvement plans and the progress of the key improvement programmes delivering the One Powys Plan. The Cabinet also receives reports on the Council's financial performance on a regular basis.

Scrutiny chairs are now full members of the Strategic Overview Board since 7 March 2017, ensuring they have the opportunity to hold portfolio holders to account on matters of performance.

3.1.2 Scrutiny and Audit Committees

Decisions and their implementation can be scrutinised by the Scrutiny Committees. In addition during 2016/17 the Council in preparation for a corporate assessment by the Wales Audit Office reviewed its scrutiny function and the primary focus was on the scrutiny committees' work programme. This identified that there was far too much activity being undertaken and not necessarily focussed on priority areas. The demands on Scrutiny have also increased due to Regulators stressing that the Council needs to undertake scrutiny of specific areas of work e.g. schools where there are issues relating to their performance or finance. The Scrutiny Service with 3 staff means that there is a finite resource which impacts on the amount work which can be undertaken.

As a consequence a revised scrutiny work programme was developed by the Joint Chairs and Vice-Chairs Steering Group which prioritised the areas of work which would be undertaken. Any requests for additional items to be scrutinised are included in this prioritised work programme. The Steering Group reviews the work programme at each of its meetings. In addition Scrutiny is placing a greater focus on pre-decision scrutiny and a methodology has been developed which has been built into a revised timetable for the preparation of Cabinet Reports. The following are examples of areas which were scrutinised / Pre-scrutinised during 2016/17:

3.1.2i Place Committee:*Car Parking Charges (Call-In)*

The issue of car parking charges had been called in as Members had been concerned that the delegated decision report had been inadequate and that no impact assessment had been completed. This was considered at an additional meeting of the Committee and was referred to County Council for a final decision. Members concerns had hinged on equality across the County and the impact assessment, once produced, lacked detail.

Commissioning of the Highways, Transport and Recycling Service (Pre-scrutiny)

An outline business case for future options for delivery of the HTR Service. Proposals had been developed along the five case model considering strategic, economic, commercial, financial and management. A number of options ranging from retaining in house through public/private Joint Venture Companies and wholly owned subsidiaries had been considered. Independent scrutiny had also been provided. Options were also considered by the workforce and Citizens' Panel to ensure as wide a consultation as possible.

Household Waste Recycling Centres

Pre decision scrutiny was undertaken on the five options Cabinet was to consider going forward to consultation. Options ranged from reduction in operating times to the potential closure of one or two sites. The MTFs, as agreed by Council, requires savings of £700K in the year from April 2017 to be achieved. It was acknowledged that all sites were well used and contributed to the overall recycling targets imposed on the Authority. There is a requirement under the Environmental Protection Act 1990 for every authority to provide one site for disposal of household waste. Powys currently has five sites run under contract although only two of those sites are in Powys' ownership. The Group were keen to emphasise communication with the public should be of paramount importance.

Leisure Contract

Members reviewed the first year of operation and noted increased participation. Ongoing scrutiny is to be achieved by the Chair of the Place Scrutiny Committee attending half yearly meetings as an observer.

Leisure Service Savings (Pre-scrutiny)

Savings of £200,000 had been identified in the Medium Term Financial Strategy to be achieved from the leisure and sports centre budget. It seemed that there was no alternative but to close three establishments or find alternative models of delivery. Alternative options had been scrutinized by an independent body. The Cabinet subsequently agreed to retain the three establishments.

Libraries

A working group undertook pre-decision scrutiny on proposals to remodel the library service in light of required savings. The same group will monitor library standards on an annual basis to ensure that standards are maintained following the implementation of alternative delivery models. Customer satisfaction remains high but Members note the pressures on library staff by increasing demands as libraries are co-located with other services.

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Crime and Disorder

The Committee continues to monitor performance reports of the Community Safety Partnership biannually.

3.1.2ii Finance Scrutiny Panel

The Panel has entered a new phase in its development and has been actively scrutinizing the Medium Term Financial Strategy, Finance Resource Model and budget proposals for 2017/18. The Panel has also monitored a Recovery Plan developed in response to emerging overspends, particularly in the Adult Social Care service. As part of its ongoing improvement. The Panel have undertaken a self-assessment and impact assessment training.

3.1.2iii Audit Committee

In addition to its regulatory requirements, the Committee reviews the Corporate Risk Register and Treasury Management on a quarterly basis. Summary reports relating to the work of the Finance Scrutiny Panel, Internal Audit Working Group and a Joint Audit /Adult Social Care Working Group are also considered.

Internal Audit Working Group

The Group meets regularly to review action plans arising from Internal Audit reports with limited or low assurance. Consideration is also given to reports relating to internal fraud.

Joint Audit/Adult Social Care Working Group

Following the identification of a significant overspend in the Social Care Service budget, this Working Group has been asked to review how the overspend has occurred. The Council contracted external expertise to both undertake a financial review as well as undertake a comparison of Social Care spend in Powys by comparison to other Welsh Authorities. Both consultants were interviewed by the Working Group as well as the Portfolio Holder for Social Care and Officers. The Council has produced a budget recovery plan and the Working Group is one of a number of scrutiny working groups that has a role in scrutinising the recovery plan and its implementation.

Joint Audit / Education Scrutiny Group

The group has been asked to undertake pre-decision scrutiny on recovery plans to deal with two schools overspends.

3.1.2iv People Scrutiny Committee

Health Scrutiny

Observing each of quarterly Mid Wales Health Care Collaborative meetings across mid Wales and holding initial joint scrutiny sessions with letter from first meeting in Dolgellau in March (4 recommendations to Collaborative / ERW Scrutiny – meeting in Haverfordwest in September and Aberaeron in February with letters from each meeting sent to ERW Joint Committee (2 recommendations in each letter)

Scrutiny of Inspection reports e.g. Bannau / Camlas Residential Unit; Powys Fostering Service

Rollout of Schools Cashless System

3.1.2v Adult Social Care

Ongoing monitoring of progress against improvement objectives in Adult Social Care including scrutiny report to Cabinet

Initial investigations into domiciliary care, residential care, day services, Powys People Direct

Pre-Cabinet Scrutiny on proposals regarding residential care, day services, learning disabilities

Scrutiny of joint Health Board and Council Health and Care Strategy

Involvement in the Challenge Day for the Director of Social Services' Annual Report, scrutinising the draft report and the CSSIW performance and evaluation report (jointly with Children's Scrutiny Group)

3.1.2vi Children's Scrutiny Group

Initial investigations into Flying Start and Team Around the Family (jointly with Education Scrutiny Group) and Powys People Direct (jointly with Adult Social Care Scrutiny Group)

3.1.2vii Education Scrutiny Group

Ongoing education scrutiny – standards, attendance, exclusions, school budgets, inspection outcomes

Initial investigations into school asset management plan, pupil projections, Education other than at school, school budgets, change in age of admission

Pre-Cabinet Scrutiny on proposals regarding changes to Fair Funding Formula, Education Standards, Schools Asset Management Plan and Ysgol Cedewain / Brecon High School budgets (jointly with Audit)

3.1.2viii Schools Scrutiny Panel

Monitoring progress of schools who have attended School Scrutiny Panel

School Scrutiny Panels arranged for Caereinion High School, the Pupil Referral Unit and Llanfyllin High School (postponed)

3.1.2ix Joint Chairs and Vice-Chairs Steering Group

The Steering Group scrutinised the following:

- Draft Corporate Improvement Plan
- Draft Annual Governance Statement
- Commissioning and Procurement Board
- One Powys Plan Annual Performance Evaluation
- Overspend in the school transport budget.

The Steering Group also considered the composition of scrutiny committees, scrutiny of performance reports, the corporate assessment, scrutiny of the Public Service Board and integration with the Local Health Board and developed a process for pre-decision scrutiny, scrutiny work programme, speaking at Cabinet meetings.

3.1.3 Reports from scrutiny reviews containing the findings together with any recommendations are presented to Cabinet for their consideration. The Cabinet is expected to produce an action plan to respond to any recommendations made by scrutiny. In respect of pre-decision scrutiny the comments of the scrutiny review group are made to the Cabinet / Management Team meetings. A final report will be included with the Cabinet papers setting out the original recommendations to the Cabinet / Management Team together with an update regarding amendments to the final Cabinet report as a result of those initial scrutiny recommendations.

3.1.4 In 2014–15 the Council established a Finance Scrutiny Panel as part of a project funded and supported by the Centre for Public Scrutiny. The Panel's composition included scrutiny chairs, opposition group leaders and representatives of the Audit Committee with the Chair of the Audit Committee being Chair of the Panel.

The role of the Panel is not only to undertake the scrutiny of the draft budget from Cabinet prior to its consideration by the Council, but in addition to scrutinise elements underlying the budget process to assess whether base assumptions being used by the Council were sound. The Panel will also look at the Medium Term Financial Plan and the deliverability of financial targets in forthcoming years. During 2016 / 17 the Panel undertook a self-assessment and also reviewed its Terms of Reference. As an outcome the Finance Scrutiny Panel's terms of reference have been included in the Council's Constitution.

3.1.5 The Audit Committee meets on a regular basis. The Committee receives reports from Internal Audit and the Wales Audit Office and can make recommendations to both the Cabinet and Scrutiny Committees. The Committee had a Finance and Performance Sub Group that received regular financial and performance reports. It was acknowledged that this Working Group was not functioning effectively and during the year it was discontinued. Alternative proposals for the scrutiny of finance and performance reports were brought forward by the Portfolio Holder for Finance and discussed with the Joint Chairs and Vice-Chairs Steering Group. However these proposals were not supported by the Cabinet and it was therefore decided that the Cabinet's Strategic Overview Board would undertake this role. The Wales Audit Office in their review of the Council have commented on the role of the Strategic Overview Board and therefore a review of its Terms of Reference is being undertaken.

The Committee also has an Internal Audit Sub Group that meets regularly to receive all adverse opinion reports i.e. those rated Limited or Low assurance. Its main purpose is to track action plans to ensure that effective and timely corrective measures have been implemented. In addition, the group receive regular updates on cases of internal and external fraud.

Key areas of focus were:

- Direct payments,
- Debt management and recovery,
- Trade waste, energy procurement,
- Internet usage and security,
- Section 106 agreements,
- Gas safety.

Continued failure to address significant weaknesses will be reported to the main Audit Committee.

3.1.6 The Welsh Government issued its Consultation White Paper "Reforming Local Government" in the previous year which had a number of significant implications for the Council in how scrutiny will be delivered in the future. However there has been a change of emphasis by Welsh Government in respect of how local government is to be delivered with a focus on increased collaboration and regional arrangements. It is unclear as to how this will impact on scrutiny arrangements in Powys.

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3.1.7 The Council's Statutory Chief Officers have a range of functions with respect to the overall review of the Council's effectiveness. These include:

The Chief Executive is signatory to the Council's Annual Governance Statement;

The Chief Finance Officer is responsible for certifying that the Council's Accounts present a true and fair view of its financial position and income and expenditure;

The Council's statutory Director of Social Services is responsible for an annual review of the Council's social services under the Annual Council Reporting Framework (ACRF).

3.2 Wales Audit Office

Wales Audit Office (WAO) is the public sector watchdog for Wales. Their aim is to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.

Each year, Wales Audit Office reviews the position of local authorities in Wales in accordance with their statutory responsibilities.

Key reports during the 2016/17 financial year are set out below:

Audit of Financial Statements Report (issued September, 2016)

This report was presented to Audit Committee on 30 September 2016. The report stated:

"In my opinion the accounting statements and related notes;

- give a true and fair view of the financial position of Powys County Council as at 31 March, 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16."

3.2.1 The Wales Audit Office (WAO) has a duty to report to the public on the arrangements councils in Wales put in place to secure continuous improvement. The report is underpinned by two key pieces of work:

- A forward looking assessment of the Council's arrangements to secure continuous improvement;
- A backward looking assessment of whether the Council has achieved its planned improvements.

Their Annual Improvement Report 2015-16 states:

During the course of the year, the Auditor General did not make any formal recommendations to the council.

The council continues to make progress in its priority areas and maintains compliance with the Local Government Measure 2009

The council continues to make progress in delivering its shared priorities and, whilst its overall performance against the national indicators has declined over the previous year, it has largely maintained its position in comparison with other Welsh councils

The council is improving its financial management arrangements with the benefit of increasingly rigorous scrutiny and challenge but recognises that it needs to better align service and financial performance if it is to be confident of achieving its priorities with the resources at its disposal

The council has more work to do to provide assurance that its established governance arrangements are robust and that external regulatory reports are fully considered and addressed

The council recognises that, in its haste to introduce the new domiciliary care service, the integrity of its established governance arrangements was compromised and is working to mitigate the consequential risks

The council has more work to do to provide assurance that external regulatory reports are fully considered and action taken in response to the recommendations, where appropriate

(Annual Improvement Report 361A2016)

The latest Annual Improvement Report from Wales Audit Office is due no later than July 2017.

3.2.2 Estyn

Estyn is the Office of Her Majesty's Chief Inspector of Education and Training in Wales. Their mission is to achieve excellence for all learners in Wales through raising the standards and quality in education and training. Estyn has a wide range of statutory inspection and reporting responsibilities which include inspection of all publicly funded education and training across Wales.

The proportion of pupils eligible for free school meals in Powys is the lowest in Wales. This is taken into account when evaluating the performance in the council.

Since 2012, performance has steadily improved in the Foundation Phase indicator¹ and the core subject indicators for key stages 2 and 3. Although performance in each of these measures is well above the Wales average, it is below that of similar councils.

At key stage 4, over the last five years, performance in both the level 2 indicator including English or Welsh and mathematics and the capped average wider points score has improved, but at a slower rate than the average for Wales as a whole. While performance in these measures has remained well above the Wales average, it is below that of similar councils. The council has only met one of the Welsh Government's benchmarks for performance at key stage 4 in the last three years. Of the 12 secondary schools in Powys, three were in special measures at the start of 2016.

16 In most of the main indicators for primary and secondary schools, the performance of pupils eligible for free school meals is higher than for similar pupils across Wales.

Attendance in primary and secondary schools has improved and now places Powys amongst the highest authorities in Wales.

(Extract from WAO Annual Improvement Report 361A2016)

3.2.3 Financial Resilience: Savings Planning

Whilst the council is strengthening its arrangements for developing savings plans, too many are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience

Proposal for improvement

Strengthen financial planning arrangements by:

- *Ensuring that the service savings targets set for third party spend, income and cost improvement opportunities can be achieved in planned timescales*
- *Ensuring that all savings plans are sufficiently well developed for inclusion in the annual budget*
- *Forecasting the use of reserves*

(WAO 695A2016 – December 2016)

3.2.5 Good Governance when Determining Significant Service Changes

Given the ambition and pace of its service change programme, there is significant scope for the Council to strengthen its governance arrangements.

The Council has a clear and ambitious vision and framework for significant service change based around delivering community-centred services and being a commissioning council

Whilst the Council has strengthened programme management of its service changes, its scrutiny and decision-making arrangements are not sufficiently robust to assure good governance

The quality of options appraisals is mixed and information presented to Members is not always timely or sufficient to facilitate strategic decision-making

The Council has well-developed arrangements for engaging stakeholders in service change proposals but these are not always used consistently and effectively

The Council is improving its arrangements to monitor the impact of service changes but these are not yet being used systematically

The Council is learning from previous service change although it recognises that further action is needed to improve the effectiveness of its decision-making arrangements

Proposal for improvement

The Council's governance arrangements could be strengthened by:

- *Reviewing the current remit and role of the Cabinet to enable it to focus on the Council's key priorities and significant service changes.*
- *Clarifying and strengthening the role of scrutiny committees in considering service change.*
- *Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.*
- *Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.*
- *Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear.*
- *Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.*

(WAO 167A2017 – March 2017)

3.2.6 Other Studies (Local and National)

A number of studies were published for shared learning by WAO during 2016/17:

- Financial Resilience of Local Authorities in Wales (August 2016)
- Community Safety in Wales (October 2016)
- Charging for Services and Generating Income by Local Authorities (November 2016)
- Checklist for Local Authorities Effectively Engaging and Working with the Third Sector (January 2017)

The content and findings are considered and appropriate action planned where required.

3.3 Care and Social Services Inspectorate Wales (CSSIW)

3.3.1 CSSIW encourages the improvement of social care, early years and social services by regulating, inspecting, reviewing and providing professional advice to ministers and policy makers. It provides the council with their views on the councils' annual review and evaluation of performance.

Improvements have been made and with the additional senior management capacity, prospects are improving despite the budgetary pressures. It has made significant investment in reshaping services in order to deliver on the savings needed and the implementation of the SSWB Act.

The council is actively engaged in the completion of both market position statements and commissioning strategies across a range of service areas, including older people and accommodation, assistive technology, learning disability and domiciliary care. It has carried out a detailed analysis of demography and need across all Council wards, matching current and future need against current resources.

(CSSIW: Annual review and Evaluation 2015/16)

3.4 Internal Audit

3.4.1 During 2016/17, Internal Audit was subject to the requirements and principles of:

- Public Sector Internal Audit Standards in the UK - 2013
- CIPFA Local Government Application Note – 2013

An Internal Audit Charter was agreed by the Audit Committee in 2016/17 that defines the purpose, authority and responsibility in terms which are consistent with the professional standards.

