



*Annual Finance  
and  
Governance  
Report  
2022/2023*

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**Strategic Director – Finance & Resources**



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## **INTRODUCTION**

Conwy County Borough Council is a unitary authority providing all major local government services such as Education, Social Services, Environmental Services, Leisure, Planning and Highways.

The County Borough of Conwy has a population of around 114,850. Over 80% of the population lives along the coastal belt that includes the towns of Abergele, Colwyn Bay and Llandudno. The remainder of the population is dispersed across the area extending to Dolwyddelan in the south-west and Llangwm and Dinmael in the south-east. Around a third of Conwy's residents speak Welsh and around a half of the population of the County Borough were born in Wales.

## **Political Governance**

Conwy County Borough Council has 55 Councillors elected to represent 30 electoral divisions. Local elections were held in May 2022, and the political make-up of the Council as at 25 July 2023 is:-

- 20 Conwy First Independent Group
- 10 Labour
- 10 Conservative
- 8 Plaid Cymru a'r Blaid Werdd
- 4 Liberal Democrats
- 2 Allied Independents
- 1 Independent

## **Council**

The Council (all 55 Councillors) sets the overall budget and policies. It meets at least four times a year, and debates the different options for important issues facing the County Borough. The Council appoints the Leader of the Council who selects the Members of the Cabinet, and allocates Cabinet Member responsibilities (portfolios). The Council is also the focus for any debate about the performance of the Cabinet.

## **Cabinet**

The Cabinet comprises ten Councillors including the Council Leader who chairs meetings of the Cabinet. Each of the Cabinet Members has a specific portfolio of responsibility for areas of the Council's services.

Further information on the Council can be found on the following link:

<http://www.conwy.gov.uk/en/Council/Council.aspx>

## **NARRATIVE REPORT**

1. The Council's Statement of Accounts is intended to provide clear information about the financial impact of the Council's activities during the period covered in a format which is easily understood.
2. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2022/23 (The Code 2022/23), which specifies the principles and practices of accounting required to give a 'true and fair view' of the financial position and transactions of a local authority. The Code 2022/23 constitutes 'proper accounting practice' under the terms of section 21 (2) of the Local Government Act 2003. The Code 2022/23 is based on International Financial Reporting Standards (IFRS).

3. These accounts consist of the following financial statements in accordance with the Code:-

- a) **Statement of Responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Council and its officers for the preparation and approval of the Statement of Accounts.

- b) **Statement of Accounting principles and policies**

The purpose of this statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

- c) **The 'Core' Financial Statements**

1. The Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The statement shows that there was a deficit in the year of £23.936m (2021/22 surplus of £4.830m).

2. The Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance (the general unallocated contingency sum) for Council Tax setting. The Net Increase / Decrease before Transfers to / (from) Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The usable reserves amounted to £49.279m at the year end 31 March 2023 (31 March 2022 £48.138m), including the Council Fund balance of £4.168m (31 March 2022 £3.509m).

### 3. Balance Sheet

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

The net worth of the Authority as at 31 March 2023 amounted to £388.427m, an increase of £189.435m over the position at 31 March 2022, mainly because of changes in the value of the Pension Liability and long term assets (see Balance Sheet on page 40).

### 4. Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.

#### **d) The Expenditure & Funding Analysis**

This is an analysis to show the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement.

The Expenditure and Funding Analysis shows how expenditure for the financial year is used and funded (government grants, Council Tax and Business Rates) by local authorities compared with those resources consumed or earned by local authorities in accordance with generally accepted accounting practices.

## 4. Funding Council Services

The Council incurs two types of expenditure – revenue expenditure and capital expenditure.

**Revenue Expenditure** covers spending on the day to day costs of services such as staff salaries, maintenance of buildings and general supplies and equipment. This expenditure is paid for by the income received from Council Tax payers, business ratepayers, the fees and charges made for certain services, and by grants received from government.

**Capital Expenditure** covers spending on assets such as roads, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is largely financed by borrowing and capital grants.

### 4.1 Review of the Year – Revenue Expenditure

The Council's net Service Expenditure budget of £256.914m for 2022/23 was approved in March 2022 (£237.658m in 2021/22) and included provision for known service pressures, inflation and other risks.

A balanced budget was set following a generous financial Settlement of grant support from the Welsh Government (WG), with Conwy receiving a 9.5% increase which was the fifth highest Settlement in Wales. Whilst the Settlement was welcome, the Council still needed to make difficult and challenging decisions including a 3.95% increase in Council Tax, in order to set a balanced budget within the overall available financial resources.

As we entered the new financial year, world events and other economic drivers resulted in significant increases in inflation and it became apparent that the provision set aside to meet 2022/23 pay awards was insufficient, with other inflationary pressures also driving up costs in what became referred to as a national 'cost of living crisis'.

The Council continued to experience unprecedented demand for many services arising from the impact of the coronavirus pandemic on the lives, welfare and livelihoods of people and the economy – particularly Looked after Children and Homelessness.

Conwy again acted as an agent of WG in paying pandemic and cost of living related grants to local businesses and residents in relation to various grant support initiatives announced by WG (see Note 23).

The budget for 2022/23 was monitored and controlled during the year by way of reports and presentations alerting Members to an overall high level assessment of the evolving financial position. The level of uncertainty was reflected in the financial position reported on a regular basis. The projected budgetary deficit increased significantly throughout the year due to rising costs and demand for services, and the Section 151 Officer took measures to remedy the position which culminated in a much reduced year-end overspend of £3.046m.

The outturn financial position is shown at summary level in Table 1 below:



**Table 1**

Col 1	Col 2	Col 3	Col 4	Col 5
SUMMARY	ORIGINAL ESTIMATE	RESTATE ESTIMATE	FINAL OUTTURN	VARIANCE (Col 4 - Col 3)
	2022/23 £'000	2022/23 £'000	2022/23 £'000	2022/23 £'000
<b>Resource Base (income)</b>				
Revenue Support Grant	140,005	140,005	140,005	0
Redistributed Non Domestic Rates	43,306	43,306	43,306	0
Council Tax	73,376	73,376	73,783	407
Reduced Losses on Collection (Council Tax)	227	227	227	0
Council Tax Shortfall Grant				0
<b>Total</b>	<b>256,914</b>	<b>256,914</b>	<b>257,321</b>	<b>407</b>
<b>Net Expenditure</b>				
Education Services	88,102	89,699	88,534	(1,165)
Home to School Transport	5,595	5,636	6,409	773
Social Services	74,418	76,108	79,414	3,306
Environment, Roads & Facilities	19,665	20,195	20,182	(13)
Economy & Culture	6,803	7,433	6,849	(584)
Regulatory & Housing Services	7,791	6,863	8,362	1,499
Corporate Financial Services	1,354	1,756	1,802	46
Audit & Procurement	659	680	608	(72)
Revenues and Benefits Service	1,404	1,555	1,550	(5)
Law & Governance	2,238	2,338	2,186	(152)
Information Technology	2,312	2,447	2,447	0
Chief Executive's Services	567	576	543	(33)
People & Performance	1,644	1,739	1,509	(230)
Council Tax Reduction Scheme	11,635	11,635	10,988	(647)
Treasury Management and Minimum Revenue Provision	11,827	11,827	9,983	(1,844)
Corporate Costs and Income	14,415	8,681	11,082	2,401
Levies	7,180	7,180	7,308	128
<b>Sub Total Net Service Expenditure</b>	<b>257,609</b>	<b>256,348</b>	<b>259,756</b>	<b>3,408</b>
Contribution from Reserves (non recurring business cases)	(709)	(709)	(664)	45
Contribution to General Balances	14	14	14	0
Contribution to Pay Pressures Reserve		1,261	1,261	0
<b>Overspend</b>	<b>0</b>	<b>0</b>	<b>3,046</b>	<b>3,046</b>
<b>contribution to fund pay</b>			<b>(3,365)</b>	<b>(3,365)</b>
<b>contribution from social care</b>			<b>(325)</b>	<b>(325)</b>
<b>contribution to general fund</b>			<b>644</b>	<b>644</b>
<b>Sub Total Other</b>	<b>(695)</b>	<b>566</b>	<b>(2,435)</b>	<b>(3,001)</b>
<b>Net Revenue Budget</b>	<b>256,914</b>	<b>256,914</b>	<b>257,321</b>	<b>407</b>