Internal Audit undertook a programme of risk based work, formulated using an approved planning strategy, to review the Council's internal control environment.

Each audit undertaken contained an opinion on the control framework and agreed actions by Management to correct the areas of risk identified. Those that had an adverse opinion (Low or Limited Assurance) reported to the Internal Audit Working Group where accountable officers were required to attend to update the Members on progress with their action plans. In addition, the Internal Audit Team have supplemented this tracking approach by undertaking a series of follow-up reviews on high risk areas.

Internal Audit routinely considers the likelihood of fraud occurring within the systems being audited. Where necessary, it undertakes investigatory work in respect of fraud and corruption which can result a Police referrals and/or disciplinary actions. The Council has a zero tolerance attitude toward fraud and corruption.

3.4.2 In accordance with the recognised standards, the Head of Audit is required to give an opinion on the overall internal control environment based on the work undertaken throughout the year. This report is presented to the Audit Committee annually in July.

3.4.3 From 1 April 2017 the council's internal audit service will be provided by South West Audit Partnership (SWAP).

Under the arrangement the Internal Audit Team will transfer to their new employer whilst continuing to provide internal audit services for the council.

SWAP is a not for profit organisation that was originally set up in 2003 and the arrangement sees Powys County Council become a partner in the company that provides audit services to various public sector bodies including Somerset County Council and Herefordshire Council.

3.5 Constitution

3.5.1 Following the development of a New Model Constitution for Welsh Authorities which was released in 2013, the Council has migrated its current Constitution with the new Model Constitution, and at the same time taking the opportunity to review every section and make improvements to existing provisions. The new Constitution came into force on 1 September, 2015. Further revisions have taken place since then as the Constitution is kept constantly under review it is the intention that new versions will be issued periodically. Version 3 of the new Constitution came into force in March 2017. The Council's constitution can be found at

<http://powys.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13166&path=0>

3.6 Complaints Regarding Members of the Council

- 3.6.1 Following a requirement by the Public Services Ombudsman for Wales that Councils establish a local resolution protocol for certain categories of complaints from Members of the Council against other Members, or from officers regarding Members, the Council has agreed its own Local Resolution Process which is incorporated into the new Constitution.

The types of complaints to be considered are those which would not otherwise be deemed to be of such a nature that they would ordinarily be considered by the Public Services Ombudsman and the process is intended to resolve these matters at a local level. There has only been 1 referral under the process during this year.

3.7 Public Service Board Scrutiny

- 3.7.1 The Joint Chairs and Vice-Chairs Steering Group, the Joint Partnership Board and the Public Service Board have agreed the principles for the establishment of a multi-agency PSB Scrutiny Committee. In the interim the Joint Chairs and Vice-Chairs Steering Group continues to scrutinise the annual updates to the One Powys Plan.

A review of the resources available to scrutiny is being undertaken to identify the resource required for PSB Scrutiny as well as the scrutiny of the integration project with the Powys Teaching Health Board.

3.8 Powys Pension Fund

3.8.1 The County Council is the designated statutory body responsible for administering the Powys Pension Fund of its constituent scheduled and admitted bodies. The County Council has delegated the decision-making responsibilities to the Pensions and Investment Committee, which meets at least quarterly. The Committee has co-opted two non-voting members, one staff representative nominated by the Trade Unions and one representative nominated by the Outside Bodies Employers. The Committee reviews market conditions and economic trends with the aim of forming a view on the prospects for each of the world markets over the short, medium and long term. The Pensions and Investment Committee, alongside the Chief Financial Officer and the external experts it employs, provide the general direction and advice by which the Fund is managed. It also monitors the performance of the Fund and the investments for which the administering Authority is responsible.

The Pension Board assist the Administering Authority to secure compliance with regulations and requirements imposed by the Pensions Regulator; and, to assist in ensuring effective and efficient governance, management and administration of the LGPS and the Powys Pension Fund. This is accepted to mean that the Pension Board has an oversight role but not a decision-making role.

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

Powys County Council, as the administering authority to the Powys Pension Fund, is currently working together with the other seven LGPS funds in Wales to establish a pension investment "pool" in line with government requirements issued by DCLG, in November 2015. The participating administering authorities agreed a Memorandum of Understanding, approved by Pension and Investment Committee on 30 September 2016 as a precursor to the Inter Authority Agreement which is scheduled to be signed in 2017-18. A Joint Governance Committee, consisting of an elected member from each Administering Authority will be formalised in 2017-18. The Chairs of the committees of the participating funds have been meeting on a monthly basis as a shadow Joint Governance Committee to receive briefings and progress on the implementation of the plans to procure a third party operator who would develop a menu of investment opportunities from which the Pension Funds could select investments.

3.9 Opinion on the Level of Assurance

3.9.1 On the basis of the evidence, we consider the level of assurance to be **reasonable**

3.9.2 Assurance levels for annual opinion

Substantial	We are able to offer substantial assurance that the council's arrangements adequately reflect the principles of good governance as indicated in the CIPFA Governance Framework. Processes are in place and operating effectively and risks to effective governance are well managed.
Reasonable	We are able to offer reasonable assurance that the council's arrangements adequately reflect the principles of good governance as indicated in the CIPFA Governance Framework. Generally, risks are well managed but some processes could be improved.
Partial	We are able to offer partial assurance that the council's arrangements adequately reflect the principles of good governance. Some key risks are not well managed and processes require the introduction or improvement of internal controls to ensure effective governance.
None	We are not able to offer any assurance. The council's arrangements were found to be inadequately controlled. Risks are not well managed and processes require the introduction or improvement of internal controls to ensure effective governance.

4. Areas for Improvement

4.1 There are a number of governance challenges facing Powys County Council at present:

4.2 The Cabinet's approach

Recognising the increased challenges posed by the long term financial outlook the Cabinet has reviewed and amended the Council's overall vision to Strong Communities for the Green Heart of Wales.

The amendment to the vision focuses on the relationship between the Council and its communities. The Council is seeking partnership from communities to work together to deliver services in future and in turn this will help keep communities vibrant. In particular the Council wishes to create more employment opportunities for young people within the community.

The Cabinet will continue to develop the Council's operating model based upon commissioning and has reaffirmed the following priorities to support the Vision:

4.2.1 Remodelling council services to respond to reduced funding.

We need to find a way of dealing with increased demand and expectations on some of our services while spending less than we do now. This means taking a new look at how we deliver services rather than simply carrying on doing what we did in the past so that we meet people's needs in the most appropriate and cost effective way. This process is called commissioning.

This may mean re-designing a current service or working with a partner so that they provide the service on our behalf. In the future the council will be smaller with people employed by other organisations, such as the voluntary sector, town and community councils, not-for-profit organisations or commercial enterprises.

What difference do we plan to make?

- Better value for money for our citizens
- Effective, efficient and sustainable services
- Local communities are better able to provide services for themselves
- More local suppliers are being used in our contracts, either directly or through the supply chain
- Powys benefits from the council trading its professional expertise
- Customer requirements are more easily met using digital technology

4.2.2 Supporting people within the community to live fulfilled lives.

The good news is that people are living longer. But this does put more pressure on our services for older people. As people live longer, their care needs are likely to cost more money. However we know that together we can design and put in place different types of help and support that will be more effective.

We also know that helping children and families through the early years will help to ensure children grow up safe, secure and healthy into young adulthood.

We need to move away from traditional based services which are expensive and not built around the personal requirements of those in need. We need to ensure that the homes we provide for older people meet the needs of this generation of vulnerable older people. Our aim is to design new services with our partners that promote prevention and personal control which are community based. We need to build on our current commissioning relationship with the health board and the voluntary sector to design and deliver services that promote independence and alternatives to institutional care. We will need to develop the local care economy to make this possible. This will contribute to the long-term sustainability of our communities by providing employment and training opportunities.

What difference do we plan to make?

- Communities will take a greater role in supporting carers and the cared for.
- Older people will feel:
 - Supported, independent, safe, dignified and connected
 - A valued member of their communities
 - Informed and empowered to make choices about their support and care
- Carers:
 - Are able to maintain employment, education and training where they choose
 - Have good physical, emotional and mental health
- People with a learning disability:
 - Have improved health and well-being
 - Receive services that meet their needs and enable them to maximise their Independence and live in the community of their choice
 - Have improved opportunities for valued occupation including paid employment
 - Experience smooth and effective transitions from childhood to adulthood
- Children and families:
 - Feel safe and supported in their lives
 - Are empowered to make the best decisions
- People's emotional and mental health:
 - Is promoted and improved
 - Challenges are responded to effectively, aiding recovery
- Suitable housing for everyone in Powys is ensured.

4.2.3 Developing the economy.

A healthy and enterprising economy is essential for sustaining communities which is why economic development is one of our top priorities. Low levels of economic activity have contributed to the number of young people who leave in search of opportunities elsewhere and don't return. This has had a direct impact on services such as schools, as the number of young people in our county declines. It also affects the supply of people in the local workforce and on the ability of successful local businesses to grow within the county.

Traditional approaches to regeneration have not secured sufficient economic growth. Our new regeneration strategy will focus upon how we can support the local economy. For example, through using our land ownership and influence to promote economic activity in all sectors, and through the decisions we make in respect of the improvement and maintenance of our existing housing stock and the development of new homes.

Improved transport links and access to superfast broadband will make Powys an attractive proposition to invest in, or to relocate to. That's why we are already lobbying for, and securing, investment in infrastructure that will encourage growth, including an hourly service on the Cambrian railway line, the Newtown Bypass and working with BT to introduce high speed broadband to rural communities.

What difference do we plan to make?

- A thriving tourism economy with increased day and stay visitors taking advantage of outdoor activity opportunities and festivals, and increasing spend.
- A dynamic, driven and confident council that finds and exploits opportunities for increasing the Powys economy.
- A county that is recognised as a great place to live, work and play which is known for its amazing scenery, as a place for outdoor life and interesting and cultural events and festivals.
- An increased population of high earners and professionals who live in Powys and either work in the county or from home for organisations elsewhere in the world.
- A larger percentage of small to medium sized growth businesses in industry sectors that contribute to the prosperity of the county.
- Opportunities, including appropriate training and apprenticeships are available and accessible, ensuring workforce skills are aligned to the skills needs of businesses.
- A safe, efficient and reliable transport service and network that enables people and businesses to travel safely to their destination

4.2.4 Improving learner outcomes for all, minimising disadvantage.

We want Powys to be an attractive place to work for young people with ambition to succeed. In the past the county has been rightly proud of the academic achievement of its young learners. However, there are many Powys pupils whose attainment could be better, especially those from low income households.

Transforming skills and learning is a key aim of the council to make sure all children and young people are supported to achieve their full potential. To succeed in our ambition we need first class teaching, high quality leadership and appropriate class sizes with a fair distribution of resources.

Although many of our schools are highly regarded it's clear that the quality of most of our school buildings are no longer suitable for education in the 21 century. Our young people demand the investment to compete with other parts of the country. We need to provide modern learning environments to take advantage of the latest technology.

It is in everyone's interest that the council's focus is on driving up the attainment and ambition of the majority of its pupils with a special emphasis on those from more disadvantaged backgrounds. We must also provide stimulating learning environments for our able and gifted students and provide improved access to Welsh medium education.

To be successful we must ensure that our schools can offer the range of courses that are both attractive to our pupils but also meet the needs of the local economy. This way we can attract investment and economic growth from within.

What difference do we plan to make?

- Our learners will be supported to achieve their potential in a modern, inclusive learning environment
- Access to Welsh medium education will have improved

4.3 These priorities will shape everything we do, and we hope to fully engage citizens and staff in the process of change. Citizens need to be aware that we can no longer deliver all the services in the traditional way and that to maintain services communities and citizens will be supported to do more for themselves. Staff will be encouraged to work in new ways and to take on new responsibilities.

4.4 We will set out to reduce our cost base through transforming services by undertaking whole council and sector reviews, reducing the amount of property we use, and developing a community delivery and neighbourhood management approach which will focus upon the needs of specific communities and the services they need.

4.5 The 2016/17 Budget and Prioritising our Service Spend

The provisional budget settlement for the Council was announced by Welsh Government on 9 December 2015. The settlement has awarded the Council a 4.1% budget reduction for the next financial year against a Welsh average reduction of 1.3%. This amounts to a reduction in cash terms of £7.147m compared with the settlement for 2015/16. The Council received the benefit of the floor mechanism in the sum of £1.9m, the highest in Wales.

Importantly this means that the per capita funding for Powys is £1,252 compared with a Welsh average of £1,309. Many of the Council's current services and facilities were developed when the County received one of the highest per capita allocations within Wales. The Council's future service provision needs to reflect this shift of funding away from rural areas which is likely to continue and the Cabinet's budget proposals acknowledge this requirement.

The setting of the budget and medium term financial strategy in the face of continuing reductions in grant income from Government remains the most critical challenge facing Powys County Council. Our response has moved to a three year balanced Medium Term Financial Strategy (MTFS). The strategy also recognises that the future may well be even more challenging.

The Council's Budget strategy centres on the Council's vision "Stronger Communities for the Green Heart of Wales" and the four organisational priorities that aim to meet the challenges presented by the combination of reduced funding and service pressures and a need to be cost effective and focused on core outcomes for residents, business and communities.

A shift in cost of this magnitude cannot be achieved through an annual budget process of targeting services with savings. This requires a better understanding of each services cost base and the application of a model of key cost cutting themes which require consistent and coherent cross council action.

We will set out to reduce our cost base through transforming services by undertaking whole council and sector reviews, reducing the amount of property we use, and developing a community delivery and neighbourhood management approach which will focus upon the needs of specific communities and the services they need.

4.6 Delivering in Partnership - One Powys Plan 2014-17

4.6.1 The council is committed to delivering key priorities for improvement through working with Partners. We will continue to implement the single improvement plan as required by Welsh Government. The Council's formal Improvement Plan is integrated within the One Powys Plan. An agreed approach to producing an annual update was agreed and supported in principle by both WG and WAO. The annual update 2016-17 meets the key requirements of the Local Government (Wales) Measure 2009, Part 1.

In implementing the One Powys Plan we will:

- Address issues through prevention and early intervention rather than reaction
- Understand the interventions that best deliver outcomes for citizens and commission services accordingly
- Focus on delivering advantage together that we cannot obtain by working separately
- Build on our current programmes of change where these remain valid
- Mandate multi-agency programmes to define and manage delivery of our priority outcomes
- Recognise that each organisation retains responsibility for single agency plans but will align these plans with the One Powys Plan – to ensure there is only one plan.
- Commit to pooling resources where added value can be gained.

4.6.2 With the Well-being of Future Generations (Wales) Act 2015 coming into force on 1 April 2016, partnership working evolved from the former Local Service Board and the statutory Powys Public Service Board was established on 9 June 2016. Under this new Act the statutory members of the PSB will be:

- Powys County Council
- Powys Teaching Health Board
- Mid and West Wales Fire and Rescue Service
- Natural Resource Wales

The Act also requires the PSB to issue a formal invitation to participate to:

- Welsh Ministers
- The Chief Constable for Dyfed Powys Police
- The Police and Crime Commissioner for Dyfed Powys Police
- The Probation Service
- Representative body of voluntary organisations in Powys.

4.7 Realising the potential for further integrated working with PTHB

4.7.1 Powys County Council in partnership with Powys Teaching Health Board have pledged to accelerate the integration of health and social care services.

Integration is a way of achieving seamless, co-ordinated working between a range of our teams and services in the best interests of those who use our services. Integration is not an end itself, but a way of working that ensures that people get the right care and support according to their needs.

By working closely together we can provide services that enable people to live more independent, fulfilled lives. When people do need us, we will provide responsive services in a way that meets their particular needs.

Our first priority is to enable our older people's teams to work more closely together, and work is well underway. These teams will work closely with local GPs to offer care in, or as close to people's homes as possible, and using technology, we can ensure quality, safety and cost effectiveness.

Integration makes good sense as both our organisations serve the same population and we experience many of the same challenges providing services in a large rural county. We know how effective integrated working is, but we recognise we are not currently doing enough. We know we must go much further and at a greater pace.

Organisational Development is key to enabling integration to succeed. We need to ensure our structures, processes and people are organised to deliver in the best way for people in Powys. We are developing an approach to support staff with the skills they need to be most effective.

By joining the teams, pooling resources and shared processes the organisations can tailor services to meet the needs of the individual in a more holistic way.

4.7.2 In order for the council and local health board to respond to these changes, a Joint Partnership Board (JPB) will govern and oversee our ambitious change agenda and integration of services.

The JPB brings together nominated strategic leaders from Powys County Council and Powys Teaching Health Board. It will provide strategic leadership and make key decisions in accordance with a scheme of delegation, agreed by both bodies, to ensure effective partnership working across organisations within the county for the benefit of Powys' citizens.

The key responsibilities of the JPB are to:

- oversee the integration of health and social services, together with related enabling services
- assist in the development of a health and social care system that delivers co-ordinated care in the community to enable people to live longer and live better
- ensure that NHS and Local Authority resources are directed to support integration as required
- oversee organisational development and a culture change to deliver integration, innovation and transformation
- work to the following principles, as reflected in the Powys Integration Plan as approved from time to time:
 - Make a positive difference for the people of Powys
 - Always consider integration as the default position
 - Adding value not cost whilst diverting demand/cost avoidance
 - Design and deliver through dialogue with staff and the people of Powys
 - Challenge the status quo through supportive enquiry
 - Working to common frameworks and systems e.g. project management
 - Share learning and use evidence based approaches and standards

A Joint Management Team (JMT), consisting of the Chief Executives and Directors of both organisations, will support the work of the JPB. Work of the Joint Management Team will be incorporated within the reporting arrangements to the JPB.

4.8 Cross Cutting Themes

4.8.1 We are committed to progressing as a single council and therefore must also focus on opportunities that cut across individual services:

- Commissioning Appropriate, Viable, Equitable and Affordable Services
- Rationalise our Property Estate
- Regeneration as a Cross Service Principle
- Public Sector Collaboration
- Working with the Third Sector including the PAVO Partnership Agreement
- Community Delivery and Neighbourhood Management
- Resourcing Appropriately

4.9 Responding to Regulatory Recommendations

4.9.1 Whilst no statutory recommendations have been received from regulators, the council recognises the value of regulatory reviews in helping to drive improvement. A process for tracking the council's response to recommendations and proposals for improvement has been re-established to ensure corporate visibility. The tracker and progress on agreed actions are considered by Management Team, Strategic Overview Board and Audit Committee on a quarterly basis.

Signed on behalf of Powys County Council:



Chief Executive
Date: 26 June 2017



Leader of the Council
Date: 26 June 2017

Audit report of the Auditor General to the Members of Powys County Council

I have audited the accounting statements and related notes of:

- Powys County Council; and
- Powys Pension Fund

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Powys County Council's accounting statements comprise 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.

Powys Pension Fund's accounting statements comprise the Pension Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 14, the responsible financial officer is responsible for the preparation of the statement of accounts, including Powys Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to Powys County Council and Powys Pension Fund's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the responsible financial officer; and
- the overall presentation of the accounting statements and related notes.

STATEMENT OF ACCOUNTS

In addition, I read all the financial and non-financial information in the Narrative Report and Annual Governance Statement to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Powys County Council

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on the accounting statements of Powys Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of Powys Pension Fund during the year ended 31 March 2017 and of the amount and disposition of the fund's assets and liabilities as at that date, and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In my opinion, the information contained in the Narrative Report and the Annual Governance Statement is consistent with the accounting statements and related notes.

Matters on which I report by exception

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;
- the accounting 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;
- the Annual Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

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

For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
28 September 2017

24 Cathedral Road
Cardiff
CF11 9LJ

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Action Plan Following Recommendations for Improvement from WAO Review of Education Finance

WAO Proposal	Responsible Officer	Actions	Deadline for Action
P1 In order to provide the necessary challenge to secondary schools with regard to their financial planning, the Council should ensure that it has the capacity to analyse and evaluate schools' curricular planning.	Head of Schools / Secondary Challenge Advisors / Schools Finance Team	A1a To develop and agree a curriculum planning model to be used in each sector	31/12/2017
P2 The Council should work with schools to explore means of improving the efficiency and effectiveness with which schools procure goods and services. Tudalen 239	Interim Professional Lead Commercial Services	A2a Analyse the spend data we have for 2016/17 to identify high expenditure areas. Look for buying patterns so that expenditure can be aggregated. Look for significant spend with a supplier. E.g. Supply Teacher Insurance	31/12/2017
	Interim Professional Lead Commercial Services	A2b Encourage the use of existing Corporate Contracts	On going
	Interim Professional Lead Commercial Services	A2c Improve Contract Management – a Schools Service Contract Manager is being recruited.	31/10/2017
	Interim Professional Lead Commercial Services	A2d Review Contract options	31/03/2018
	Interim Professional Lead Commercial Services	A2e Establish Corporate contracts where none exist.	On going
	Interim Professional Lead Commercial Services	A2f Provide support and training for schools including strategic forward planning for purchasing e.g. ICT	31/03/2018

Action Plan Following Recommendations for Improvement from WAO Review of Education Finance

Tudalen 240	P3	In order to further embed resource management as a key component of school improvement, the Council should agree with schools: a consistent template for recording key financial information within School Development Plans; and a system whereby schools' financial health might be assessed and reported annually.	School Finance Manager / Senior Challenge Advisors	A3a	Schools finance to meet with challenge advisors to review current information recorded in School Development Plans and develop a new template for recording key financial information which is consistent across all schools	31/01/2018
		School Finance Manager / Senior Challenge Advisors	A3b	Communicate with schools to ensure they are aware of the new template and the requirements for completion and inclusion within the school development plans	30/05/2018	
		School Finance Manager / Senior Challenge Advisors	A3c	Implement requirement for all schools to include new financial template within their School Development Plans	01/09/2018	
		School Finance Manager	A3d	Review current reporting of school balances to allow comparison of individual schools planned and actual balances to enable an assessment of financial health	31/12/2017	
		School Finance Manager / Senior Challenge Advisors / Schools HR	A3e	Termly meeting with Schools Finance Team, Challenge Advisors and Schools HR Team to discuss and review schools. Monthly one to one meetings with HR Team and Finance Team to discuss individual schools	01/09/2017	
		School Finance Manager	A3f	Secondary school benchmarking has been carried out and will enable schools to draw comparisons on spend with other similar schools across Powys and Wales	31/10/2017	
		School Finance Manager	A3g	Further develop the benchmarking of primary schools financial information to enable schools to draw comparisons on spend with other similar schools across Powys	31/02/2018	
		School Finance Manager	A3h	Further develop the benchmarking of primary schools financial information to enable schools to draw comparisons on spend with other similar schools across Wales	31/10/2018	

Action Plan Following Recommendations for Improvement from WAO Review of Education Finance

P4	In order to improve its clarity and transparency, the Council should review its Service Level Agreement with schools for Financial Services, ensuring that the optional element includes only those services that are not statutory functions of the Council.	Schools Finance Manager	A4a	Review the current Service Level Agreement that is in place that was developed with schools and make necessary changes to ensure that statutory functions are not included in the optional elements of the Service Level Agreement	30/11/2017
		Schools Finance Manager	A4b	Consult with Schools on changes to the Service Level Agreement	31/01/2018
		Schools Finance Manager	A4c	Implement new Service Level Agreement	31/03/2018
P5	In order to ensure a common understanding of financial data, the Council should ensure that data reported to members is consistent with that reported to Welsh Government, and that any necessary variance between the two sets is fully explained.	School Finance Manager	A5a	Review data presented to Cabinet in Finance Reports in respect of reporting loans to ensure that figures presented in reports can be easily reconciled and understood compared to figures reported to Welsh Government	30/11/2017
P6	In order to achieve an affordable and adequately resourced school system, the Council should increase the pace and scale of change in implementing its Schools Organisation Policy, 'Planning Education Provision'. In particular, the Council should work with partners inside and outside Wales to ensure that learners aged 16-19 are able to access a suitable curriculum in the language of their choice.	Director of Education / Head of Schools / Senior Manager Schools Transformation	A6a	To undertake a Transformation seminar with Cabinet to agree work programme, to review options for the recommissioning of post 16 education and to implement a work programme arising from A1a	12/10/2017
		Director of Education / Head of Schools / Senior Manager Schools Transformation	A6b	Commence planning and implementation	01/11/2017
		Director of Education / Head of Schools / Senior Manager Schools Transformation	A6c	Commence new delivery model	01/08/2018

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2016-17 Powys County Council

Issued: June 2017

Document reference: 389A2017



This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Colin Davies and Justine Morgan under the direction of Jane Holownia.

**Huw Vaughan Thomas
Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ**

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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

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

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Summary report

2016-17 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including Powys County Council's (the Council's) own mechanisms for review and evaluation. For 2016-17, we undertook improvement assessment work at all councils under three themes: governance, use of resources, and improvement planning and reporting. At some councils, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2016-17.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

The Council is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Council is likely to comply with the requirements of the Local Government Measure (2009) during 2017-18.

Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Council and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
- make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Council must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.
- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, a number of proposals for improvement have been made and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2016-17

Exhibit 1: audit, regulatory and inspection work reported during 2016-17

Issue date	Brief description	Conclusions	Proposals for improvement
Governance			
March 2017	<p>Good governance when determining service changes</p> <p>Review of the Council's governance arrangements for determining service changes.</p>	<p>Given the ambition and pace of its service change programme, there is significant scope for the Council to strengthen its governance arrangements.</p>	<p>The Council's governance arrangements could be strengthened by:</p> <p>P1 Reviewing the current remit and role of the Cabinet to enable it to focus on the Council's key priorities and significant service changes.</p> <p>P2 Clarifying and strengthening the role of scrutiny committees in considering service change.</p> <p>P3 Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.</p> <p>P4 Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.</p> <p>P5 Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear.</p> <p>P6 Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
Use of resources			
November 2016	<p>Annual audit letter 2015-16 Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<p>The Auditor General issued an unqualified opinion on the Council's 2015-16 accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions.</p>	Not applicable.
March 2017	<p>Savings planning Review of the Council's financial savings arrangements, including how well it is delivering the required savings and whether it has robust approaches to plan, manage and deliver budget savings, at a pace that supports financial resilience.</p>	<p>Whilst the Council is strengthening its arrangements for developing savings plans, some are insufficiently developed and have unrealistic delivery timescales which may not fully support future financial resilience.</p>	<p>P1 Strengthen financial planning arrangements by:</p> <ul style="list-style-type: none"> ensuring that the service savings targets set for third party spend, income and cost improvement opportunities can be achieved in planned timescales; ensuring that all savings plans are sufficiently well developed for inclusion in the annual budget; and forecasting the use of reserves over the MTFP period.

Issue date	Brief description	Conclusions	Proposals for improvement
June 2017	<p>Review of Education Finance</p> <p>Our review set out to answer the question, 'Is the availability and quality of advice adequate to support the Council and its schools in managing education budgets'?</p>	<p>We concluded that schools and councillors receive improved advice and support about the management of schools' budgets, but the Council faces challenges in achieving the pace to deliver an affordable, sustainable education service.</p> <p>We reached this conclusion because:</p> <ul style="list-style-type: none"> • the monitoring of schools' delegated budgets, and the support and challenge provided to schools when setting their budgets, are improving in most respects; but • the Council faces major challenges in achieving the pace that will deliver an affordable and sustainable education service and halt the projected substantial decline in schools' financial health. 	<p>P1 In order to provide the necessary challenge to secondary schools with regard to their financial planning, the Council should ensure that it has the capacity to analyse and evaluate schools' curricular planning.</p> <p>P2 The Council should work with schools to explore means of improving the efficiency and effectiveness with which schools procure goods and services.</p> <p>P3 In order to further embed resource management as a key component of school improvement, the Council should agree with schools:</p> <ul style="list-style-type: none"> • a consistent template for recording key financial information within school development plans; and • a system whereby schools' financial health might be assessed and reported annually. <p>P4 In order to improve its clarity and transparency, the Council should review its Service Level Agreement with schools for Financial Services, ensuring that the optional element includes only those services that are not statutory functions of the Council.</p> <p>P5 In order to ensure a common understanding of financial data, the Council should ensure that data reported to members is consistent with that reported to the Welsh Government, and that any necessary variance between the two sets is fully explained.</p> <p>P6 In order to achieve an affordable and adequately resourced school system, the Council should increase the pace and scale of change in implementing its Schools Organisation Policy, Planning Education Provision. In particular, the Council should work with partners inside and outside Wales to ensure that learners aged 16 to 19 are able to access a suitable curriculum in the language of their choice.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
Local risk-based performance audit			
May 2017	In December 2016, in lieu of a full Corporate Assessment, we undertook a tailored risk-based assessment focusing on vision and strategic direction; collaboration and partnerships; governance and accountability; resource management, and improvement planning.	<p>Our assessment findings underpinned the conclusions set out above and we further concluded that:</p> <ul style="list-style-type: none"> • the Council has a clear and ambitious vision for transformational change but capacity, capability and pace remain as challenges; • the Council is working in collaboration with Powys THB through its integration plan, supporting cultural change and staff engagement; and • the Council has a track record of financial resilience but management information and data remains a challenge if the Council is to deliver sustainable models for Education and Social Services. 	The Council is developing and implementing an action plan to respond to our findings and conclusions.

Issue date	Brief description	Conclusions	Proposals for improvement
Improvement planning and reporting			
July 2016	<p>Wales Audit Office annual improvement plan audit</p> <p>Review of the Council's published plans for delivering on improvement objectives.</p>	The Council has complied with its statutory improvement reporting duties.	Not applicable.
November 2016	<p>Wales Audit Office annual assessment of performance audit</p> <p>Review of the Council's published performance assessment.</p>	The Council has complied with its statutory improvement reporting duties.	Not applicable.

Issue date	Brief description	Conclusions	Proposals for improvement
Reviews by inspection and regulation bodies			
March 2017	On 8 February 2017, Estyn conducted an improvement conference focused on the local authority's education services for children and young people. This improvement conference is part of a pilot to try out new ways of working with local authorities to secure improvements in education services in Wales.	Estyn is assured that the local authority understands: <ul style="list-style-type: none"> • the reasons behind the relatively weak performance of pupils in around half of its secondary schools in recent years; and • the need to improve its monitoring and oversight of school budgets and that plans are being developed or are at the early stages of implementation to address the issues. 	In order to further strengthen ongoing work, Estyn recommends that the local authority: <ul style="list-style-type: none"> • refines its use of data to monitor schools; • ensures that officers, elected members and governors understand how well schools are performing compared to similar schools; • ensures that actions in improvement plans are supported by appropriate success targets, and that progress is monitored vigorously; • ensures that performance management for head teachers is a rigorous process that takes appropriate account of standards that pupils achieve and inspection outcomes; • agrees a plan for the future organisation of secondary schools; • develops further its work to recruit strong senior and middle leaders and provide leadership training for suitable teachers within the authority; • ensures that the full range of financial information is taken into account when budgets are agreed and monitored; • ensures that school governors are fully aware of their school's financial position; and • uses its powers of intervention effectively to address performance or budget issues in schools and follows up any prior warning letters appropriately.

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Annual Audit Letter

Mr Jeremy Patterson
Chief Executive
Powys County Council
County Hall
Llandrindod Wells
Powys
LD1 5LG

Dear Jeremy

Annual Audit Letter Powys County Council 2015-16

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources

It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 30 September 2016, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Powys Pension Fund's financial

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position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee in my Audit of Financial Statements report on the 30 September 2016, and a more detailed report containing specific recommendations and management's response to those recommendations will be issued in due course.

I am satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made. In his Annual Improvement Report issued in June 2016, with regard to its use of resources, the Auditor General concluded that the Council is improving its financial management arrangements with the benefit of increasingly rigorous internal scrutiny and challenge, but recognises that it needs to better align and monitor service and financial performance if it is to be confident of achieving its priorities with the resources at its disposal.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2016.

My work to date on certification of grant claims and returns has not identified significant issues that would impact on the 2016-17 accounts or key financial systems.

A more detailed report on my grant certification work will follow in 2017 once this year's programme of certification work is complete.

The financial audit fee for 2015-16 is currently expected to be broadly in line with the agreed fee set out in the Annual Audit Plan. However, during the course of the year, the audit team responded to a considerable volume of correspondence arising from members of the public. Once all our work is complete, we will discuss the final fee position with the Director of Finance.

Yours sincerely

Anthony Veale
Engagement Director
For and on behalf of the Auditor General for Wales

cc: County Councillor W. Barry Thomas – Leader

Mr David Powell – Director of Finance

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Appendix 3

National report recommendations 2016-17

Exhibit 2: national report recommendations 2016-17

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR.