Table 1 differs from the opening column of the Expenditure and Funding Analysis (page 35) due to some minor presentational differences between how the budget is reported during the year and how the outturn is reported after the conclusion of the closure of accounts.

The General Council Fund balance is a measure of the uncommitted reserves which the Council holds to meet cash flow requirements and unforeseen future events. The general Council Fund balance amounts to £4.168m which is very low relative to the rest of Wales and must be kept under review.

Other usable reserves are shown in Note 11 to the accounts.

The Balance Sheet of the Authority contains a number of movements in respect of earmarked reserves. During 2022/2023 a number of reserves were established and increased, and a number of reserves were used. Revenue reserves result from events that have allowed monies to be set aside for various reasons, e.g.

additional savings, or circumstances causing expenditure to have been delayed or postponed. The movement in the reserves during 2022/2023 reflects Council Resolutions, prudent accounting entries, risks, service developments, money set aside for commitments, and resources to assist services in the delivery of future efficiency savings.

## 4.2 Capital Expenditure

In addition to spending money providing services on a day to day basis, the Council also spends money providing new or refurbished facilities such as schools, coastal and highways infrastructure. The total capital spending during 2022/23 was £49.719m. The following is a summary of the service areas which incurred capital investment in 2022/23 and how it was financed. The capital budget was £58.582m so there was an underspend of £8.863m.

<b>Capital Expenditure</b>	<b>2022/23 Actual £'000</b>
<b>Capital Expenditure by Service:</b>	
Education	5,358
Environment, Roads & Facilities	35,193
Economy & Culture	1,262
Social Care	3,704
Leisure Services	893
Information Technology	582
Regulatory & Housing Services	1,160
Chief Executive & Corporate Services	1,503
Financial Services	64
<b>Total Capital Expenditure</b>	<b>49,719</b>

<b>Capital Financing</b>	<b>2022/23 Actual £'000</b>
<b>Financed By:</b>	
Supported Borrowing	16,844
Prudential Borrowing	10,759
Capital Receipts	126
Capital Grants	21,456
Capital Reserves	534
<b>Total Capital Expenditure</b>	<b>49,719</b>

For Capital expenditure financed through Supported Borrowing the costs are funded through the Revenue Support Grant, and for Prudential Borrowing the costs are funded by Services.

Major projects undertaken during 2022/23 were as follows:-

- 30 Hour & Welsh Medium Childcare Provision Improvements
- Tourism Developments
- Investment in Leisure Centre Infrastructure
- Street lighting Poles Replacement
- Investment in Education Infrastructure
- School Kitchen Development for Free School Meal Provision

- Surface Dressing & Improvement of the County Road Network
- Safe Routes in the Community & Traffic Network Management
- Local Places for Nature Capital Funding
- Bridge Maintenance & Strengthening
- Delivery of Adaptations in Private Sector Housing
- Bron y Nant Disability Respite Centre Development
- Recycling Target Improvements
- Flood Defence & Risk Reduction Capital Works
- Coastal Defences Construction Projects
- Improvement & Maintenance of Play Areas
- Public Convenience Improvements

The Council's debt outstanding at 31 March 2023 was £211.428m (£181.986m at 31 March 2022) being an increase of £29.442m in borrowing. This is due to an increase in short term borrowing of £9.598m and an increase in long term borrowing of £19.844m.

The Limits to Borrowing Activity in 2022/23, set in accordance with the Prudential Framework for local authority capital investment introduced through the Local Government Act 2003 (the Prudential Code) were as follows:-

	<b>£'000</b>
<b>Authorised Limit for External Debt:</b>	
Borrowing	264,093
Other Long term Liabilities	44,316
	308,409
<b>Operational Boundary for External Debt:</b>	
Borrowing	254,093
Other Long Term Liabilities	44,316
	298,409

## 5. Pension Liability – International Accounting Standard 19 (IAS19)

The Accounts as presented comply with the requirements of the above standard in that they reflect in the revenue accounts the current year cost of pension provision to employees as advised by the Council's actuary. The Statements also contain, within the Balance Sheet, the actuary's assessment of the Authority's share of the Pension Fund liability as at 31 March 2023 and the reserve needed to fund that liability. The pandemic and global markets may impact upon the pension liability beyond 31 March 2023.

The Pension Fund liability disclosed within the Balance Sheet of £0m (£164.383m in 2021/22) is the total projected deficit that exists over the expected life of the fund. This deficit will change on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

The fund is subject to a triennial (3 yearly) valuation which assesses the then state of the pension fund and makes recommendations to the various admitted bodies as to the appropriate rate of employer's contributions that need to be made in order to restore the fund to a balanced position over a period of time.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation.

# **STATEMENT OF RESPONSIBILITIES** **FOR THE STATEMENT OF ACCOUNTS**

## **THE AUTHORITY'S RESPONSIBILITIES**

The Council is required to: -

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At Conwy County Borough Council, that officer is the Strategic Director – Finance & Resources and **Section 151 Officer**.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. This responsibility is delegated to the Audit Committee by Council.

### **AUTHORITY'S CERTIFICATE**

I approve the Statement of Accounts of Conwy County Borough Council at 31 March 2023.

SIGNED:

Ian Whyte – Lay Member  
Chair of Governance and Audit Committee

DATED:

## **THE SECTION 151 OFFICER'S RESPONSIBILITIES**

As Chief Finance Officer, the Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("The Code 2022/23"), is 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 ended 31 March 2023.

In preparing this statement of accounts, the Strategic Director – Finance & Resources and Section 151 Officer has: -

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

### **SECTION 151 OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts presents a true and fair view of the financial position of Conwy County Borough Council at 31 March 2023 and its income and expenditure for the year then ended.



SIGNED:

A Hughes  
Strategic Director – Finance & Resources  
Section 151 Officer

DATED: 31 July 2023

## AUDITOR'S REPORT







# **THE STATEMENT OF ACCOUNTS 2022/23**

## **STATEMENT OF ACCOUNTING PRINCIPLES AND POLICIES**

### **1. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) (Amendment) Regulations 2018, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

### **2. ACCRUALS OF INCOME AND EXPENDITURE**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when 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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- On occasion, where payments are being disputed and/or the sums involved are not known the payment is made in the accounts in the year that the dispute is settled and not necessarily the year to which the payment relates.
- Also, on occasion, an invoice is treated on a cash basis in the accounts to ensure that the correct number of payments appear in the accounts in a financial year.
- A de-minimis of £1,000 is available for revenue transactions and £5,000 for capital transactions.