Date of report	Title of review	Recommendation
August 2016	Financial Resilience of Local Authorities in Wales 2015-16	<p>In our report of 2014-15 (The Financial Resilience of Councils in Wales, April 2015) we made a number of recommendations for local authorities. Many of these recommendations remained relevant and required further work from authorities to address them during 2016-17. In addition, we also made the following recommendations based on our more recent review:</p> <p>R1 Local authorities should strengthen their financial-planning arrangements by:</p> <ul style="list-style-type: none"> • developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans; • aligning other key strategies such as workforce and asset management plans with the MTFP; • developing comprehensive multi-year fully costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget; • categorising savings proposals so that the shift from traditional-type savings to transformational savings can be monitored over the period of the MTFP; and • ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned. <p>R2 Local authorities should develop corporate income generation and charging policies.</p> <p>R3 Local authorities should ensure that they have a comprehensive reserves strategy, which outlines the specific purpose of accumulated useable reserves and the impact and use of these in the MTFP.</p> <p>R4 Local authorities should develop key performance indicators to monitor the MTFP.</p> <p>R5 Local authorities should ensure that savings plans are sufficiently detailed to ensure that members are clear as to what the plans are intended to deliver and that the delivery of those plans can be scrutinised appropriately throughout the year.</p> <p>R6 Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.</p>

Date of report	Title of review	Recommendation
October 2016	Community Safety in Wales	<p>The seven recommendations within this report required individual and collective action from a range of stakeholders – the Welsh Government, Home Office Wales Team, police and crime commissioners, public service board members and local authorities:</p> <p>R1 Improve strategic planning to better coordinate activity for community safety by replacing the existing planning framework with a national strategy supported by regional and local plans that are focused on delivering the agreed national community-safety priorities.</p> <p>R2 Improve strategic partnership working by formally creating effective community-safety boards that replace existing community-safety structures that formalise and draw together the work of the Welsh Government, police forces, local authorities, health boards, fire and rescue authorities, WACSO and other key stakeholders.</p> <p>R3 Improve planning through the creation of comprehensive action plans that cover the work of all partners and clearly identify the regional and local contribution in meeting the national priorities for community safety.</p> <p>R4 Review current grant-funding arrangements and move to pooled budgets with longer-term funding commitments to support delivery bodies to improve project and workforce planning that focuses on delivering the priorities of the national community-safety strategy.</p> <p>R5 Ensure effective management of performance of community safety by:</p> <ul style="list-style-type: none"> • setting appropriate measures at each level to enable members, officers and the public to judge progress in delivering actions for community-safety services; • ensuring performance information covers the work of all relevant agencies; and • establishing measures to judge inputs, outputs and impact to be able to understand the effect of investment decisions and support oversight and scrutiny. <p>R6 Revise the systems for managing community-safety risks and introduce monitoring and review arrangements that focus on assuring the public that money spent on community safety is resulting in better outcomes for people in Wales.</p> <p>R7 Improve engagement and communication with citizens through public service boards in:</p> <ul style="list-style-type: none"> • developing plans and priorities for community safety; • agreeing priorities for action; and • reporting performance and evaluating impact.

Date of report	Title of review	Recommendation
November 2016	<u>Charging for Services and Generating Income by Local Authorities</u>	<p>This report made eight recommendations, of which six required action from local authorities. Recommendations R4 and R6 required action from the Welsh Government and Welsh Local Government Association:</p> <p>R1 Develop strategic frameworks for introducing and reviewing charges, linking them firmly with the Medium Term Financial Plan and the Corporate Plan.</p> <p>R2 Review the unit and total costs of providing discretionary services to clearly identify any deficits and, where needed, set targets to improve the current operating position.</p> <p>R3 Use the impact assessment checklist whenever changes to charges are considered.</p> <p>R5 Identify opportunities to procure private sector companies to collect charges to improve efficiency and economy in collecting income.</p> <p>R7 Improve management of performance, governance and accountability by:</p> <ul style="list-style-type: none"> • regularly reporting any changes to charges to scrutiny committee(s); • improving monitoring to better understand the impact of changes to fees and charges on demand, and the achievement of objectives; • benchmarking and comparing performance with others more rigorously; and • providing elected members with more comprehensive information to facilitate robust decision making. <p>R8 Improve the forecasting of income from charges through the use of scenario planning and sensitivity analysis.</p>

Date of report	Title of review	Recommendation
January 2017	Local Authority Funding of Third Sector Services	<p>This report made three recommendations, of which two required action from local authorities. Recommendation R3 required action from the Welsh Government:</p> <p>R1 To get the best from funding decisions, local authorities and third sector bodies need to ensure they have the right arrangements and systems in place to support their work with the third sector. To assist local authorities and third sector bodies in developing their working practices, we recommend that local authority and third sector officers use the Checklist for local authorities effectively engaging and working with the third sector to:</p> <ul style="list-style-type: none"> • self-evaluate current third sector engagement, management, performance and practice; • identify where improvements in joint working is required; and • jointly draft and implement an action plan to address the gaps and weaknesses identified through the self-evaluation. <p>R2 Poor performance management arrangements are weakening accountability and limiting effective scrutiny of third sector activity and performance. To strengthen oversight of the third sector, we recommend that elected members scrutinise the review checklist completed by officers, and regularly challenge performance by officers and the local authority in addressing gaps and weaknesses.</p>

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Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

CYNGOR SIR POWYS COUNTY COUNCIL.

**Audit Committee
22st September 2017**

**REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance**

SUBJECT: Regulatory Tracker Update QTR1 17/18

REPORT FOR: Information & Decision

Summary

1. Regulatory Tracker

1.1 This overview report summarises progress with regards to recommendations received from the Council's regulators, predominantly Wales Audit Office (WAO), Estyn and Care & Social Services Inspectorate (CSSIW). In considering the report and appendices, the council should be satisfied that:

- Appropriate action is being taken in response to recommendations received.
- Where actions are complete and desired outcomes achieved or embedded as required, recommendations may be archived in the tracker with approval from Strategic Overview Board and Management Team with evaluation from Audit Committee.
- New recommendations are appropriate for inclusion in the tracker.

1.2 The Tracker will be a fixed agenda item on both Management Team and Strategic Overview board. The tracker will be referred to Audit Committee for review to provide challenge and for evaluation.

2. Overview of Regulatory Tracker

At end of Qtr1 2017/18, the overview of the tracker provides the following view of progress against National and Local recommendations received.

Status	Description	Recommendations	National Studies	National Studies %	Local Studies	Local Studies %	Combined Total %
1	Total Number of Recommendations.	70	44	63%	26	37%	100%
2	Recommendations were planned, action is complete and ready for sign off by Audit Committee	3	3	100%	0	0%	100%
3	Actions on track	54	32	59%	22	41%	100%
4	Actions mainly on track – some minor issues	12	8	67%	4	33%	100%
5	Actions not on track – with major issues or no planned action undertaken to date.	1	1	100%	0	0%	100%

The table above positively reflects the Councils continuous effort to respond and implement recommendations made by our regulators where applicable.

Of the **70** recommendations made in Local and National studies the Council have currently implemented **3** (3 National and 0 Local) with a subsequent **54** (32 National

and 22 Local) recommendations on track to implementation this equates to **81.4%** of the total recommendations.

Of the **70** recommendations **1** (1 National and 0 Local) are not on track or have major issues or no planned action undertaken to date this equates to **1.4%** of the total recommendations.

The Council didn't receive any new reports locally and no national reports have been published since the last quarter.

The **11** Recommendations RAG'd Blue at the end of QTR3 have been archived in accordance with the tracker process having approval from Audit Committee **6th July 2017**. These recommendations can be found on the blue tabs within the tracker spreadsheet.

There have been a number of changes to the Regulatory tracker in the past quarter to improve the accuracy and quality of the updates provided by officers. This work will continue moving forward.

The finance elements have been consolidated after meeting with the head of Finance. I had noticed and highlighted in QTR4 16/17 that there were a number of overlaps and duplication which could be eradicated by providing one progress update against a number of replicated recommendations this should improve the accuracy of reporting.

There has also been a move to merge the BRAG status for the Good Governance when Determining Significant Service Changes local report. There are a number of actions against single recommendations and I felt one overall BRAG status for the delivery of that recommendation would be prudent.

3. Red Recommendations Requiring action

Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer
R4	Local authorities should develop Key Performance Indicators to monitor the MTFP.	National Study	18/08/2016	Finance	To be progressed. Comparisons of assumptions included for forward projections around funding levels, inflation, pressures etc. against and the actual position. This would be introduced for the next financial year.	Jane Thomas

4. Blue Recommendations proposed to be archived

Ref	Recommendation	Review Type	Date Received	Service	Position Statement	Responsible Officer
R3R1	Revise the best practice standards to: <ul style="list-style-type: none"> • align the work of environmental health with national strategic priorities; • identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and • identify the benefit and impact of environmental health services on protecting citizens. 	National Study	01/10/2014	Environment Health	Welsh Heads of Environmental Health Best practice standards have been revised and circulated. In addition, a set of `infograms` have been developed by EH services that are designed to meet this measure - http://www.cieh-cymruwales.org/infographics.html - in that they demonstrate the wider contribution of EH and the benefits and impact of EH services in protecting consumers.	Ken Yorston
Tudalen 267	Public bodies should use business cases to support all individual early departures. Business cases should identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning.	National Study	01/02/2015	HR –Early Departures	<p>Powys County Council HR operates a business case authorisation process as recommended. The revised Management of Change and Redundancy policy specifically requires that for all redundancies (both voluntary and compulsory) a proper business case outlining the cost/benefit to the Council must be retained and held centrally.</p> <p>Although we currently make use of business cases to allow early release, we have ensured that these business cases identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning. The business case should note any strain on the pension fund, the costs of any replacement staff to backfill work, a calculation of payback periods and the impact of the loss of skills and experience.</p>	Julie Rowles/ John Bevan
	Public bodies should ensure where settlement agreements are used, their records clearly identify whether a package includes an enhancement payment and if so, its value and the reason for the enhancement payment.	National Study	01/02/2015	HR –Early Departures	The Council does not, as a matter of course, provide enhanced payments in settlement agreements and only occasionally makes use of settlement agreements. A centrally-held schedule is held by Legal Services.	Julie Rowles/ John Bevan

5. Officer's Quarter 1 2017/18 observations

1. The outcome of the WG lead review into Community Safety is proposed to be delivered in Autumn and will shape Community safety work moving forward. It is the officer's opinion that once this review has been distributed that the Council clarifies its position and approach to delivering community safety with our external partners.
2. The Good Governance when Determining Significant Service Changes local report updates need to be developed. It is the officer's opinion that the updates provided for the tracker are lacking in clarity and substance regarding progress and currently state actions or work to be undertaken.

6. Statutory Officers

The Solicitor to the Council (Monitoring Officer) has commented as follows:

The view of the Strategic Director Resources (S151 Officer) is that the contents form a key part of ensuring regulators' recommendations are delivered.

Recommendation:	Reason for Recommendation:
Recommendation 1: The tracker is received as a correct indication of the Council's response to regulatory recommendations.	To ensure that agreed actions to address regulatory recommendations received by the Council are monitored appropriately.
Recommendation 2: That 3 recommendations (status blue) are approved to be archived by decision of the Audit Committee.	Recommendations were planned action is complete and desired outcomes have been achieved / embedded as required.

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y
Relevant Local Member(s):			
Person(s) To Implement Decision:			
Date By When Decision To Be Implemented:			

Contact Officer Name:	Tel:	Fax:	Email:
Thomas Yeo	01597 826585		Thomas.yeo@powys.gov.uk

Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken
CSSIW									
CSSIW	WG25949	Social Care	CSSIW4	Future commissioning and procurement exercises for domiciliary care services should be built on a market development and partnership approach. It must robustly test the tender submissions, the capacity and capability of organisations to manage the transition of services and deliver the service specifications.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		Provider forums are ongoing and well attended by Powys domiciliary care agencies these forums have been, and continue to be used to help develop Powys market requirement. Preparation for the future commissioning of domiciliary care continues to be carefully managed with appropriate market engagement at its heart. This will include exploration of how the DPS will operate in practice and an understanding of its resource requirements. As part of the market development and the strengthening of relationships with providers, a Portfolio Holder Delegated decision report regarding the potential use of a dynamic purchasing System to commission future domiciliary care has been agreed, with the following four recommendations: 1. The Head of Transformation, Adult Services is authorised to undertake a four week market engagement process to further explore the relative merits of implementing a Dynamic Purchasing System for the future commissioning of domiciliary care services across Powys.
CSSIW	WG25949	Social Care	CSSIW6	The Council needs to strengthen its relationships with and oversight of domiciliary care providers operating in Powys, including setting up regular meetings and clear lines of communication with the commissioning managers to address ongoing concerns and queries.	01/05/2015	Cllr Stephen Hayes	Lee Anderson		2. The Head of Transformation, Adult Services is requested to present the outcome of the market engagement process and proposals for the future commissioning of domiciliary care services to the Portfolio Holder for Adult Social Care. 3. Implementation of a Dynamic Purchasing System for the future commissioning of domiciliary care services across Powys, if recommended, will require a further report for Portfolio Holder decision, supported by an Impact Assessment. 4. Extension of Dynamic Purchasing to other health and social care services (such as day care services) will be subject to formal approval by the Portfolio Holder. The use of a Dynamic Purchasing System who promote the direct line of sight of all commissioned providers, underpinning direct, clear lines of communication throughout the domiciliary care supply chain.
CSSIW	WG25949	Social Care	CSSIW7	The Council needs to consider carrying out a review of the grants and service level arrangements to ensure they align with the Powys One Plan and the Integrated Pathway and provide the best value for money.	01/05/2015	Cllr Stephen Hayes	Dominique Jones		We are close to completing a 'Whole System' approach to the design of a community focused prevention and early help model to ensure the service components to be commissioned are agreed across our Regional Partnership Board partners. Countywide mapping and is being developed by Business Intelligence based on the prevention and early help model will ensure targeted resource and services that meet identified gaps and need. Nine Community Connectors (funded through ICF) have been recruited and are operational throughout Powys and are aligned to agreed commissioning localities – these areas also provide a framework for co-ordination, data collection and gap analysis). A Home Support pilot is currently being established along with an evaluation programme designed to look at the impact of responding to and addressing 'what matters' to the individual. Outcomes framework and RBA templates for contracts and grants designed and agreed. Savings plan for Day Time Opportunities underway which will further release resource into prevention and early help budget (when pooled will enable prevention and early help services to be properly commissioned). Management of Change budget secured for commissioning and project support and recruitment process almost complete (2 posts) to support the above.
Tudalen 269									
CSSIW	WG25949	Social Care	CSSIW8	The development of the integrated pathway for older people with Powys Teaching Health Board should be clearly defined and articulated to capture the projected demand and therefore capacity required at each stage, including reablement. The future integrated service model must be supported by clear governance arrangements that include financial commitments and management accountability.	01/05/2015	Cllr Stephen Hayes	Jen Jeffreys		The model; 'Adult and Social Care Promotion of Independence Continuum of Need' has been developed to provide an overarching approach within which all services will be delivered to ensure we achieve our vision. This model was developed in partnership with Powys Teaching Health Board, PAVO and stakeholders. The framework will empower people to maintain and improve their own health and wellbeing, and build active and supportive networks among people within communities. It will also enable individuals, families and communities to meet a range of challenges which they may experience in their lives, leaving specialist social care services to concentrate on those with higher level support needs. Success: A 'team around the person' is built which enables services to work together seamlessly at the point they are needed whilst improving the experience for older people. This requires: • Services working seamlessly together • Person centred approach promoting independence, providing maximum choice and options • Integrated systems of care/care pathways designed to meet customer needs and available resources • Care co-ordination • Tell us once Integrated working continues to progress with Ystradgynlais area having gone live and Brecon undertaking a pilot via the Vanguard methodology. Pathways continue to be embedded/developed. No pathway will be the same across the county and each integrated team will develop a pathway which meets the needs of the area/community within which they are working. The integrated teams are/will be multi-agency (eg Health, Social Care and Third Sector). The team in Ystradgynlais have an integrated manager working across Health and Social Care and work to a single integrated assessment. Section 33 and information sharing protocols in place Work continues in this regard jointly with the Health Board in terms of the agree a model going forward which will include professional governance and accountability.
CSSIW	WG25949	Social Care	CSSIW9	The first contact arrangements via the Powys People Direct should be further developed to ensure it can provide the appropriate level of response, advice, support and information for adult services and therefore reduce the need for an additional duty response at team level.	01/05/2015	Cllr Stephen Hayes	Jen Jeffreys		A restructuring of the management of PPD has taken place and agreed. Posts now being evaluated and will be appointed to. this will enable the service to be more robust in terms of management and accountability. Training has taken place in relation to what matter conversations and appropriate triage. Performance and management information being further developed. Guidance has been developed tougher with an appropriate pathway.
CSSIW	WG25949	Social Care	CSSIW10	The new adult safeguarding management structures and reporting mechanisms must be secured and established as a priority, to ensure that the Designated Lead Managers are supported in their responsibilities and there is consistent reporting, decision making and oversight at an appropriately senior level.	01/05/2015	Cllr Stephen Hayes	Karen Arthur		All enquires continue to be received by Powys People Direct (PPD). This includes internal and external referrals. This year has seen a restructure and the Safeguarding Team Manager has recently been promoted to Contact and safeguarding Senior Manager, this has strengthened the decision making for the team whilst offering the consistency of support PPD. The Act brought significant changes to how enquiries are managed and staff are embracing the challenge at all levels and Powys are working collaboratively its regional partners to ensure consistency in how enquiries are managed and recorded. The new group is Powys Local Safeguarding Groups Adults and is streamlined to form closer working links with its sister group representing Childrens Services. Moving forward both the PLOG and PLOGA will meet on the same day with a transitional session between meetings to address cross cutting issues. This will mirror the regional arrangements. The Safeguarding Managers of Adults and Childrens Services are planning members development training in September 2107. The Safeguarding Team continue to strengthen our relationship with Powys Teaching Health to ensure that we have a clear understanding of each other's expertise and this is employed appropriately when managing enquiries.

Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken
CSSIW	WG25949	Social Care	CSSIW11	The low uptake of carer assessments needs to be further investigated to understand the needs of this group of people and how they can be supported in their role.	01/05/2015	Clr Stephen Hayes	Louise Barry Dylan Owen		<p>A new Carers Support contact is operational via Credu to better identify and support your carers within a school context.</p> <p>Work remains ongoing to identify carers and establish Carers Champions across a range of agencies. Presentations have been made to the North and South GP cluster meetings and details of nominate Carers Champions from GP surgeries are awaited.</p> <p>Carers Week fell in June 2017 and a large number of events were held for carers including awareness raising sessions.</p> <p>The Integrated Community Equipment contract has been varied in order to establish a supply chain for assistive technology for unpaid carers. In quarter 1 there were 82 prescriptions of 120 items of equipment supporting 69 individuals.</p> <p>Our commissioned service, Credu, are continuing to work with and support carers of all age; the following identifies some specific work which has been undertaken in the first quarter:</p> <p>Adult Carers</p> <ul style="list-style-type: none"> - The Assistant Director of Mental Health has been to talk to a group of mental health carers to talk about how mental health services in Powys will operate following the repatriation of services - A focus has been placed on parent carers who have enjoyed a pamper day with discussions ongoing about workshops later in the year and a level of increased support - There have been increased opportunities for adult carers to come together and the "apple a day" sessions which were held in North Powys will be rolled out to Mid and South Powys in Autumn following excellent feedback <p>Young Carers</p> <ul style="list-style-type: none"> - Credu are currently looking to recruit volunteers to replace the youth service support which is no longer available. However, the short time plan is to recruit casual staff to support the Outreach Workers to run clubs. - 8 young adult carers took part in a day's sailing in the Challenge Wales ocean going 74foot sailing yacht; they reported this to be an amazing adrenaline fuelled experience with them having the opportunity to do more days over the next two years. - 3 young carers had a very positive "Taster Residential". Feedback included that for one young carer it had "cemented their interest as they had been thinking about applying to Bangor in 2018". Another carer reported that she was "really inspired and that her confidence was boosted about applying to university and as a Welsh speaker would have access to additional grants as well as a new year 1 grant as a carer". The third carer is now also considering university as a "real option"
CSSIW Tudalen 270	WG25949	Social Care	CSSIW12	A workforce strategy which supports the establishment of the integrated pathway for older people should be developed across the wider health and social care workforce including domiciliary care. Opportunities to build workforce capacity such as care apprenticeships should be considered, as well as potential barriers such as housing and transport.	01/05/2015	Clr Stephen Hayes	Sarah Powell		<ul style="list-style-type: none"> • The Organisational Development and Partnership Support Programme are supporting the delivery of this recommendation. • PtHB and PCC recognise that our staff are key to transforming how we provide services to the people of Powys. • Organisational Development, HR and Workforce are working together across both organisations to support the creation of the teams working in the community. • This work has commenced and continues to be a key priority within the integration plan between PtHB and PCC. <p>An adult services specific workforce action plan is in place, and this will be superseded by the integrated workforce strategy that is being developed as part of the integration agenda between Powys County council and Powys teaching health board.</p> <p>OD plan has been created for adults which will rolled out across social services. Work is ongoing with domiciliary care and the southern area social work team as part of the overall plan development</p> <p>RROOTS programme will look to improve this further and look at workforce plans and improved recruitment of staff and apprentices</p> <p>A Recruitment paper is being created across OD</p> <p>Communications plan being created for recruitment within Adult social care</p> <p>Meeting WG to design a integrated course for the future of social care across the council and PtHB</p>
Domiciliary Care									
Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited	692A2015	Domiciliary Care Domiciliary Contract Letting to Alpha Care	R2	In order to meet the challenges of transforming its service delivery in the light of reduced financial resources and increasing demand, the Authority has adopted a clearly defined commissioning and procurement strategy. We recommend that the Authority consider whether the issues raised in this report have wider relevance for the successful delivery of its commissioning and procurement strategy, and undertake a review of its processes for developing and letting major contracts. Particular attention should be paid to ensuring that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working in practice.	01/01/2016	Clr Stephen Hayes	David Powell		<ul style="list-style-type: none"> •Role to oversee the co-ordination of commissioning activity has been recruited and work is progressing to maintain and develop the resourcing plan and co-ordinate the activities and development of the programme office. •Complementary Gateway processes are in place for the Programme Office for major projects run by the Programme Office and for smaller projects managed by Commercial Services/Service areas that require a procurement process •Responsibility for the definition of contracts on a case by case basis established in Contract Procedure Rules. •Training programme content has been developed and accessible for delivery to relevant staff. The programme will also include refresher training on the financial regulations for contracts to ensure consistency of application. •Progress of major commissioning and procurement projects now being reported to C&P Board •Gateway process introduced with the purpose of ensuring that Professional Services are integral to commissioning and procurement projects. •Scrutiny reviews at the commencement of a project i.e. to seek assurance that the purpose and direction of travel are appropriate for the Council, and latterly following the completion of the project as a review. will seek to coordinate work programmes between the C&P Board, the Cabinet and Scrutiny committees, as otherwise scrutiny is unlikely to be aware of procurement activities. •Guidance for Officers is being updated to include a section that advised on the approach to be adopted in conducting a lessons learnt review this will tie into the tools and guidance documentation developed by the Programme Office. •The draft audit plan will include a review of major contracting and commissioning exercises to ensure lessons are learnt. •Built in to MTFS as a permanent change from 17/18. Permanent funding now in place for existing posts that had previously been funded from Management of Change. Business Intelligence activity is now better aligned with the Council's direction of travel. •Resourcing plan in development that will identify resource demands and capacity for all change capacity over the next three years, Development of a resources hub which will meet quarterly to identify and report back on issues and challenges within the resource plan. Terms of reference for the hub are being drafted. •Commissioning, Procurement and Commercialisation strategy has been developed and out for wider consultation on the Public Council website, heads of services and programme managers the consultation closes on the 10th August. Once consultation has been evaluated a delivery plan will be developed to take this work forward. •Work ongoing within the Programme management office to align methodology and toolkits/ templates etc. to the commissioning cycle to enable a consistent approach within the Council when approaching the delivery of projects and programmes. •Strategic Overview Board now in operation with Scrutiny chairs sitting on the board which aims to performance manage and challenge key programme of work.

Document	Document Reference	Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Date Received	Responsible Portfolio Holder	Responsible Officer	CIP / SIP Start Date BRAG Status	Work Undertaken
Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited	692A2015	Domiciliary Care Domiciliary Contract Letting to Alpha Care	R3	Audit work undertaken previously by the Auditor General in 2010 and 2014 on the Authority's whistleblowing policies identified that 'there was often a lack of an audit trail to support key decisions and events. Some key decisions were not documented and there were instances of key documents or supporting information not being found or not existing.' Similar issues are identified in this report. The review recommended above should also consider the extent to which adequate documentation is produced and retained to support key decisions made when developing and letting tenders.	01/01/2016	Cllr Stephen Hayes	David Powell/ Andrew Durant		<p>The WAO report highlighted a series of risks around document management.</p> <p>As a service we are aware of the challenges of maintaining appropriate records and approval of all change initiatives during the ongoing high level of change required across all public services. The service is currently working to identify opportunities to standardise record management processes through greater use of technology and appropriate software packages.</p> <p>Proposals to Implement a modern up to date Finance system that integrates to WCCIS continue to progress as part of the wider finance system development</p> <p>SharePoint project - an external supplier has been commissioned to help build the SharePoint capability. The document retention policies, searching capabilities and mandatory tagging of documents work is in the process of investigation and clarification moving into early August. Proof of concept and Basic team sites are in place for IT and once retention policies and mandatory tagging of documents are clarified and enabled IT will be rolling this out to wider Council services.</p> <p>Social care shared and personal drives scan of network drives has been commissioned with aim to be placed on SharePoint. This has been completed for home drives (Z:) and still ongoing with (x:) due to server issues.</p> <p>Servers have since been updated but are undergoing monitoring before this can be progressed. Outcomes of the scan will highlight where issues are to inform next stage of delivery.</p>
ICT									
Section 33 arrangements – ICT Partnership	123A2015	ICT	R5	<p>Ensure that there are clear implementation plans for the new all Wales Community Social Services and Health system. This should include:</p> <ul style="list-style-type: none"> • identification of overall executive responsibility for leading the project; • allocation of sufficient ICT and Service staff resources to the project; • clear deliverable milestones and plans to prepare, test, and switchover to the new system; and • development of integrated health and social care pathways and processes, which enable the system to support the desired future model of working, rather than the future model of working being dictated/limited by the system. 	01/04/2015	Cllr Martin Weale	Andrew Durant / Ellen Sullivan		<p>WCCIS has now gone live in Powys with the whole of Social Care and a number of service areas in PTHB. Powys Regional Applications team have undertaken work to resolve issues post implementation and improve use of the system. PTHB have planned and undertaken work for wider rollout to District nurses, Women's and Children's Directorate and integrated care teams for the phase 2 rollout. Staff in the Newtown Integrated PTHB and PCC CMHT are using the same referral and allocation process within WCCIS.</p> <p>The server hosting environment has been replaced with higher performing and more resilient infrastructure. 41 servers have been migrated to this new solution.</p> <p>The Exchange email service has been migrated to a newer version (Exchange 2010) and moved onto newer physical servers designed with high availability and DR in mind.</p> <p>Refresh network equipment for sites across Powys has been purchased and a business case is in preparation for the installation and implementation of new configuration standards which will seek to optimise traffic flows across local networks, improve security and segment traffic to minimise network data storms and other sub-optimal issues currently impacting on service performance. Progress against plan is proceeding in accordance with planned timescales at present.</p>
Financial Resilience									
Tudalen 271 Financial Resilience Assessment	196A2016	Finance	15 31 44	<p>Last year we highlighted that the Council needed to be clear about how it would resource its identified corporate priorities (set out in the Statement of Intent and One Powys Plan). Also that it should be clear how it would ensure its corporate and strategic financial plans were sufficiently aligned. The Council acknowledged that its financial planning should begin earlier and the initial work for the 2015-16 budget began in May 2014. Budget planning followed an approach which aimed to provide greater clarity on the budget process and timing for Members than previously.</p> <p>Over previous years, the Council has had a variable track record of delivering its overall budget. Its budget was underspent in both 2011-12 and 2012-13. The budget for 2013-14 was overspent by £0.8 million, which the Council met by utilising its reserves.</p>	01/03/2016	Cllr Aled Davies	Jane Thomas		<p>Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning. This enable the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFS draws on the statement of Intent, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. The new Cabinet have defined their vision and priorities, the Medium Term Financial Plan, FRM, Capital Programme, savings plans and all strategies will be reviewed to ensure that they align with this direction. Savings plans are profiled in order to understand timescales, Resource Plan developed which identifies the support required to deliver projects across the Council. There is opportunity for further improvement and a much stronger alignment of the Councils financial and corporate planning arrangements, an approach is being progressed to develop a 5 year corporate plan over the term of the Council. The benefits of this approach are:-</p> <ul style="list-style-type: none"> • The political intent and ambition of the newly elected Cabinet is described and provides policy direction for a 5 year period. • The priorities identified in '2025: Powys Transformed' can be fully resourced and aligned with service planning: <ul style="list-style-type: none"> o Improving Health and Care o Creating a Vibrant Economy o Improving Learner Outcomes and Aspiration for All o Enabler 1 - Developing the Workforce o Enabler 2 - Remodelling Council Services • Key enabling strategies (Workforce, ICT, Property, Finance and Commissioning) can be developed alongside to support these priorities. • Longer term planning will improve option development and lead to better informed decision making and more robust financial outcomes. • Alignment and consistency with all other plans. • Better Governance and Programme Management Discipline. • Improved financial alignment and planning for both revenue and Capital. <p>A policy on Reserves is in place and this will be supported by the modelling of the use of reserves across the 5 year plan, this will strengthen the consideration of reserves in financial planning both in terms of their use and the levels at which they are held. The development of further savings will be taken by adopting a strategic 'transformational' approach, a series of themes set the framework as follows:-</p> <ul style="list-style-type: none"> Flexible, Remote and Mobile working Improving Collaboration Customer Insight Business Process Improvements Productivity Flexibility Commercialisation <p>The financial position and projected forecast is reported to Cabinet on a monthly basis, the delivery of savings are monitored and reported within these reports, this includes outstanding savings from previous years as well the current. Heads of service are challenged at budget challenge events during the year to ensure that the delivery of savings and service financial position are within budget or what plans they have to redress the position. The introduction and development of Directorate FRM's will identify cost pressures, their impact and resolution on an ongoing basis and will better inform the overarching corporate financial planning process.</p> <p>Financial monitoring reports presented and discussed at Finance Scrutiny Panel, Panel identified areas for further scrutiny challenge with Portfolio Holders and Heads of Service. Joint working groups from FSP and Directorate scrutiny groups put in place to challenge specific areas of concern, e.g. Joint Audit and People Scrutiny working group.</p>
Financial Resilience Assessment	196A2016	Finance	26	There are, however, capacity issues within the Finance Department. Major restructuring has taken place in the last few years and the Finance Department has seen an approximate 20 per cent reduction in its staff numbers, which has affected the capacity of the team. Some vacancies remain but the Council has experienced difficulties in recruiting to all but the junior accountant positions	01/03/2016	Cllr Aled Davies	Jane Thomas		<p>Head of Financial Services now in post and interim appointment to the Professional Lead for Finance is providing the capacity to drive the transformation. A review of financial services was carried out in April 2016 an action plan is in place to get the recommendations from the review to develop capacity and training in the skills required to ensure that finance can effectively support all the financial requirements for the council. Financial Services Restructure nearing completion and will be implemented in the Autumn of 2017. Restructure identifies new roles to build capacity at a more senior level, existing staff undertaking professional training to "grow our own" accountants, newly defined roles and skills development programme will improve financial support for services and the wider Council. A stronger recruitment campaign is being developed to attract candidates to the new or other vacancies the restructuring creates. Training and development is ongoing, interviews will take place shortly to select a further 2 trainees to undertake formal accountancy training and a number of staff are participating in formal Finance Business Partner Training accredited by CIPFA. Externally commissioned support is still being procured when required for projects such as the HTR Project, this work is not undertaken in isolation but alongside PCC staff to ensure that they develop the skills required.</p>