### **3. 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.

### **4. MATERIAL 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.

### **5. 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.

### **6. CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services and trading accounts are charged with the following amounts to record the cost of holding fixed assets during the year:-

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement 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 – Minimum Revenue Provision (MRP) - by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## 7. **EMPLOYEE BENEFITS**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. flexi time,) 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. They are charged on an accruals basis when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

### **Post Employment Benefits**

Employees of the Authority are members of three 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 Gwynedd Council.
- The Local Government Pensions Scheme, administered by Flintshire County Council.

The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees work 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 Education 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 Gwynedd and Flintshire pension funds attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (2.7% in 2021/22) (based on the indicative rate of return on high quality corporate bond (iBoxx)).
- The assets of Gwynedd 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 seven components:-
  - 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 arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs and Income.
  - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - Interest on Pension assets – this is the interest on assets held at the start of the year and cash flows occurring during the year, calculated using the discount rate at the start of the year.
  - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs and Income.
  - Re-measurements (assets) – this is the return on plan assets net of administrative expenses and interest income. It replaces actuarial

gains and losses on assets. A charge as a result of reviewing all employers' allocation of assets at a valuation is also included.

- Re-measurements (liabilities) - this is a combination of changes in demographic and financial assumptions and experience gains and losses on liabilities.
- Contributions paid to the Gwynedd and Flintshire Pension Funds – 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees, and in effect measures the adverse impact of pensions expected to be payable in the future.

### **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.

## **8. 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 (                      for 2022/23) are not reflected in the Statement of Accounts.

## 9. FINANCIAL INSTRUMENTS

### Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CI&ES is the amount payable for the year, as determined in the loan agreement.

Where premiums and discounts have been charged to the CI&ES, regulations allow the impact on the Council Fund to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CI&ES 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.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets that are measured at:

- amortised cost
- fair value through profit or loss (FVPL), or
- fair value through other comprehensive income (FOVCI)

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

### Financial Assets Measured at Amortised Cost

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

However, the Council has made loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CI&ES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and

Investment Income and Expenditure line in the CI&ES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the Council Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CI&ES to the net gain required against the Council Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a twelve month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on its obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of twelve month expected losses.

### **Financial Assets at Fair Value through Profit & Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted price (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income & Expenditure line in the CI&ES.

## 10. 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, a calculation is undertaken to convert the sums to sterling.

## 11. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

Amounts recognised as due to the 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 realised using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

## 12. 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(s) 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 £12,000) the Capital Receipts Reserve.

### **13. INVENTORIES AND LONG TERM CONTRACTS**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value based on a weighted average costing basis. 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.

### **14. INVESTMENT PROPERTY**

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £12,000) the Capital Receipts Reserve.

## 15. **JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS**

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

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

## 16. **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, except for Investment Property.

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, which may be higher than the asset value recognised. 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 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 of the Council Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount 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 fixed 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.

## **17. 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. No de-minimis is applied for capital spend.

### **Recognition**

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

### **Measurement**

Assets are initially measured at cost, comprising:-

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:-

- Infrastructure and community assets – depreciated historical cost.
- Assets under construction – historical cost.
- All other operational assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Investment property – market value and not depreciated.
- Assets held for sale – lower of value before classified as held for sale and market value, and not depreciated.
- Heritage Assets – market value and not depreciated.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

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

Where impairment losses are identified, they are accounted for by:-

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

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

Depreciation is calculated within the following ranges of remaining useful lives:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer: 1 - 99 years.
- Vehicles, plant, furniture and equipment: over the useful life between 1-22 years.
- Community Assets: 1-22 years
- Infrastructure – straight-line allocation between 1-57 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and whose estimated useful life is significantly different from the useful life of the main asset, the components are depreciated separately.

A de minimis materiality level of £2.5m of the value of the asset has been set, below which individual items of property, plant and equipment will not be considered for componentisation; significant components will be deemed as those whose current value is 20% or more of the total current value of the asset, and categorised based on significance, useful life and depreciation method.

Land is identified as a separate component in its own right.

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

## **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The Asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £12,000 are categorised as Capital Receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

Equipment assets that are fully depreciated are written out two years later.

## **18. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS**

PFI contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the Property, Plant and Equipment can pass to the Council at the end of the contract for no additional charge, the Council carries the Property, Plant and Equipment used under the contract on the Balance Sheet.

The original recognition of the Property, Plant and Equipment was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the Three Schools PFI project, the liability was written down by an initial advance payment of unitary charge of £9m.

Property, Plant and Equipment recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:-

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – recognised as Property, Plant and Equipment on the Balance Sheet.

## 19. 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, but where the timing or amount of the transfer is uncertain.

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.

## **20. RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover risks and 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 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 cash effect on the financing of the revenue budget.

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 notes.

## **21. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax. Examples of REFCUS expenditure are Disabled Facilities grants, grants to businesses and private property enhancement schemes.

## **22. 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.

### **23. COMPARATIVE FIGURES**

Comparative figures are shown where appropriate in financial statements, in accordance with the Code.

### **24. CASH FLOW STATEMENT**

The Cash Flow Statement and accompanying notes have been prepared using the indirect method.

### **25. HERITAGE ASSETS**

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

An intangible heritage asset is an intangible asset with cultural, environmental or historical significance. Examples of intangible heritage assets include recordings of significant historical events.

Heritage assets (other than operational heritage assets) are normally measured at valuation. Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current.

Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, heritage assets shall be measured at historical cost (less any accumulated depreciation, amortisation and impairment losses).

### **26. MINIMUM REVENUE PROVISION (MRP)**

The MRP policy for 2022/23 is as follows:

Right of Use Assets – the charge made for MRP is equal to the rent/charge that goes to write down the Balance Sheet liability, except for Long Life Right of Use Assets.

Asset Life Method be used as the basis of calculating MRP for all other assets (including PFI Assets and Long Life Right of Use Assets).

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants and council tax) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23	As Reported for Resource Management	Adjustments for Movements to/from Reserves	Net Expenditure Chargeable to the Council Fund Balance	Adjustments between the Funding and Accounting Basis (See Note 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Education	94,944	(18)	94,926	11,840	106,766
Social Services	79,089	417	79,506	6,545	86,051
Environment, Roads & Facilities	20,402	(301)	20,101	13,289	33,390
Economy & Culture	6,850	192	7,042	8,102	15,144
Regulatory & Housing Services	9,623	(2,148)	7,475	1,440	8,915
Corporate Financial Services	1,802	(54)	1,748	443	2,191
Audit & Procurement	608	(56)	552	117	669
Revenues and Benefits Service	12,537	485	13,022	(10,484)	2,538
Law & Governance	2,186	71	2,257	545	2,802
Information Technology	2,447	(44)	2,403	1,022	3,425
Chief Executive's Department	543	0	543	107	650
People & Performance	1,509	0	1,509	387	1,896
Corporate Costs and Income	6,679	3,371	10,050	(903)	9,147
<b>Net Cost Of Service</b>	<b>239,219</b>	<b>1,915</b>	<b>241,134</b>	<b>32,450</b>	<b>273,584</b>
Other Income and Expenditure	(239,876)	(3,249)	(243,125)	(6,523)	(249,648)
<b>(Surplus) or Deficit</b>	<b>(657)</b>	<b>(1,334)</b>	<b>(1,991)</b>	<b>25,927</b>	<b>23,936</b>