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Financial Resilience Assessment	196A2016	Finance	44	In the majority of cases, the Council expects that savings proposals, and their appropriate scrutiny and challenge can be developed internally. However, the Council recognises that in some cases, it will need additional capacity and expertise to help it reduce its operating costs.	01/03/2016	Cllr Aled Davies	Jane Thomas		Resource Plan in place to understand the requirements of delivering the change programme. External expert support commissioned when appropriate, with skills transfer included as part of that commissioning. The Financial Services Improvement Plan identifies the shortfall in skills now required by the Council and this is being addressed with the development of staff through accredited training. Resource Planning is also being reviewed to strengthen its alignment with the Corporate Improvement and the Prioritisation of projects.
Financial Resilience Assessment	196A2016	Finance	41 46	<p>The Council has actively sought to increase Member involvement in the budget process. It has run a series of budget seminars with Councillors through the year. The seminars were held to explain the updated FRM to members and present the proposed savings drawn up by each service area. The aim was to inform broad proposals for setting the three-year budget, and to receive guidance from members on policy direction so that proposals could be turned into agreed action plans. In its progress report to Audit Committee in November 2015, the FSP recognised that the budget setting process in Powys is evolving. Whilst welcoming the earlier and more detailed involvement of Members, the FSP expressed some concerns that there were still too many elements of 'salami' slicing rather than transformational change and that some of the savings proposals may not be deliverable.</p> <p>The FSP, at a recent joint meeting with Cabinet (14 December 2015) presented a report with a number of observations and suggestions to further improve the budget setting process for Cabinet to consider. The work undertaken so far, building upon the support from the external specialists, has enabled some positive benefits to be derived although some arrangements are clearly developing and have yet to be fully embedded.</p>	01/03/2016	Cllr Aled Davies	Jane Thomas		<p>Finance Induction sessions for new members have been delivered, both for the wider Council and the Cabinet. These will be further supported by Budget Seminars held for all Members. A series of Cabinet budget workshops are in place to improve their knowledge and understanding of the financial position of the Authority and to prepare them for financial planning and decision making around the budget. Benchmarking and other data analysis being provided will provide better information to enable members to challenge and scrutinise. Monthly savings reporting and efficiency tracking on a monthly basis.</p> <p>Three year budget planning process (MTFS) in place.</p> <p>Further developments and budgeting models being investigated. New approach being adopted for the delivery of savings from 2019/20 onwards. The development of further savings will be taken by adopting a strategic 'transformational' approach, a series of themes set the framework as follows:-</p> <ul style="list-style-type: none"> Flexible, Remote and Mobile working Improving Collaboration Customer Insight Business Process Improvements Productivity Flexibility Commercialisation <p>A review of the budget process undertaken in setting the 2017/18 budget has been completed and reported to Management, it concludes that Council seminars have been an important part of consultation with all members and these are proposed to continue as part of the councils financial planning.</p> <p>Budget setting report has been presented to Cabinet and this is helping to shape Cabinet proposals. This contributes to the FSP work programme in addition to the MTFS and other factors underpinning this. A budget timetable is in place and the FSP are building in the scrutiny of financial planning and budget setting into their work programme in line with the dates identified. This should lead to and improved budget setting process and a strengthened approach to financial scrutiny.</p>
Tudalen 272 Financial Resilience Assessment	196A2016	Finance	47	In circumstances where timescales are compressed, it is particularly important to ensure that risk is effectively managed and proper accountability arrangements are in place. We recently published a report of our Review of the Letting of a Domiciliary Care Contract to Alpha Care Limited. It expresses our view that in its haste to introduce the new domiciliary care service as quickly as possible, the Council compromised the integrity of its established governance arrangements. In consequence, the Council and users of the domiciliary care service were exposed to unnecessary risk.	01/03/2016	Cllr Aled Davies	Vince Hanley Lee Anderson		<p>The recommissioning of domiciliary care services is being undertaken in light of and using appropriate governance structures the project is being delivered in line with project management protocols.</p> <p>Officers continue to work with social care scrutiny and presents Cabinet / Portfolio Holder reports for decision where necessary.</p> <p>A Portfolio Holder Delegated Decision report was agreed in July 17 that will enable officers to engage with domiciliary care providers to explore the option of using a Dynamic Purchasing System (DPS) as a key element of future domiciliary care commissioning. In addition to ongoing provider forums, meet the buyer / market engagement events are planned for September 17</p> <p>If there is general support for such a system, and no significant barriers identified with the use of a DPS in the future, officers will move to further its introduction in later 2017.</p> <p>Commissioning team in Domiciliary care are working in close partnership with Commercial services to ensure that any future contracts are done so to minimize risk to the council residence and promote independence. The established Commissioning and Procurement Board take a key role in scrutinising and challenging contracting processes with emphasis on high value and high risk contracts.</p>
Financial Resilience Assessment	196A2016	Finance	48	To meet the challenge of transforming service delivery with reduced financial resources and increasing demand, the Council has adopted a clearly defined commissioning and procurement strategy. Our report on the letting of the domiciliary care contract recommended that the Council consider whether the issues we have identified have wider relevance for the successful delivery of its commissioning and procurement strategy. It also recommends that the Council undertake a review of its processes for developing and letting major contracts. We emphasise the need to ensure that the governance arrangements for developing, scrutinising and approving contracting exercises are appropriate and are working.	01/03/2016	Cllr Aled Davies	Vince Hanley Lee Anderson		
Governance - PCC									
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P1	Reviewing the current remit and role of the Cabinet to enable it to focus on the Councils key priorities and significant service changes	Mar-17	Cllr Aled Davies	Jeremy Patterson Clive Pinney		Member Development is required to focus the new cabinet on their need to focus on key priorities and significant service changes. Discussions have already taken place with Hay for the delivery of such training. The training will also focus on the relationship between Cabinet and scrutiny. Induction processes started. Will need to continuously monitor as we go through the process, to identify any developmental needs.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						David Powell Clive Pinney		Increased emphasis on the use of delegated decisions instead of cabinet reports for relatively unimportant matters. First report to be presented in July, capturing the previous 12 months to provide a baseline.

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Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P2	Clarifying and strengthening the role of scrutiny committees in considering service change.	Mar-17	Cllr Aled Davies	Chair of Place scrutiny committee Clive Pinney		Increased emphasis on pre-scrutiny beginning to take shape. Engagement with HoS. Review success of this in January 2018.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Wyn Richards		Consideration of additional external support for scrutiny committees in complex areas / matters. Initial discussions held with CfPS.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Jeremy Patterson Clive Pinney		Member Development is required to focus Scrutiny Members of their role and their relationship with Cabinet. Discussions have already taken place with Hay for the delivery of such training.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Wyn Richards		Review the current resources and capabilities supporting scrutiny, democratic services and performance management; Research into best practice elsewhere. Have made contact with CfPS. Visit to another LA.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P3	Aligning Cabinet and Scrutiny work programmes to include details of forthcoming service change proposals and making them easily accessible on the Council's website.	Mar-17	Cllr Aled Davies	Clive Pinney Steve Boyd Wyn Richards		The need for at least a Cabinet forward work programme is constantly being re-emphasised by officers and the Leader.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								Joint Chairs of Scrutiny now meet once a month to consider the cabinet Forward Work programme and to decide the matters that need to be scrutinised. Reviewed for new Council. Will be developed on an ongoing basis.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								To be published on the public website by the end of August.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P4	Improving the quality of information and options appraisals provided to Members to enable them to consider the strategic implications of the proposed service changes.	Mar-17	Cllr Aled Davies	Jane Thomas / Mark Evans / Andrew Durant		Improve the quality of the data provided to ensure well-informed business cases and robust options appraisals, by the provision of additional training for Finance Business Partners and relevant BPU and BI staff.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Clive Pinney / Sarah Powell		Identify a provider for Data Analysis Training, and arrange training
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Clive Pinney / Sarah Powell		Improve Project Management Training – further element required to enable analysis of the data for use in Business Cases.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Clive Pinney / Sarah Powell		Identify a provider to deliver training to HoS on Options Appraisals
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Clive Pinney / Sarah Powell		Provide training sessions on Options Appraisals
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Yvonne Owen-News		Develop clear guidance and Project Management Methodology and Toolkit which is easily accessible on the Intranet. Greater emphasis on the need for information and options appraisals to be written in language that can be more easily understood. Adoption of Executive Summaries where it is appropriate to do so.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						Clive Pinney / Sarah Powell		Improve Member understanding at both decision making level and Scrutiny level, to understand and challenge the appraisal methodology and the evidence provided.

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Good Governance when Determining Significant Service Changes - Powys County Council	167A2017								Improve the pre-scrutiny of robust option appraisals
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017						David Powell Jane Thomas		F1 Effective savings plans for all MTFS commitments.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P5	Clarify delegated authorities, particularly for significant service changes so that decisions are transparent and accountability for them is clear.	Mar-17	Cllr Aled Davies	Clive Pinney Debby Jones		A review of the current system of delegation and the recording of decision is being undertaken and thereafter a new / amended regime will be put in place with a view to ensuring greater transparency.
							Clive Pinney		Review of priorities means that this will be delivered later than anticipated. The need to provide a written record of each decision (and the reason for the decision) in matters where there is significant service provision change is being re-emphasised.
									Review of priorities means that this will be delivered later than anticipated.
Good Governance when Determining Significant Service Changes - Powys County Council	167A2017	Council wide	P6	Strengthening arrangements for monitoring the impact of service changes including explicitly setting out at the point of decision what will be monitored, where this will be monitored and who will be responsible for doing so.	Mar-17	Cllr Aled Davies	All HoS		Cabinet report template reviewed and updated. Need to update template again to include review date. Review date tracker to be created.

Scrutiny and Council Regulators' Recommendations: Response / Action Plan Tracker

Area e.g. Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
WAO National Studies								
Scrutiny								
Scrutiny	R1R2	Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.	WAO Study - Scrutiny	01/05/2014	Clr Aled Davies	Wyn Richards		<p>Chairs invited to attend INLOGOV training course at Birmingham and 1 Member attended. WLGA training provided to all scrutiny committee members in 2012 at start of new Council. Schools scrutiny - external consultant (ex-Estyn inspector) used to provide guidance and training to the Working Group on understanding performance information and undertaking the scrutiny of schools. There is a continual dialogue between scrutiny officers and Chairs / Members to provide guidance and support on an ongoing basis. There have been 2 new chairs of the People Scrutiny Committee recently, and officers have discussed the role with those new chairs and are providing support at meetings. induction programme post election 2017 training by WLGA to chairs and scrutiny members.</p> <p>2 chairs received training by INLOGOV but no longer hold this role. Further training will be arranged for new chairs. The impact is therefore not assessable.</p> <p>in the autumn 2017 work will be conducted to improve the relationships between scrutiny and cabinet.</p> <p>Induction training with chairs and vice chairs has been completed - 19th June Scrutiny training with members - 13th June 2017</p> <p>Plan to review and conduct training with all Scrutiny members on a ongoing basis when needed</p>
Scrutiny	R1R3	Further develop scrutiny forward work programming to: <ul style="list-style-type: none"> • provide a clear rationale for topic selection; • be more outcome focused; • ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and • align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements. 	WAO Study - Scrutiny	01/05/2014	Clr Aled Davies	Wyn Richards		<p>Pro-forma developed for use by the Joint Chairs and Vice-Chairs Steering Group to assess and score the suitability of topics for inclusion in the scrutiny work programme. Regulator reports are used on a regular basis to drive work programmes especially where improvement monitoring is required. The Joint Chairs has recently re-evaluated the scrutiny work programme as there were too many items in the programme. All items were re-prioritised to reduce the numbers of items which were active. It is the intention for this list to be revisited by the Joint chairs at each meeting to ensure that the work programme is manageable.</p> <p>Scrutiny work programme improvement has been a priority and are now focussing on key pieces of work. The WG corporate assessment recommendations to improve the cabinet work programme which will help improve the scrutiny work programme is being taken forward as a matter of priority and should yield improvements.</p> <p>Pro-forma has reduced trivial / local matters being scrutinised. The use of regulator reports has helped focus and prioritise workloads when undertaking improvement monitoring. Re-prioritising the work programme has reduced the number of active items.</p> <p>regular liaison meeting with HOS's will be conducted to highlight items coming to Cabinet which could then be pre scrutinised.</p> <p>Scrutiny forward work plan has been refined and prioritised - next element will look to link Cabinet and scrutiny work plan with strategic objectives and plans to align better co-ordination</p>
Scrutiny	R1R4	Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.	WAO Study - Scrutiny	01/05/2014	Clr Aled Davies	Wyn Richards		<p>Use of regulator reports to drive work programmes of Working Groups where improvement monitoring is being undertaken. Scrutiny has responded positively to a request by Estyn to undertake the scrutiny of schools.</p> <p>Improvement in inter-action between Audit and Scrutiny Committees required to avoid the duplication of scrutiny work so there is a more holistic view taken of services by one group only. Account is taken of internal and external regulatory reports when undertaking individual scrutiny work. Schools scrutiny - the Council was asked to undertake this by the regulator (Estyn) and scrutiny have worked with an ex-Estyn inspector to establish its schools scrutiny process.</p> <p>Assisted Council make sure that regulator recommendations are being addressed and that improvements are being made. Services which previously had been "adverse" to scrutiny realise the value of the critical friend role of scrutiny and the assistance it can provide in responding to regulator outcomes.</p>

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Scrutiny	R1R5	Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		<p>Continuing discussions amongst scrutiny officers and chairs about committee / working group performance. The Joint Chairs and Vice-Chairs Steering Group is used as a discussion forum and a means to drive improvements / changes in scrutiny. The Council also has a periodic review of committee structures, as well as keeping terms of reference under continual review. The Council has utilised the services of an external adviser (ex Estyn inspector) in establishing schools scrutiny. The Joint Chairs and Vice-Chairs Steering Group has re-prioritised the scrutiny work programme to focus the work of scrutiny. Scrutiny is also moving to preparing more written comments for consideration by the Cabinet to improve the visibility of scrutiny recommendations to the Cabinet.</p> <p>Continual review of processes and adjustment of processes where necessary. There is a current review of committee structures by the Council due to spending cuts. Schools scrutiny - the Council has used the external adviser to check progress in the scrutiny of schools. Outcomes are still an area of weakness especially the responsiveness of the Cabinet to scrutiny recommendations. This was discussed at a recent meeting of the Joint Chairs and Vice-Chairs Steering Group who agreed to discuss any issues / blockages. A deadline for responses by the Cabinet to scrutiny recommendations has been included in the Council's Constitution. Reducing the number of active matters being considered by scrutiny will also assist in focussing scrutiny work.</p> <p>Review of effectiveness does improve processes, but judgement of effectiveness is currently in its infancy.</p> <p>More effective pre scrutiny and scrutiny prioritising</p> <p>pre scrutiny reports going to management team and cabinet to improve the evaluation and focus on key topics and pieces of work</p> <p>A number of self assessments have been conducted for the internal review being lead by the Director of Resources it is Intended a wider evaluation will be undertaken in 2 years time to involve members and officers. HOS and directors were part of a limited client review as part of the self assessments.</p>
Scrutiny	R1R6	Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny' developed by the Wales Scrutiny Officers' Network.	WAO Study - Scrutiny	01/05/2014	Cllr Aled Davies	Wyn Richards		<p>Intention to draft a plan and undertake self evaluation to respond to the national review in Autumn 2019. This will allow time for Purdah, election and post election settlement, member training and appointment of new scrutiny committee members before looking at the self evaluation once the environment is stable.</p> <p>Benchmarking has been conducted reviewing Caerphilly Council to aid for the review to be conducted in Autumn 2019, WAO 2012 criteria has also been reviewed along with the CFPS criteria to enable a light touch review to be undertaken prior to 2019.</p>
Education								
Education	R2R5	Ensure that elected members and partners fully understand that councils have a clear responsibility for leading and co-ordinating youth services for 16 to 24 year olds.	WAO Study - NEETS	01/07/2014	Cllr Myfanwy Alexander	Freddy Greaves/Kirsty Pringle		<p>Portfolio Holders for Youth Services and Education briefed on progress in this area.</p> <p>Further redesign of Youth Services in Powys and recommissioning of families first will take place in 2017/18 as part of this process we will further reiterate the councils statutory responsibilities in this area to cabinet members and other stakeholders</p> <p>Governance for the Youth Engagement Progression Framework is through the Transforming Learning and Skills programme board (chaired by the portfolio holder) this includes the development and coordination for youth support services for 16 -24 year olds. Work is being done on alternative reporting mechanisms, such as the Youth Service quarterly performance review that is presented to councillors.</p> <p>Further funding to support the work with 16-24 year olds is being applied for which will improve the delivery and quality of service being delivered and raise the profile of the work among partners such as housing etc.</p> <p>Funding has been secured from supported people within Housing for 2017-18 this will broaden the scope of the provision with a view for potential further opportunities in 2018.</p> <p>Exploration with the regeneration team to link the support of 16-24 year olds connect with the Cabinets new 2025 vision and the development of the economy and Learning & skills</p>
Environmental Health								
Environmental Health	R3R1	Revise the best practice standards to: <ul style="list-style-type: none"> align the work of environmental health with national strategic priorities; identify the wider contribution of environmental health in delivering strategic priorities of the Welsh Government; and identify the benefit and impact of environmental health services on protecting citizens. 	WAO Study - Env Health	01/10/2014	Cllr Jonathan Wilkinson	Ken Yorston		<p>Welsh Heads of Environmental Health Best practice standards have been revised and circulated. In addition, a set of 'infograms' have been developed by EH services that are designed to meet this measure - http://www.cieh-cymruwales.org/infographics.html - in that they demonstrate the wider contribution of EH and the benefits and impact of EH services in protecting consumers.</p>

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Environmental Health	R3R5	<p>Improve strategic planning by:</p> <ul style="list-style-type: none"> identifying, collecting and analysing financial, performance and demand/need data on environmental health services; analysing collected data to inform and understand the relationship between 'cost: benefit: impact' and use this intelligence to underpin decisions on the future of council environmental health services; and agree how digital information can be used to plan and develop environmental health services in the future. 	WAO Study - Env Health	01/10/2014	Cllr Jonathan Wilkinson	Ken Yorston		<p>New ICT system will enable mobile solution. The procurement of this system has been extended until 31/03/2019.</p> <p>Continued work ongoing with procurement and IT services to progress this inline with deadline.</p>
Early Departures								
Early Departures	R5R1	Public bodies should use business cases to support all individual early departures. Business cases should identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		<p>Powys County Council HR operates a business case authorisation process as recommended. The revised Management of Change and Redundancy policy specifically requires that for all redundancies (both voluntary and compulsory) a proper business case outlining the cost/benefit to the Council must be retained and held centrally.</p> <p>Although we currently make use of business cases to allow early release, we have ensured that these business cases identify the cost and service delivery implications of the individual leaving and take account of relevant wider workforce planning. The business case should note any strain on the pension fund, the costs of any replacement staff to backfill work, a calculation of payback periods and the impact of the loss of skills and experience.</p>
Early Departures	R5R4	Public bodies should ensure where settlement agreements are used, their records clearly identify whether a package includes an enhancement payment and if so, its value and the reason for the enhancement payment.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		The Council does not, as a matter of course, provide enhanced payments in settlement agreements and only occasionally makes use of settlement agreements. A centrally-held schedule is held by Legal Services.
Early Departures	R5R5	Public bodies should give due consideration to the equality impact of all early departure arrangements, in particular where a public body is running a specific scheme covering multiple possible departures.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		<p>The Council has not had an early departure scheme (such as the Voluntary Severance Scheme) since the survey was conducted but will give due consideration to conducting an equality impact assessment of any future schemes.</p> <p>Further to this, the Council must also work to ensure that employees with protected characteristics are not subject to unfair disadvantage or exclusion.</p>
Early Departures	R5R6	Public bodies should monitor and report as part of their internal governance arrangements on expected and achieved savings as a result of early departures. This will help inform future cost reduction plans.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		<p>Monitoring and reporting on performance of previous schemes have been reported to Cabinet and Council.</p> <p>With regard to future voluntary/ early release schemes, Services, supported by HR, will need to monitor and report on expected and achieved savings as a result of early departures.</p>
Early Departures	R5R7	Public bodies should review their record keeping for early departure arrangements, so that they can more readily identify key information including the number of costs of early departures in a given period, payback period information based on salary and employers' National Insurance and pension costs, and settlement agreements.	WAO Study - Early Departures	01/02/2015	Cllr James Evans	Julie Rowles John Bevan		The Council needs to ensure that records on early departure are above reproach – this includes number of employees, costs, payback period information based on salary, NI contributions, pension costs and settlement agreements. With this in mind, written instructions were issued to HR practitioners, senior managers and Heads of Service and we have included these in the new Management of Change and Redundancy policy.
Older People								
Older People	R2	<p>Improve strategic planning and better coordinate activity for services to older people by:</p> <ul style="list-style-type: none"> ensuring comprehensive action plans are in place that cover the work of all relevant council departments and the work of external stakeholders outside of health and social care; and engaging with residents and partners in the development of plans, and in developing and agreeing priorities. 	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		<p>The Older Persons joint commissioning strategy action plan has been reviewed and updated. There has been engagement with the older persons forum in relation to day time activities and accommodation projects. This has been received well by those who participated. Separately there has been extensive engagement throughout the county in respect of gaining views in relation to day time activities. This process has assist in informing the plans going forward. Individual feedback and engagement is undertaken through the updated integrated assessment tool and reviews of older people. Integration of older peoples service with Powys Teaching Health Board continues and evaluation and feedback is being developed as the trial sites progress. Early indicators are that older people are fully involved in the what matters conversation and planning in relation to their future needs.</p> <p>Work continues to develop the thematic board which enables older people to participate in consultations which they have done in relation to day time activities and older people's accommodation options. Further development will be in line with the Regional Partnership Board's governance</p>

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Older People	R3	Improve engagement with, and dissemination of, information to older people by ensuring advice and information services are appropriately configured and meet the needs of the recipients.	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The introduction of Powys People Direct and a single number approach has assisted in the collation of information and provision of information and advice to individuals, their families and agencies who make enquiries. The third sector have been crucial to this development and the introduction of community connectors have assisted both within Powys People direct and within the localities where they are based. By engaging directly with individuals within their communities and the development of contingency plans will ensure that appropriate support is given in a timely manner. Work continues to develop and improve the services engagement through improvement via PPD and ensuring what matters conversations links with primary care and leisure. Employment of community connectors continues to improve engagement and dissemination of information whilst also building strong relationships with the third sector.
Older People	R4	Ensure effective management of performance for the range of services that support older people to live independently by: <ul style="list-style-type: none"> • setting appropriate measures to enable members, officers and the public to judge progress in delivering actions for all council services; • ensuring performance information covers the work of all relevant agencies and especially those outside of health and social services; and <ul style="list-style-type: none"> • establishing measures to judge inputs, outputs and impact to be able to understand the effect of budget cuts and support oversight and scrutiny. 	Supporting the Independence of Older People: Are Councils Doing Enough?	15/10/2015	Cllr Stephen Hayes	Jen Jeffreys		The implementation of the Social Services and Wellbeing (Wales) Act has seen a shift in the requirements to report to Welsh Government. The reports are being refined and will ensure that information is captured at a service, team and individual level. The introduction of "sprint" enabled managers to access information which was live thus informing the performance of the service area. This is now being rebuilt as a result of the move to WCCIS. Measures are in place in relation to the integrated teams and evaluations underway. Team plans are in place and link directly to the directorate plan which reports to DMT and ultimately to execs and members. As we move forward with continuous improvement trends and commitments will be available to team managers on a monthly basis as a measurement going forward which will assist with planning. Both qualitative and quantitative performance measures are in place. WCCIS being formatted in line with reporting requirements. Quality Assurance mechanism in place and being further developed. Monitoring of external providers in place in clouding a mechanism for monitoring and responding to concerns. Trends and comparisons being developed.
Finance								
		<p>Councils need clear strategies and plans, showing what they want to achieve and how they intend to achieve it Effective strategy and planning are crucial tools to help councils develop well-considered and sustainable responses to financial pressures. And services need to work out the most cost-effective ways of using the resources at their disposal to deliver their goals.</p> <p>Effective planning, based on good information is an efficient and effective way of supporting tough choices and developing clear priorities Councils need robust information to support the detailed analysis needed to link their vision and objectives to their delivery plans. Councils often do not have a clear understanding of the demand for their services and the quality of their services from the users' perspective.</p> <p>Council plans and strategies need closer links to longer-term financial plans Councils need to strengthen the links between their strategies and plans for services and their medium- and long-term financial plans. Too many financial plans are focused on short-term pressures, and do not look further ahead to the medium- and long-term to support the achievement of broader strategic goals. And, too many councils base their budgets on small, incremental annual changes, rather than fundamentally assessing the service delivery arrangements needed to deliver the desired results – and the cost of delivering those services.</p>	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014 18/08/2016 02/04/2014				<p>Medium Term Financial Strategy in place which covers a 3 year period, this coupled with the 3 year Financial Resource Model has improved the medium term planning. This enables the Council to focus and react to the longer term, forecasting the impact of further reductions in funding, pay and price pressures and the development of savings that will be required. The MTFS draws on the statement of Intent, One Powys Plan and other strategies to ensure alignment of the councils priorities and objectives. The new Cabinet have defined their vision and priorities, the Medium Term Financial Plan, FRM, Capital Programme, savings plans and all strategies will be reviewed to ensure that they align with this direction. Savings plans are profiled in order to understand timescales, Resource Plan developed which identifies the support required to deliver projects across the Council. There is opportunity for further improvement and a much stronger alignment of the Councils financial and corporate planning arrangements, an approach is being progressed to develop a 5 year corporate plan over the term of the Council. The benefits of this approach are:-</p> <ul style="list-style-type: none"> • The political intent and ambition of the newly elected Cabinet is described and provides policy direction for a 5 year period. • The priorities identified in '2025: Powys Transformed' can be fully resourced and aligned with service planning: <ul style="list-style-type: none"> o Improving Health and Care o Creating a Vibrant Economy o Improving Learner Outcomes and Aspiration for All o Enabler 1 - Developing the Workforce o Enabler 2 - Remodelling Council Services • Key enabling strategies (Workforce, ICT, Property, Finance and Commissioning) can be developed alongside to support these priorities. • Longer term planning will improve option development and lead to better informed decision making and more robust financial outcomes. • Alignment and consistency with all other plans. • Better Governance and Programme Management Discipline. • Improved financial alignment and planning for both revenue and Capital. <p>A policy on Reserves is in place and this will be supported by the modelling of the use of reserves across the 5 year plan, this will strengthen the consideration of reserves in financial planning both in terms of their use and the levels at which they are held. It is recognised that incremental budgeting is no longer a sufficient approach to financial, other budget approaches are being developed including zero based budgeting and outcome or priority based budgeting. A different approach requires significant change across the whole Authority and this cannot be achieved in the short term but will be progressed over a number of years. This work is being progressed within Adult Social Care as part of a Base budget review currently being undertaken. The development of further savings will be taken by adopting a strategic 'transformational' approach, a series of themes set the framework as follows:-</p> <ul style="list-style-type: none"> Flexible, Remote and Mobile working Improving Collaboration Customer Insight Business Process Improvements Productivity Flexibility

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Finance	R1 R2 R3 R1 R1 R4 R3 R4 R7	<p>Local authorities should strengthen their financial-planning arrangements by:</p> <ul style="list-style-type: none"> • developing more explicit links between the Medium Term Financial Plan (MTFP) and its corporate priorities and service plans; • aligning other key strategies such as workforce and asset management plans with the MTFP; • developing comprehensive multi-year fully-costed savings plans which underpin and cover the period of the MTFP, not just the forthcoming annual budget; • categorise savings proposals so that the shift from traditional type savings to transformational savings can be monitored over the period of the MTFP; and • ensuring timescales for the delivery of specific savings proposals are realistic and accountability for delivery is properly assigned. 	Financial resilience of local authorities in Wales 2015-16		Cllr Aled Davies	Jane Thomas		<p>Commercialisation</p> <p>Community Delivery Model in place that explores the transfer of functions to town and community councils. Corporate services exploring areas for collaboration, success already achieved with provision of DBS service to other Authorities, joint working with PtHB on IT services and a number of other Section 33 agreements in place for the joint delivery of services within Adult Social Care. Internal Audit arrangements will be delivered with the South and West Wales Audit Partnership Ltd from April 2017, they also provide services for a number of Local Authorities. Further opportunities continue to be explored and we are currently collaborating with other Welsh Authorities in exploring the procurement of a Financial System.</p> <p>The financial position and projected forecast is reported to Cabinet on a monthly basis, the delivery of savings are monitored and reported within these reports, this includes outstanding savings from previous years as well the current. Heads of service are challenged at budget challenge events during the year to ensure that the delivery of savings and service financial position are within budget or what plans they have to redress the position. The introduction and development of Directorate FRM's will identify cost pressures, their impact and resolution on an ongoing basis and will better inform the overarching corporate financial planning process.</p>
		<p>Councils should ensure that their corporate plan:</p> <ul style="list-style-type: none"> • is the core driver for the service plans and other supporting strategies including workforce, information technology and capital expenditure; • maintains at least a three to five year forward view and is aligned with the medium term financial plan and other supporting strategies; and • should clearly articulate the desired role of the council in five years - the model for delivering priority services and the infrastructure and resources needed to deliver future priorities within available finances. 	The financial resilience of councils in Wales					<p>Financial monitoring reports presented and discussed at Finance Scrutiny Panel, Panel identified areas for further scrutiny challenge with Portfolio Holders and Heads of Service. Joint working groups from FSP and Directorate scrutiny groups put in place to challenge specific areas of concern, e.g. Joint Audit and People Scrutiny working group. A review of the impact of the Finance Scrutiny Panel will be undertaken to ensure that the scrutiny role and the outcomes from the panel meet expectations.</p> <p>Budget setting commences earlier and is a continual process throughout the year. Budget monitoring and forecasting provided monthly, budget challenge events to test the delivery of service budgets and savings held. Finance Scrutiny Panel review the financial position throughout the year and challenge Cabinet, Portfolio holders and Heads of Service on areas of concern. The provision of good information is essential to effective planning, comparative data, cost analysis and other benchmarking are being developed to support discussion and decision making around financial planning, a suite of data for Adult Social Care has been developed and work for both Schools and Children Services is underway. Finance are exploring a tool provided externally which is being used by other Authorities and are currently discussing its use and benefits with them.</p>
		<p>Councils need to explore more opportunities to work together and with other public services, to reduce costs and deliver improved outcomes for citizens</p> <p>Collaboration is important because individual public services cannot deliver the desired improvements to the economy, health, environment and community life of Wales on their own. When public services do not work together effectively, the outcome is invariably extra costs and poorer services for service users and citizens.</p>	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014				
		<p>Councils need to ensure that funding deficits are accurately projected and fully reconciled to detailed savings plans for each year over the life of the medium term financial plan.</p> <p>Councils should regularly review the adequacy of the financial assurance arrangements that underpin the delivery of annual savings plans, including the level of scrutiny and challenge provided by councillors.</p> <p>Councils should</p> <ul style="list-style-type: none"> • strengthen budget setting and monitoring arrangements to ensure financial resilience; and • review the coverage and effectiveness of their internal and external assurance financial systems and controls to ensure they are fit for purpose and provide early warning of weaknesses in key systems. 	The financial resilience of councils in Wales	02/04/2014				

Area e.g., Education, Corporate	Ref	Recommendation/Improvement	Document Reference	Date Received	Responsible Portfolio Holder	Responsible Officer	PCP / SIP Start Date BRAG Status	Action Taken (lifted from PCP / SIP monitoring processes)
Finance	R6	Councils need to strengthen their arrangements for evaluating the impact of their financial decisions – on service standards and on citizens Informed decision making requires good management information and effective feedback arrangements. Councils that understand the impact of the actions they take are more likely to respond effectively to emerging issues and make better decisions. This is more likely to lead to better, more efficient services, and more satisfied citizens.	Meeting the Financial Challenges Facing Local Government in Wales	28/01/2014	Cllr Aled Davies	Jane Thomas		Impact Assessments in place for all proposal. Consultation and engagement in place with citizens with the development of the Delib software to inform and engage with the electorate. The Cabinet formed a sub-committee to review the completed assessments for quality and where necessary asked for improvements or omissions to be rectified from some service areas. This has strengthened the process and quality of assessments being completed.
Finance	R9	Council officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.	The financial resilience of councils in Wales	02/04/2014	Cllr Aled Davies	Jane Thomas		Finance Induction sessions for new members have been delivered, both for the wider Council and the Cabinet. These will be further supported by Budget Seminars held for all Members. A series of Cabinet budget workshops are in place to improve their knowledge and understanding of the financial position of the Authority and to prepare them for financial planning and decision making around the budget. Information for decision making being improved, more detailed seminars held around the savings proposals last year which assisted members in their understanding of the proposals and enable them to scrutinise and challenge. The benchmarking and other data analysis being provided will provide better information to enable members to challenge and scrutinise.
Finance	R4	Local authorities should develop Key Performance Indicators to monitor the MTFP.	Financial resilience of local authorities in Wales 2015-16	18/08/2016	Cllr Aled Davies	Jane Thomas		To be progressed. Comparisons of assumptions included for forward projections around funding levels, inflation, pressures etc. against and the actual position. This would be introduced for the next financial year.
Finance	R6	Local authorities should ensure that corporate capacity and capability are at a level that can effectively support the delivery of savings plans in the MTFP at the pace required.	Financial resilience of local authorities in Wales 2015-16	18/08/2016	Cllr Aled Davies	Jane Thomas		A review of financial services was carried out in April 2016 an action plan is in place to get the recommendations from the review to develop capacity and training in the skills required to ensure that finance can effectively support all the financial requirements for the council. Financial Services Restructure nearing completion and will be implemented in the Autumn of 2017. Training and development is ongoing, interviews will take place shortly to select a further 2 trainees to undertake formal accountancy training and a number of staff are participating in formal Finance Business Partner Training accredited by CIPFA. Externally commissioned support is still being procured when required for projects such as the HTR Project, this work is not undertaken in isolation but alongside PCC staff to ensure that they develop the skills required. Finance continue to provide training for budget holders both internally and through external providers to improve financial management and decision making eg, Asset Finance Training. Capacity requirements of support services to assist in the delivery of projects across the council are captured within the resource plan developed last year, this is now being reviewed and improved to ensure it is effectively managed and achieving expectations.

Audit Committee

22 September 2017

Finance Scrutiny Panel

Purpose of Report: Progress report

The Panel has been re-established and advised of its role.

At its first meeting, Members considered the Medium Term Financial Strategy (MTFS) but noted that this would be revised in light of the Cabinet's 2025 Vision. As it stands, the MTFS reflects the previous Cabinet's aims and objectives. The Panel were concerned that the Vision was not yet costed and there was limited detail as to how the Vision would be delivered.

The Portfolio Holder for Finance was keen to develop a longer term MTFS whilst acknowledging that there would be less detail in the later years. This was in line with a previous Panel recommendation. It was suggested that the MTFS could be improved by identifying a range of assumptions. The MTFS was a strategic document and should be read in conjunction with budget papers and the Finance Resource Model (FRM).

The Panel raised concerns regarding the reversal of decisions made by the previous Cabinet and the impact this would have on the budget, including council tax. Whilst some costs would be met from the Budget Management Reserve, services would be expected to meet ongoing costs from within their budgets.

The Panel have indicated their wish to engage with the Cabinet in a positive and proactive way.

Savings need to be identified earlier to ensure robust plans are in place to ensure they are achieved – the WAO have identified that planning within the Authority has improved but achievability needs to be more robust. It appears that in modelling new methods of delivery in some areas there was not always sufficient attention paid to available budgets.

The budget timetable has been issued and will provide the basis on which to build the Panel's work programme. A Finance and Performance Working Group has been re-established and will meet monthly to consider the Budget Monitoring Report allowing the Panel to concentrate on strategic issues. The Portfolio Holder for Finance has agreed that the Group can have earlier access to the report to facilitate their work.

The Chair, who is an observer at the Strategic Overview Board (SOB) reported that the role of the SOB was to be reviewed to develop a more proactive approach and will include consideration of the frequency of meetings.

The next meeting of the Panel is scheduled to take place on 15 September when discussion with three portfolio holders will take place regarding their financial plans within the MTFs and how they will achieve their 2025 vision. The Chair will provide an oral update to Audit Committee.