Opening Council Fund Balance at 31 March 2022	(48,138)
Less (Surplus)/Deficit on Council Fund Balance in Year	(1,991)
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)	851
<b>Closing Council Fund Balance at 31 March 2023</b>	<b>(49,278)</b>

2021/22	As Reported for Resource Management £'000	Adjustments for Movements to/from Reserves £'000	Net Expenditure Chargeable to the Council Fund Balance £'000	Adjustments between the Funding and Accounting Basis (See Note 5) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Education	89,142	(5,252)	83,890	12,168	96,058
Social Services	69,467	(3,457)	66,010	6,981	72,991
Environment, Roads & Facilities	19,157	(164)	18,993	12,656	31,649
Economy & Culture	6,279	(1,178)	5,101	6,488	11,589
Regulatory & Housing Services	6,155	(226)	5,929	1,574	7,503
Corporate Financial Services	1,303	(110)	1,193	497	1,690
Audit & Procurement	556	(6)	550	140	690
Revenues and Benefits Service	12,204	(1,160)	11,044	(10,368)	676
Law & Governance	1,929	(36)	1,893	628	2,521
Information Technology	2,284	313	2,597	807	3,404
Chief Executive's Department*	553	(14)	539	135	674
People & Performance*	1,591	(49)	1,542	451	1,993
Corporate Costs and Income	12,003	(2,563)	9,440	(981)	8,459
<b>Net Cost Of Service</b>	<b>222,623</b>	<b>(13,902)</b>	<b>208,721</b>	<b>31,176</b>	<b>239,897</b>
Other Income and Expenditure	(223,223)	(717)	(223,940)	(20,787)	(244,727)
<b>(Surplus) or Deficit</b>	<b>(600)</b>	<b>(14,619)</b>	<b>(15,219)</b>	<b>10,389</b>	<b>(4,830)</b>

Opening Council Fund Balance at 31 March 2021	(30,450)
Less (Surplus)/Deficit on Council Fund Balance in Year	(15,219)
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)	(2,469)
<b>Closing Council Fund Balance at 31 March 2022</b>	<b>(48,138)</b>

\* During 2022/23 a new service, People and Performance, was created by merging Corporate Human Resources and Corporate Improvement and Development (previously in Chief Executive's Department). The comparative figures for 2021/22 have therefore been restated.

## Comprehensive Income and Expenditure Statement

2021/22				2022/23			
Gross Expenditure	Income	Net Expenditure		Note	Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
132,638	(36,580)	96,058	Education		143,762	(36,996)	106,766
109,068	(36,077)	72,991	Social Services		116,430	(30,379)	86,051
48,854	(17,205)	31,649	Environment, Roads & Facilities		50,014	(16,624)	33,390
23,060	(11,471)	11,589	Economy & Culture		28,656	(13,512)	15,144
20,713	(13,210)	7,503	Regulatory & Housing Services		21,719	(12,804)	8,915
2,282	(592)	1,690	Corporate Financial Services		2,381	(190)	2,191
707	(17)	690	Audit & Procurement		688	(19)	669
30,296	(29,620)	676	Revenues and Benefits Service		29,941	(27,403)	2,538
3,683	(1,162)	2,521	Law & Governance		3,964	(1,162)	2,802
3,476	(72)	3,404	Information Technology		3,477	(52)	3,425
678	(4)	674	Chief Executive's Department*		653	(3)	650
2,094	(101)	1,993	People & Performance*		2,029	(133)	1,896
11,117	(2,658)	8,459	Corporate Costs and Income		10,829	(1,682)	9,147
<b>388,666</b>	<b>(148,769)</b>	<b>239,897</b>	<b>Cost of Services</b>		<b>414,543</b>	<b>(140,959)</b>	<b>273,584</b>
23,962		23,962	Other Operating Expenditure	7	24,419		24,419
27,345	(15,446)	11,899	Financing & Investment Income & Expenditure	8	33,571	(22,210)	11,361
	(280,588)	(280,588)	Local Taxation & Non-Specific Grant Income	9		(285,428)	(285,428)
		<b>(4,830)</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>23,936</b>
		(7,525)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18			(23,752)
		(295)	(Surplus) or Deficit on Revaluation of Available for sale Financial Assets				60
		<b>(7,820)</b>					<b>(23,692)</b>
		(117,196)	Remeasurement of the net defined benefit liability	18			(189,680)
		<b>(125,016)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(213,372)</b>
		<b>(129,846)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(189,436)</b>

\* During 2022/23 a new service, People and Performance, was created by merging Corporate Human Resources and Corporate Improvement and Development (previously in Chief Executive's Department). The comparative figures for 2021/22 have therefore been restated.

**Movement in Reserves Statement for the year ended 31 March 2023**

	Note	Council Fund Balance	Earmarked Revenue Reserves	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2022</b>	<b>11,18</b>	<b>3,509</b>	<b>34,835</b>	<b>2,880</b>	<b>2,499</b>	<b>4,415</b>	<b>48,138</b>	<b>150,853</b>	<b>198,991</b>
<b>Movement in Reserves during 2022/23</b>									
Surplus or (Deficit) on the Provision of Services		(23,936)	-	-	-	-	(23,936)	-	(23,936)
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	213,372	213,372
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(23,936)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,936)</b>	<b>213,372</b>	<b>189,436</b>
Adjustments between Accounting basis & Funding basis under Regulations	10	25,928	-	(534)	1,996	(2,313)	25,077	(25,077)	-
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>		<b>1,992</b>	<b>-</b>	<b>(534)</b>	<b>1,996</b>	<b>(2,313)</b>	<b>1,141</b>	<b>188,295</b>	<b>189,436</b>
Transfers to/(from) Earmarked Reserves	11	(1,333)	(3,328)	4,661	-	-	-	-	-
<b>Increase/(Decrease) in 2022/23</b>	<b>11</b>	<b>659</b>	<b>(3,328)</b>	<b>4,127</b>	<b>1,996</b>	<b>(2,313)</b>	<b>1,141</b>	<b>188,295</b>	<b>189,436</b>
<b>Balance as at 31 March 2023</b>	<b>11,18</b>	<b>4,168</b>	<b>31,507</b>	<b>7,007</b>	<b>4,495</b>	<b>2,102</b>	<b>49,279</b>	<b>339,148</b>	<b>388,427</b>

**Movement in Reserves Statement for the year ended 31 March 2022**

	Note	Council Fund Balance	Earmarked Revenue Reserves	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	11,18	2,910	22,074	1,217	1,132	3,117	30,450	38,694	69,144
<b>Movement in Reserves during 2021/22</b>									
Surplus or (Deficit) on the Provision of Services		4,830	-	-	-	-	4,830	-	4,830
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	125,017	125,017
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>4,830</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,830</b>	<b>125,017</b>	<b>129,847</b>
Adjustments between Accounting basis & Funding basis under Regulations	10	10,388	-	(195)	1,367	1,298	12,858	(12,858)	-
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>		<b>15,218</b>	<b>-</b>	<b>(195)</b>	<b>1,367</b>	<b>1,298</b>	<b>17,688</b>	<b>112,159</b>	<b>129,847</b>
Transfers to/(from) Earmarked Reserves	11	(14,619)	12,761	1,858	-	-	-	-	-
<b>Increase/(Decrease) in 2021/22</b>	<b>11</b>	<b>599</b>	<b>12,761</b>	<b>1,663</b>	<b>1,367</b>	<b>1,298</b>	<b>17,688</b>	<b>112,159</b>	<b>129,847</b>
<b>Balance as at 31 March 2022</b>	<b>11,18</b>	<b>3,509</b>	<b>34,835</b>	<b>2,880</b>	<b>2,499</b>	<b>4,415</b>	<b>48,138</b>	<b>150,853</b>	<b>198,991</b>

## Balance Sheet

	Notes	31 March 2023	31 March 2022
		£'000	£'000
Property, Plant & Equipment	12	568,846	523,440
Heritage Assets		194	194
Investment Property	13	17,000	16,359
Intangible Assets		224	342
Available for Sale Financial Assets	14	2,167	2,227
Long Term Debtors	14	5,668	5,400
<b>Long Term Assets</b>		<b>594,099</b>	<b>547,962</b>
Short Term Investments	14	222	8,193
Inventories		973	995
Short Term Debtors	15	63,998	61,550
Cash & Cash Equivalents	16	36,847	23,365
Assets Held for Sale		1,727	1,012
<b>Current Assets</b>		<b>103,767</b>	<b>95,115</b>
Short Term Borrowing	14	75,162	65,564
Short Term Creditors	17	49,515	46,719
Provisions		1,620	1,765
<b>Current Liabilities</b>		<b>126,297</b>	<b>114,048</b>
Pension Liability	34	-	164,383
Long term Borrowing	14	136,266	116,422
Other Long term Liabilities	14	43,991	46,688
Capital Grants Receipts in Advance		2,885	2,544
<b>Long Term Liabilities</b>		<b>183,142</b>	<b>330,037</b>
<b>Net Assets</b>		<b>388,427</b>	<b>198,992</b>
Usable Reserves		49,278	48,138
Unusable Reserves	18	339,149	150,854
<b>Total Reserves</b>		<b>388,427</b>	<b>198,992</b>



## Cash Flow Statement

2021/22		Note	2022/23
£'000			£'000
(4,830)	Net (Surplus)/Deficit on the Provision of Services		23,936
(59,785)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(44,822)
33,554	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	20	19,407
(31,061)	Net Cash Flows From Operating Activities		(1,479)
11,084	Investing Activities	21	13,440
5,205	Financing Activities	22	(25,443)
(14,772)	Net (Increase) or Decrease in Cash and Cash Equivalents		(13,482)
<b>8,594</b>	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	<b>16</b>	<b>23,366</b>
<b>23,366</b>	<b>Cash and Cash Equivalents at the end of the Reporting Period</b>	<b>16</b>	<b>36,848</b>

## **Notes to the Accounts**

### **1. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 16 Leases (but only those for local authorities that have decided to adopt IFRS 16 in the 2023/24 year).
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 issued in May 2020).

These changes are not expected to have a significant impact on the Council.

### **2. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies, 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:

#### **(i) Local Government Funding**

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.

#### **(ii) PFI Scheme**

The Council has one PFI contract for the provision of 3 schools. It has determined that it substantially controls both the services provided from and the residual value of the assets used to deliver these contracts. Consequently, the assets relating to these contracts (£67.8m) have been recognised on the Balance Sheet as property, plant and equipment, in accordance with IFRIC 12. Details of the values of these assets are disclosed in Notes 12 (PPE) and 32 (PFI).

### 3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
PROPERTY, PLANT & EQUIPMENT	Assets are depreciated over useful lives that are dependent on assumptions about the future level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for property, plant & equipment would increase by £3.41m for every year that useful lives had to be reduced.
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, but where the timing or amount of the transfer is uncertain.	If the provision is found to be inadequate the additional amount will need to be provided from the Authority's revenue.
PENSIONS LIABILITY	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The returns on Pension Fund Assets continues to fluctuate which affects the liability. See Note 34 for details.
ARREARS	At March 2023, the Council had a balance for sundry debtors of £11.0m. An impairment allowance for doubtful debts of £0.225m is held which is included in the impairment allowance for doubtful debts of £3.416m in Note 15. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate a doubling of the amount of the impairment of doubtful debts would require an additional £0.225m to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

#### **4. Events after the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Strategic Director – Finance & Resources on . 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 5. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CI&ES). The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2022/23				2021/22			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education	5,593	5,959	288	11,840	5,546	6,458	164	12,168
Social Services	486	6,045	14	6,545	180	6,822	(21)	6,981
Environment, Roads & Facilities	10,093	3,238	42	13,289	9,170	3,621	(135)	12,656
Economy & Culture	5,367	2,081	654	8,102	3,672	2,236	580	6,488
Regulatory & Housing Services	219	1,276	55	1,440	94	1,459	21	1,574
Corporate Financial Services	22	421	-	443	26	471	0	497
Audit & Procurement	-	117	-	117	0	140	0	140
Revenues and Benefits Service	22	500	11,006	(10,484)	19	567	(10,954)	(10,368)
Law & Governance	8	561	24	545	8	654	(34)	628
Information Technology	494	631	103	1,022	243	669	(105)	807
Chief Executive's Department*	-	107	-	107	0	135	0	135
People & Performance*	21	366	0	387	22	429	0	451
Corporate Costs and Income	474	(709)	(668)	(903)	919	(958)	(942)	(981)
<b>Net Cost Of Service</b>	<b>22,799</b>	<b>20,593</b>	<b>(10,942)</b>	<b>32,450</b>	<b>19,899</b>	<b>22,703</b>	<b>(11,426)</b>	<b>31,176</b>
Other Income and Expenditure	(22,583)	4,705	11,355	(6,523)	(37,470)	5,331	11,352	(20,787)
<b>(Surplus) or Deficit</b>	<b>216</b>	<b>25,298</b>	<b>413</b>	<b>25,927</b>	<b>(17,571)</b>	<b>28,034</b>	<b>(74)</b>	<b>10,389</b>

\* During 2022/23 a new service, People and Performance, was created by merging Corporate Human Resources and Corporate Improvement and Development (previously in Chief Executive's Department). The comparative figures for 2021/22 have therefore been restated.

## a) Adjustments for Capital Purposes

- (i) Services line - this column adds in depreciation, amortisation, impairment and revaluation gains and losses.
- (ii) Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- (iii) Financing and Investment Income and Expenditure and certain Services line - the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted as these are not chargeable under general accepted accounting practices.
- (iv) 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.

## b) Net change for the removal of pension contributions and the addition of pension (IAS 19) related expenditure and income

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

- (i) For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service / curtailment costs.
- (ii) For Other Operating Expenditure - this adjustment is for pension's administration costs
- (iii) For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CI&ES.

## c) Other Adjustments

Other Differences between amounts debited/credited to the CI&ES and amounts payable/receivable to be recognised under statute:

- (i) For Services line - this includes an adjustment for accumulated absences earned but not taken in the year.
- (ii) For Financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts.

## 6. Expenditure and Income Analysed by Nature

	2022/23 £'000	2021/22 £'000
<b>Expenditure</b>		
Employee benefits expenses	172,161	163,940
Employee benefits expenses of Voluntary Aided and Foundation Schools	21,893	20,213
Other services expenses	221,019	202,136
Depreciation, amortisation, impairment	24,598	21,930
Interest Payments	8,444	7,792
Precepts and levies	25,670	24,587
(Gain)/Loss on the disposal of assets	(1,252)	(625)
<b>Total Expenditure</b>	<b>472,533</b>	<b>439,973</b>
<b>Income</b>		
Fees, charges and other service income	(77,264)	(62,396)
Interest and investment income	(489)	(112)
Income from Council Tax and Non Domestic Rates	(125,253)	(118,403)
Government grants and contributions	(245,591)	(263,892)
<b>Total Income</b>	<b>(448,597)</b>	<b>(444,803)</b>
<b>(Surplus) or Deficit</b>	<b>23,936</b>	<b>(4,830)</b>

## 7. Other Operating Expenditure

2021/22 £000		2022/23 £000
15,576	Police and Crime Commissioner for North Wales Precept	16,163
2,427	Community Council Precepts	2,459
6,231	North Wales Fire and Rescue Authority	6,631
353	Other Levies	417
(625)	Gains/Losses on the disposal of non-current assets	(1,145)
-	Finance Lease Adjustments	(106)
<b>23,962</b>	<b>Total</b>	<b>24,419</b>

## 8. Financing and Investment Income and Expenditure

2021/22 £000		2022/23 £000
7,792	Interest payable & similar charges	8,444
18,522	Pensions interest cost	24,271
(13,269)	Expected return on pensions assets	(19,624)
(112)	Interest receivable & similar income	(489)
(953)	Income & expenditure in relation to investment properties & changes in their fair value	(1,208)
(81)	Trading Operations	(33)
<b>11,899</b>	<b>Total</b>	<b>11,361</b>

## 9. Local Taxation and Non Specific Grant Income

2021/22 £000		2022/23 £000
(78,635)	Council Tax income	(82,047)
(39,768)	Non domestic rates	(43,306)
(130,026)	Non-ring fenced government grants	(140,005)
(32,159)	Capital grants & contributions	(20,070)
<b>(280,588)</b>	<b>Total</b>	<b>(285,428)</b>

## 10. Adjustments between Accounting Basis and Funding Basis under Regulation

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

	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		
2022/23	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	22,762	-	-	-	22,762	(22,762)
Impairment losses on Property, Plant and Equipment	1,704	-	-	-	1,704	(1,704)
Movement in the market value of Investment Properties	(545)	-	-	-	(545)	545
Amortisation of Intangible assets	132	-	-	-	132	(132)
Capital grants and contributions applied	(19,769)	-	-	-	(19,769)	19,769
Revenue expenditure funded from capital under statute	171	-	-	-	171	(171)
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	976	-	-	-	976	(976)
Administration costs of asset disposal in advance of receipt	35	-	-	-	35	(35)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(5,298)	-	-	-	(5,298)	5,298
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,313	-	-	(2,313)	-	-



2022/23	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,122)	-	2,122	-	-	-
Finance Lease Rental Principal	-	-	53	-	53	(53)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(126)	-	(126)	126
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(8)	-	(53)	-	(61)	61
Amelioration of Finance Lease Rentals	60	-	-	-	60	(60)
Additional Finance Lease Asset	(106)	-	-	-	(106)	106
<b>Adjustments primarily involving the Capital Reserves:</b>						
Use of Capital Reserve to finance new capital expenditure	-	(534)	-	-	(534)	534
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
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	40	-	-	-	40	(40)
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	42,154	-	-	-	42,154	(42,154)
Employer's pensions contributions and direct payments to pensioners payable in the year	(16,857)	-	-	-	(16,857)	16,857
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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	286	-	-	-	286	(286)
<b>Total Adjustments</b>	<b>25,928</b>	<b>(534)</b>	<b>1,996</b>	<b>(2,313)</b>	<b>25,077</b>	<b>(25,077)</b>

2021/22 Comparative Figures	Usable Reserves					Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	20,991	-	-	-	20,991	(20,991)
Impairment losses on Property, Plant and Equipment	798	-	-	-	798	(798)
Revaluation losses on Property, Plant and Equipment	105	-	-	-	105	(105)
Movement in the market value of Investment Properties	(280)	-	-	-	(280)	280
Amortisation of Intangible assets	142	-	-	-	142	(142)
Capital grants and contributions applied	(30,862)	-	-	-	(30,862)	30,862
Revenue expenditure funded from capital under statute	(49)	-	-	-	(49)	49
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	720	-	-	-	720	(720)
Administration costs of asset disposal in advance of receipt	20	-	-	-	20	(20)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(6,387)	-	-	-	(6,387)	6,387
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(1,298)	-	-	1,298	-	-

2021/22 Comparative Figures	Usable Reserves				Unusable Reserves	
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,345)	-	1,345	-	-	-
Finance Lease Rental Principal	-	-	50	-	50	(50)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(4)	-	(4)	4
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(123)	-	(24)	-	(147)	147
Amelioration of Finance Lease Rentals	61	-	-	-	61	(61)
<b>Adjustments primarily involving the Capital Reserves:</b>						
Use of Capital Reserve to finance new capital expenditure	-	(195)	-	-	(195)	195
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
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	(159)	-	-	-	(159)	159
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	43,779	-	-	-	43,779	(43,779)
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,746)	-	-	-	(15,746)	15,746
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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	126	-	-	-	126	(126)
<b>Total Adjustments</b>	<b>10,388</b>	<b>(195)</b>	<b>1,367</b>	<b>1,298</b>	<b>12,858</b>	<b>(12,858)</b>

## 11. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the Council Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure.

	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Fund:</b>							
Balances held by schools under a scheme of delegation	5,924	(76)	4,855	10,703	(1,445)	1,036	10,294
<b>Service Reserves:</b>							
Economy & Culture	1,583	(9)	520	2,094	(58)	176	2,212
Regulatory & Housing Services	480	(82)	57	455	(216)	-	239
Environment, Roads & Facilities	930	(505)	25	450	-	-	450
Tramway - Maintenance Programme	353	-	-	353	-	-	353
IT	1,765	(375)	62	1,452	(157)	-	1,295
People & Performance	233	(85)	93	241	-	13	254
Revenues & Benefits	289	(15)	90	364	(26)	-	338
Internal Audit	63	-	6	69	-	-	69
Law & Governance	429	(25)	81	485	-	-	485
Other Services	224	-	286	510	(172)	-	338
Social Services	216	-	1,869	2,085	(379)	-	1,706
Education Services	347	(21)	210	536	(156)	-	380

	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Corporate Reserves:</i>							
Apprenticeships Reserve	74	-	28	102	-	-	102
Budget Recovery Reserve	1,467	-	1,659	3,126	(664)	-	2,462
Pay Pressures Reserve	898	(596)	2,242	2,544	(3,365)	1,262	441
Digital Transformation Reserve	924	(43)	-	881	(173)	15	723
Budget Reductions Reserve	435	(435)	-	-	-	-	-
Renewal Programme Reserve	477	-	-	477	(65)	-	412
Business Grants Reserve	200	-	-	200	-	200	400
Carbon Reduction Reserve	170	-	-	170	-	-	170
Home to School Transport	237	-	-	237	-	-	237
Winter Maintenance	83	-	250	333	-	-	333
Insurance Reserves	1,864	(431)	615	2,048	(500)	687	2,235
PFI Unitary Charge	-	-	277	277	-	371	648
Managed Print Service	56	-	-	56	-	-	56
Hardship Fund	-	-	2,553	2,553	-	-	2,553
Redemption Cost Mostyn Street Offices	-	(653)	-	(653)	-	-	(653)
Other	459	(2)	108	565	(128)	155	592
Earmarked Grants Reserves	1,894	(1,650)	1,878	2,122	(1,196)	1,456	2,382
<b>Total Earmarked Reserves</b>	<b>29,035</b>	<b>(3,810)</b>	<b>9,610</b>	<b>34,835</b>	<b>(8,700)</b>	<b>5,371</b>	<b>31,506</b>
<b>Total Capital Reserves</b>	<b>1,216</b>	<b>(912)</b>	<b>2,575</b>	<b>2,879</b>	<b>(1,014)</b>	<b>5,141</b>	<b>7,006</b>

The following table gives a brief description of the purpose of the reserves:

Reserve	Description
<b>Service Reserves:</b>	
Economy & Culture	Represents several amounts set aside for earmarked projects or risks, e.g. Business Support, Bus Shelter Remedial Works, commercial rental income, and other business critical risks and
Regulatory & Housing Services	Represents several amounts set aside for earmarked projects or risks, e.g. Development Control, LDP Review, replacement IT system, and statutory public health support.
Environment, Roads & Facilities	Represents several amounts set aside for earmarked projects or risks, e.g. Asset Management Planning, the Harbour reserve, and other business critical risks and commitments.
Tramway - Maintenance Programme	An earmarked reserve to support the ongoing maintenance programme for the Great Orme Victorian Tramway.
IT	Represents several amounts set aside for authority wide projects or risks, e.g. Purchase of Software Licences, storage for personal shared devices, Microsoft migration and upgrades, security
People & Performance	Represents several amounts set aside for earmarked projects or risks, e.g. support for managing sickness absence, and additional HR capacity pressures.
Revenues & Benefits	Represents several amounts set aside for earmarked projects or risks, e.g. Support for Housing Benefit loss of subsidy, Financial Assessment System Hardware & Software.
Internal Audit	Represents several amounts set aside for service risks e.g. Restructure Costs and Audit related systems investment.
Law & Governance	Represents several amounts set aside for service risks and commitments, e.g. translation support, Legal capacity, and other business critical initiatives.
Other Services	Represents several amounts set aside for other services risks, and business critical risks in other
Social Services	Represents several amounts set aside for service risks and commitments, e.g. Galw Gofal trading balance, reserve for care worker driving lessons, adaptation and other service pressures
Education Services	Represents several amounts set aside for earmarked projects or risks, e.g. specialist educational support, school sickness scheme, and other risks and business critical support for learners.

<b>Corporate Reserves:</b>	
Apprenticeships Reserve	An earmarked reserve to support the employment of Modern Apprentices.
Budget Recovery Reserve	Created to assist in funding pandemic related budgetary pressures for 2022/23 carried forward from the budget recovery plan for 2021/2022.
Pay Pressures Reserve	To assist with pay pressure due to the pay award in 2022/2023 above the assumed level included in the budget for 2022/2023.
Digital Transformation Reserve	Carry forward of WG grant received in 2020/2021 to support IT and digital investment .
Budget Reductions Reserve	Carry forward of the balance of WG grant received in 2020/2021 to support non achievement of budget reductions by services during 2021/2022 as a consequence of the pandemic.
Renewal Programme Reserve	Carry forward of consultancy / administration income received from WG in 2020/2021 for the management of the business grants. The reserve has been established to fund Renewal
Business Grants Reserve	To safeguard the Authority in the event of grant clawback from WG in relation to business grants paid to local businesses .
Carbon Reduction Reserve	To support the Council's key objective of carbon reduction including electric charging points for vehicles.
Home to School Transport	To support the risk of additional costs for the service through further tendering, hazardous route requirements, additional provision for vulnerable clients, and pandemic related requirements.
Winter Maintenance	To support potential gritting and bad weather expenditure.
Insurance Reserves	To fund any future insurance liabilities and known claims that exceed budgetary provision and
PFI Unitary Charge	Set aside to fund future PFI Unitary charges under the agreed charging model
Managed Print Service	Reserve in place for the print unit to cover any additional expenditure for the Ricoh contract or loss
Hardship Fund	To assist with budgetary pressures arising as a result of the loss of hardship grant funding
Redemption Cost Mostyn Street Offices	Negative reserve to fund the lease redemption cost of the Mostyn St offices, to be replenished by the savings achieved over the next few years.
Other	To meet a variety of other commitments and risks, and service reserves used for budget reductions
Earmarked Grants Reserves	Represents income from Government grants set aside for use in the provision of specific services in

## 12. Property, Plant and Equipment

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
Movements in 2022/23:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At 1 April 2022	394,216	43,163	7,958	1,220	8,601	455,158	74,537
Additions	5,137	2,838	361		29,850	38,186	714
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	24,216					24,216	4,436
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	1,981			(136)		1,845	
Derecognition - Disposals	(216)	(2,428)				(2,644)	
Transfers from Assets under Construction	3,155				(3,166)	(11)	
Accumulated Depreciation and Impairment Written Out on Revaluation						-	
Assets Reclassified to/(from) Land and Buildings	(1,547)					(1,547)	
Assets Reclassified (to)/from Surplus Assets						-	
Assets Reclassified (to)/from Held for Sale				(54)		(54)	
Assets Reclassified (to)/from Investment Properties						-	
<b>At 31 March 2023</b>	<b>426,942</b>	<b>43,573</b>	<b>8,319</b>	<b>1,030</b>	<b>35,285</b>	<b>515,149</b>	<b>79,687</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2022	(11,665)	(23,967)	(5,444)	-	-	(41,076)	(10,180)
Depreciation Charge	(9,664)	(5,059)	(264)			(14,987)	(1,695)
Depreciation Written Out to the Revaluation Reserve						-	
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(3,549)					(3,549)	
Impairment Losses recognised in the Revaluation Reserve	(464)					(464)	
Accumulated Depreciation and Impairment Written Out on Revaluation						-	-
Derecognition - disposals	31	2,428				2,459	-
<b>At 31 March 2023</b>	<b>(25,311)</b>	<b>(26,598)</b>	<b>(5,708)</b>	<b>-</b>	<b>-</b>	<b>(57,617)</b>	<b>(11,875)</b>
<b>Net Book Value</b>							
at 31 March 2023	401,631	16,975	2,611	1,030	35,285	457,532	67,812
at 31 March 2022	382,551	19,196	2,514	1,220	8,601	414,082	64,357



<b>Movements in 2021/22:</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant &amp; Equipment</b>	<b>PFI Assets included in Property, Plant &amp; Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>							
At 1 April 2021	393,731	41,951	7,075	1,310	4,661	448,728	71,464
Additions	3,719	5,210	883	-	5,960	15,772	669
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	9,762			15		9,777	1,735
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	3,006			(105)		2,901	
Derecognition - Disposals		(3,998)				(3,998)	
Transfers from Assets under Construction	1,899				(2,020)	(121)	
Accumulated Depreciation and Impairment Written Out on Revaluation	(17,977)					(17,977)	
Assets Reclassified to/(from) Land and Buildings						-	
Assets Reclassified (to)/from Surplus Assets						-	
Assets Reclassified (to)/from Held for Sale	(57)					(57)	
Assets Reclassified (to)/from Investment Properties	133					133	
<b>At 31 March 2022</b>	<b>394,216</b>	<b>43,163</b>	<b>7,958</b>	<b>1,220</b>	<b>8,601</b>	<b>455,158</b>	<b>73,868</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2021	(14,359)	(23,262)	(5,227)	-	-	(42,848)	(7,883)
Depreciation Charge	(9,357)	(4,689)	(217)			(14,263)	(1,628)
Depreciation Written Out to the Revaluation Reserve						-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(3,699)					(3,699)	-
Impairment Losses recognised in the Revaluation Reserve	(2,227)					(2,227)	
Accumulated Depreciation and Impairment Written Out on Revaluation	17,977					17,977	-
Derecognition - disposals		3,984				3,984	-
Other movement						-	
<b>At 31 March 2022</b>	<b>(11,665)</b>	<b>(23,967)</b>	<b>(5,444)</b>	<b>-</b>	<b>-</b>	<b>(41,076)</b>	<b>(9,511)</b>
<b>Net Book Value</b>							
at 31 March 2022	382,551	19,196	2,514	1,220	8,601	414,082	64,357
at 31 March 2021	379,372	18,689	1,848	1,310	4,661	405,880	63,581

The PFI column for 2021/22 has been corrected to include indexation.

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

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

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

	<b>2021/22</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
<b>Net Book Value at 1 April</b>	<b>91,358</b>	<b>109,357</b>
Additions	24,727	9,721
Derecognition	-	-
Depreciation	(6,728)	(7,775)
Impairment	-	-
Other movements	-	-
<b>Net Book Value at 31 March</b>	<b>109,357</b>	<b>111,315</b>

	<b>2021/22</b> <b>£000</b>	<b>2022/23</b> <b>£000</b>
Infrastructure assets	109,357	111,315
Other PPE assets	414,082	457,532
<b>Total PPE assets</b>	<b>523,439</b>	<b>568,847</b>

## Capital Commitments

At 31 March 2023, the Authority has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £11.540m. Similar commitments at 31 March 2022 were £7.901m. A de minimis of £50,000 has been applied to capital commitments. The major commitments are:

<b>Council Fund Capital Programme Scheme</b>	<b>Contracted Future Cost £'000</b>
Education Establishments - LED Installations	69
Gwydr Park Public Convenience	147
Bron y Nant Respite Centre	171
Colwyn Bay Library Roof	181
Ysgol Glanwydden Roof	185
Llanrhos Cemetery Extension	246
Bwthyn y Ddol	83
Colwyn Leisure Centre Main Roof	389
CRMP - Penrhyn Bay Construction	5,866
Phase 2b Coastal Defence - Rhos on sea - Construction	4,203
<b>Total</b>	<b>11,540</b>

## Revaluations

The Authority carries out a revaluation exercise every 5 years of all Property, Plant and Equipment required to be measured at fair value. Valuations of land and buildings were carried out internally by the County Valuer and Asset Manager, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The assets were revalued as at 31 March 2020. Assets Held for Sale, Investment Properties and Surplus Assets are revalued annually, and other assets are valued at historic cost.

The Council's asset valuations are based on guidance from the RICS Red Book Global. Less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. During the year there have been significant movements in build costs, consequently impacting the carrying value of assets. An indexation has been applied to existing asset valuations to ensure the Accounts are not materially misstated as at 31st March 2023. This exercise has been carried out for the Council's assets valued at Depreciated Replacement Cost using data sources from the Building Cost Information Service (BCIS).

## Disclosure Note regarding Schools

The Council does not include schools' property, plant and equipment in its Balance Sheet where it does not own or have significant control over the economic benefits of these assets. This means that property, plant and equipment of Voluntary Controlled and Voluntary Aided schools are not recognised on the Council's Balance Sheet, whereas the property, plant and equipment of community and foundation schools are recognised on its Balance Sheet. The income and expenditure for all schools is included within the CI&ES and any unspent resources held by schools are included within earmarked reserves in the Council's Balance Sheet.

### 13. Investment Properties

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

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Rental income from Investment Property	695	674
Expenditure on Investment Property	(33)	(2)
<b>Net gain/(loss)</b>	<b>662</b>	<b>672</b>

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

<b>Fair Value of Investment Properties</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at start of year</b>	<b>16,359</b>	<b>16,318</b>
Additions	-	-
Disposals	-	(107)
Net gains/(losses) from fair value adjustments	546	280
Transfers (to)/from Property, Plant and Equipment	95	(132)
<b>Balance at year end</b>	<b>17,000</b>	<b>16,359</b>

## 14. Financial Instruments

### Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000
<b>Investments</b>				
Loans and receivables			222	8,193
Cash equivalents - investments			32,200	19,950
Cash equivalents Foundation Schools - investments			357	255
Available-for-sale financial assets	2,167	2,227		-
<b>Total Investments</b>	<b>2,167</b>	<b>2,227</b>	<b>32,779</b>	<b>28,398</b>
<b>Debtors</b>				
Loans and receivables	5,668	5,400	-	-
Financial assets carried at contract amounts			63,998	61,549
<b>Total Debtors</b>	<b>5,668</b>	<b>5,400</b>	<b>63,998</b>	<b>61,549</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	136,266	116,422	75,162	65,565
<b>Total Borrowings</b>	<b>136,266</b>	<b>116,422</b>	<b>75,162</b>	<b>65,565</b>
<b>Other Liabilities</b>				
PFI and finance lease liabilities	41,529	44,317	2,647	2,632
<b>Total Other Liabilities</b>	<b>41,529</b>	<b>44,317</b>	<b>2,647</b>	<b>2,632</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount	2,463	2,371	46,868	44,087
<b>Total Creditors</b>	<b>2,463</b>	<b>2,371</b>	<b>46,868</b>	<b>44,087</b>

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

The nature and extent of risks arising from Financial Instruments are disclosed in Note 36.

Analysis of short term Investments:

	31 March 2023	31 March 2022
	£'000	£'000
Financial Assets - Investments	222	8,193
Cash Equivalents - Investments	32,200	19,950
Cash Equivalents - Foundation Schools Investments	357	255
Accruals	(36)	(8)
<b>Investments</b>	<b>32,743</b>	<b>28,390</b>

Analysis of long and short term actual debt outstanding:

	31 March 2023 £'000	31 March 2022 £'000
Financial Liabilities: Long Term Borrowing	136,266	116,422
Financial Liabilities: Short Term Borrowing	75,162	65,565
	211,428	181,987
Less PWLB Interest Accruals	(803)	(749)
Market Loans Interest Accruals	(701)	(178)
Stepped Loan Effective Interest Rate adjustment	(145)	(146)
Premium adjustment to Modified Loan	681	685
IFRS9 loan modification	144	144
Soft loan accounting entries	256	330
<b>Debt Outstanding</b>	<b>210,860</b>	<b>182,073</b>

**Income, Expense, Gains & Losses**

	2022/23				2021/22			
	Financial Liabilities measured at Amortised Cost £'000	Financial Assets: Loans and Receivables £'000	Financial Assets: Available for Sale £'000	Total £'000	Financial Liabilities measured at Amortised Cost £'000	Financial Assets: Loans and Receivables £'000	Financial Assets: Available for Sale £'000	Total £'000
Interest expense	6,660	-	-	6,660	5,946	-	-	5,946
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in fair value	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Fee expense	65	-	-	65	58	-	-	58
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>6,725</b>	<b>-</b>	<b>-</b>	<b>6,725</b>	<b>6,004</b>	<b>-</b>	<b>-</b>	<b>6,004</b>
Interest income	-	(313)	-	(313)	-	(31)	-	(31)
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increase/Decrease in fair value	-	(69)	(60)	(129)	-	129	295	424
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(382)</b>	<b>(60)</b>	<b>(442)</b>	<b>-</b>	<b>98</b>	<b>295</b>	<b>393</b>
<b>Net (Gain) Loss for the year</b>	<b>6,725</b>	<b>(382)</b>	