Report contact: Lisa Richards, Legal, Scrutiny and Democratic Services

Contact details: lisa.richards@powys.gov.uk, 01597 826371

Background papers: Notes of meeting held on 1 August 2017

Group Membership: County Councillors J G Morris (Lead Member), M Dorrance, J Gibson-Watt, D R Jones, P Roberts, D A Thomas, E Vaughan, G Williams and Mr J Brautigam

Audit Committee

22 September 2017

Joint Audit and Education Working Group

Purpose of Report: Progress report – Financial Viability of Schools

A joint working group comprising Members of the Audit Committee and Education Working Group of Scrutiny Committee B, was established to consider the Financial Viability of Schools in light of a WAO report, Education Finance Review, which was considered by Audit Committee at its last meeting in July 2017.

A scope was agreed and a number of interviews have taken place over the summer including the Strategic Director Resources, Head of Financial Services, Director of Education, Interim Head of Schools, ALN Manager, WAO, and the Chair and Vice of the Schools Forum. The Group also had discussions with the Head Teacher and Chair of Governors of a school and meetings with other Head Teachers and Chairs of Governors are to be arranged early in the autumn term.

The Group agreed to concentrate on the secondary sector in the first instance but the review may expand as it develops. It is planned that an interim report will be prepared during September for consideration by Cabinet.

Report contact: Lisa Richards, or Liz Patterson, Legal, Scrutiny and Democratic Services

Contact details: lisa.richards@powys.gov.uk, 01597 826371
elizabeth.patterson@powys.gov.uk, 01597 826980

Group Membership: County Councillors J G Morris (Lead Member), H Hulme, D R Jones, P Roberts, S McNicholas and Mr J Brautigam

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

MINUTES OF A MEETING OF THE JOINT CHAIRS AND VICE-CHAIRS STEERING GROUP HELD AT COMMITTEE ROOM A - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON TUESDAY, 11 JULY 2017

PRESENT:

County Councillor Mr J Brautigam (Chair)
County Councillors JG Morris and G I S Williams

Officers: Peter Jones (Professional Lead - Corporate Insight), Clive Pinney (Solicitor to the Council), David Powell (Strategic Director - Resources), Lisa Richards (Scrutiny Officer) and Wyn Richards (Scrutiny Manager and Head of Democratic Services)

1.	APOLOGIES
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Members: County Councillors M J Dorrance, D R Jones and E Durrant (Vice-Chair)
Officers: None.

2.	DRAFT NOTES - FOR CONSIDERATION
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Documents Considered:

- Draft Notes – 20th June, 2017

Issues Discussed:

- None

Outcomes:

- **Noted.**

3.	DISCUSSION WITH THE CHIEF EXECUTIVE, STRATEGIC DIRECTORS REGARDING POTENTIAL SCRUTINY ITEMS
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Documents Considered:

- None

Issues Discussed:

- Finance Scrutiny Panel (FSP) will have work revolving around the Cabinet's 2025 vision. The vision will probably mean the reshaping of the Council's current Corporate Plan programmes. These revised programmes will need to be scrutinised.
- Audit is considering issues such as the Brecon Cultural Hub. The integration project with Powys Teaching Health Board (PTHB) will need scrutiny with the FSP possibly scrutinising the financial element of the proposals.
- Scrutiny of the White Paper regarding Local Government Reform – how prepared is the Council for the changes. Legislation is expected in 2018 with a Statement from the Cabinet Secretary on the outcome of the consultation expected in July 2017.
- Integration with PTHB – 2 models under consideration (a) continue with current integration process but with more emphasis or (b) health led option (unlikely to be favoured by Welsh Government). The option of an

- arms length company has been rejected. The feedback on the options appraisal will be received in October.
- FSP meeting before August but this depends on the timing of the meetings being held by Cabinet as there is a need for Portfolio Holder for Finance to discuss budget and the Medium Term Financial Strategy (MTFS). FSP will not be considering budget predictions this year. Also Audit Committee is likely to resurrect the Finance and Performance Working Group. It was suggested that the Strategic Overview Board could be used as a reference point for FSP on financial and performance issues and vice-versa.

Outcomes:

- **Noted.**

4.	REVIEW OF THE SCRUTINY SERVICE - DRAFT REPORT
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Documents Considered:

- Update report on the review by the Strategic Director – Resources.

Issues Discussed:

- Solicitor to the Council tested an assumption that as committees had established a number of working groups the intention was that there would be one meeting of a scrutiny working group per committee per week. Assuming that of the 14 Members on a scrutiny committee 3 only would form a working group and 4 groups, this would mean that Members would only have one additional meeting per month. The Steering Group considered that this would not be onerous for Members.
- However it was stressed that the success of scrutiny depended on Member engagement especially from those Members appointed to scrutiny committees by their political groups. Co-option was allowed onto working groups but there was still a need for committee Members to engage in the process. It was suggested that if members did not attend or engage then this would be discussed with the relevant Group Leader.
- There was also a responsibility for the Chair and Vice-Chair of the committee to encourage other Members to take part in working groups.
- Once the review was completed and submitted to the Strategic Director – Resources the report would be considered by the Management Team in August.

Outcomes:

- **Noted.**

5.	DRAFT ANNUAL PERFORMANCE EVALUATION 2016-17
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Documents Considered:

- Draft Annual Performance Evaluation 2016-17

Issues Discussed:

- There is a statutory responsibility to prepare this report. The formal approval process commences in August 2017.
- Comments on the Draft Document:
 - RAG information is sparse until all wales information provided.
 - 2016/17 outcome information should be included in the draft report.
 - Qualitative assessment – no cost benefit analysis. This needs to be built into the planning process, and also a need to integrate financial and performance data. Example – Page 31 – Learning disabilities – scrutiny work showed a disproportionate spending on this service by the Council by comparison to the remainder of Councils in wales. At what cost has improvement been achieved?
 - Is there sufficient challenge of improvement in the document? Is it too positive? Scrutiny does provide an element of challenge. This is a commitment from the One Powys Plan update.
 - Page 37 – Looked After Children – why has there been an increase in numbers. A comment on the increase needs to be included.

Outcomes:

Action	Completion Date	Action By
Additional Information to be included and the document recirculated to the Steering Group for further comments	14/07/17	PJ

6.	WORK PROGRAMME
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Documents Considered:

- Agenda – requests for items to be included in the Forward Work Programme.
- Cabinet Forward Work Programme
- Scrutiny Forward Work Programme

Issues Discussed:

- Requests for items to be included in the Forward Work Programme:
 - Pre-Scrutiny item – Staylitttle Outdoor Pursuits Centre - agreed
 - Preparation for General Data Protection Regulations (GDPR) - agreed
 - Commissioning and Procurement - agreed
 - Review of positive integration between the Council and Health - agreed
 - Review of Flood Risk Management Plan - agreed

- General Data Protection Regulations – coming into force in May 2018 - to be undertaken in 2 sections Oct / 17 and Feb/Mar 18. Need to consider are Council's plans appropriate and progress on implementation.
- Commissioning and Procurement – need to look at major capital projects e.g. Brecon Cultural Hub, (pre establishment of Commercial Services). Need to consider if Commissioning and procurement processes fit for purpose, are processes being applied consistently.
- Commissioning and Procurement Strategy should be scrutinised.
- Also a need to look at the Capital Programme generally – request copy to assess which elements of the programme to scrutinise.
- Commissioning and Procurement Board – agreed to make request to the Chair that scrutiny chairs should be observers at meetings of the Board.
- Louise Barry to be asked which positive integration project should be scrutinised.
- Steering Group noted that the Chair had been requested and agreed to present to future meetings any issues arising from a review of performance and finance by the Strategic Overview Board which could be included in the Forward Work Programme.
- Steering Group expressed concern that the Cabinet Forward Work Programme was not populated fully for 2018. In addition the Cabinet should be asked to inform the Steering Group of any items which it would wish to be scrutinised which could be included in the Forward Work Programme.
- Items from the Cabinet Forward Work Programme identified for Pre-Scrutiny:
 - Domiciliary Care Future Commissioning – Cttee A – Sept 17
 - Home to School Transport – Cttee B – Sept 17
 - New Schools Reorganisation Proposals – Cttee B – Sept 17
 - Residential care Fee Setting – Cttee A / ASG Working Group – Sept 17
 - North Powys Secondary Welsh Medium Review – Cttee B – Sept 17
 - Schools Funding Formula – Cttee B – Oct 17
 - Special Schools Review – Cttee B – Oct 17
 - Staylitttle Outdoor Centre – Cttee B – Oct 17
 - HTR Commissioning – Cttee A – Sept 17
 - Review of CAP Policy – Cttee A - Nov/Dec 17
 - Review of Farms Policy – Cttee A - Nov/Dec 17
 - Commercial Property Policy – Cttee A – Nov/Dec 17
- Scrutiny Manager to add above items to Forward Work Programme and to re-circulate document to the Steering Group. The Chair and Vice-Chair to agree the Forward Work programme with officers.

Outcomes:

Action	Completion Date	Action By
Following items to be added to the Forward Work Programme: <ul style="list-style-type: none"> • Pre-Scrutiny item – Staylitttle Outdoor Pursuits Centre – 	31 July 17	WR

<p>Cttee B</p> <ul style="list-style-type: none"> • Preparation for General Data Protection Regulations (GDPR) – Cttee A • Commissioning and Procurement – Audit / Cttee A • Review of positive integration between the Council and Health – Cttee A • Review of Flood Risk Management Plan – Cttee A – Nov 17 		
<p>Request to Chair of Commissioning and procurement Board that scrutiny chairs are allowed as observers at meetings of the Board.</p>	31 July 17	WR
<p>Request copy of the Capital Programme for next meeting to assess scrutiny of Programme.</p>	31 July 17	WR
<p>Request positive integration project to scrutinise from Louise Barry</p>	31 July 17	WR
<p>Chair to write to the Leader regarding the need to populate the Cabinet Forward Work Programme for 2018 and to ask the cabinet to identify any items which it wished the Steering Group to consider for inclusion in the Scrutiny Forward Work Programme</p>	31 July 17	JB / WR
<p>Pre-Scrutiny Items identified in the Cabinet Work Programme to be added to the Scrutiny Forward Work Programme.</p>	31 July 17	WR

7. PUBLIC SERVICE BOARD

7.1. Draft Notes of Previous Meeting(s)

Documents Considered:

- Draft Notes – 8th June, 2017

Issues Discussed:

- None

Outcomes:

- **Noted.**

7.2. Public Service Board - Vision 2040

Documents Considered:

- PSB Vision 2040.

Issues Discussed:

- Vision is early work for the WellBeing Plan in April 2018.
- Vision is looking forward to 2040 and how decisions taken today will affect the vision / position by 2040.
- Steering Group considered that there is a need to focus on what can be delivered rather than the document being overly aspirational, otherwise the impact could be lost.
- Any comments on the vision to be submitted to Peter Jones.
- Page 113 – need to enlarge on the comment regarding BBNP / NRW visitor centres to include other centres including private ones.

Outcomes:

Action	Completion Date	Action By
Steering Group to send any comments to Peter Jones	31 July 17	Steering Group Members

7.3. PSB Dates - For Information

- 20 July 2017
- 21 September 2017
- 26 October 2017
- 21 December 2017

8. DATES OF FUTURE MEETINGS - FOR INFORMATION
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- 19 September 2017
- 10 October 2017
- 7 November 2017
- 5 December 2017

The Steering Group was also asked to consider if Powys should continue to attend meetings of the Mid Wales Health Care Collaborative. It was suggested that there was little value in Powys being involved in attending these meetings any further as there was little scrutiny being undertaken.

RESOLVED that Powys should no longer be attending meetings of the Mid Wales Health Care Collaborative.

County Councillor Mr J Brautigam (Chair)

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Title	Description	Lead	Portfolio Holder	Scrutiny Committee	Scrutiny Date	Scrutiny Working Group	Scrutiny Working Group Date	Decision Maker
Scrutiny of One Powys Plan Update 2018	Scrutiny of One Powys Plan Update 2018	Peter Jones	Rosemarie Harris	Joint Chairs and Vice-Chairs Steering Group				Cabinet
Scrutiny of the Strategic Equalities Plan 2017	Scrutiny of the Strategic Equalities Plan 2017	Bets Ingram	James Evans	Joint Chairs and Vice-Chairs Steering Group				Cabinet
Draft Annual Governance Statement 2018	Scrutiny of the Draft Annual Governance Statement	Peter Jones	Aled Wyn Davies	Joint Chairs and Vice-Chairs Steering Group				Cabinet
Corporate Improvement Plan Update 2018	Scrutiny of the Corporate Improvement Plan or Annual Updates	Peter Jones	Rosemarie Harris	Joint Chairs and Vice-Chairs Steering Group				Cabinet
Children's and Adult Services Quarterly Safeguarding report	Safeguarding report for 1st quarter	Karen Arthur	Clr Stephen Hayes	Scrutiny A		Adult Social Care Working Group	06/09/17	Cabinet
Older People's Accommodation Safeguarding	Safeguarding deferred from 6 September	Dylan Owen	Clr Stephen Hayes	Scrutiny A		Adult Social Care Working Group	28/09/17	Cabinet
Domiciliary Care Commissioning		Dylan Owen	Clr Stephen Hayes	Scrutiny A		Adult Social Care Working Group	17/10/17	Cabinet
Integration and Engagement		Jennifer Jeffreys	Clr Stephen Hayes	Scrutiny A		Adult Social Care Working Group	08/11/17	Cabinet
Budget and Savings		Dylan Owen	Clr Stephen Hayes	Scrutiny A		Adult Social Care Working Group	30/11/17	Cabinet
Budget - final proposals		Jane Thomas	Aled Wyn Davies	Scrutiny A		Finance Scrutiny Panel	12/12/17	Cabinet
More than Just Words		Dylan Owen	Clr Stephen Hayes	Scrutiny A		Adult Social Care Working Group	20/12/17	Cabinet
Fleet Workshop Investment		Stephen Offley	Liam Fitzpatrick	Scrutiny A				Cabinet
Route Optimisation		Ian Harris	Phyl Davies	Scrutiny A				Cabinet
Grass Cutting / Street Cleansing Review		Adrian Jervis	Liam Fitzpatrick	Scrutiny A				Cabinet
Parking Policy		Tony Caine	Liam Fitzpatrick	Scrutiny A				Cabinet
Flood Risk Management Plan	Policy to be adopted	Alastair Knox	Liam Fitzpatrick	Scrutiny A				Cabinet
HTR Commissioning Project Full Business Case	The FBC will be confirming the feasibility or not for us to progress with the development and implementation of the Wholly Owned Company for the HTR service.	Lisa Griffiths	Liam Fitzpatrick	Scrutiny A	28/09/17	Finance Scrutiny Panel		Cabinet
Integration Options Appraisal		Jeremy Patterson	Rosemarie Harris	Scrutiny A	06/11/17			Cabinet
Residential care fee setting arrangement		Lee Anderson	Clr Stephen Hayes	Scrutiny A	30/11/17	Adult Social Care Working Group		Cabinet
Treasury Management Review 2016/17	To receive the Treasury Management report for 2016/17.	Ann Owen	Aled Wyn Davies	Scrutiny Audit Committee				Cabinet
Treasury Management Quarter 1	To receive the Treasury Management report for Q1	Ann Owen	Aled Wyn Davies	Scrutiny Audit Committee				Cabinet
Treasury Management Report for Quarter 2		Ann Owen	Aled Wyn Davies	Scrutiny Audit Committee	22/09/17			Cabinet
21st Century Schools Consideration of Band B Strategic Outline Programme		Marianne Evans	Myfanwy Catherine Alexander	Scrutiny B				Cabinet
Staylitttle Outdoor Centre		Jenny Ashton	Rachel Powell				18/09/17	Cabinet
Home to School Transport Policy		Gareth Jones	Myfanwy Catherine Alexander		02/02/17	Education Scrutiny Group	03/10/17	Cabinet
Welsh in Education Strategic Plan		Marianne Evans	Myfanwy Catherine Alexander			Education Scrutiny Group	25/10/17	Cabinet
Budget - Policy Decisions in light of Provisional Settlement		Jane Thomas	Aled Wyn Davies			Finance Scrutiny Panel	27/10/17	Cabinet
School Standards Autumn 2017	Unverified data including results, attendance, exclusions, inspection outcomes		Myfanwy Catherine Alexander			Education Scrutiny Group	27/10/17	Cabinet
Budget - draft proposals		Jane Thomas	Aled Wyn Davies			Finance Scrutiny Panel	10/11/17	Cabinet
School Scrutiny Panel November 2017	Update on schools previously brought to School Scrutiny Panel					Education Scrutiny Group	13/11/17	Cabinet
School Budgets Nov 2017	Update on position since Cabinet report July 2017	Marie James	Myfanwy Catherine Alexander			Education Scrutiny Group	14/11/17	Cabinet
Education - Collaborative Working Policy		Ian Budd	Myfanwy Catherine Alexander			Education Scrutiny Group	04/12/17	Cabinet
Financial Overview and Forecast Report	Position as at 31 July 2017	Jane Thomas	Aled Wyn Davies			Finance Scrutiny Panel		Cabinet

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol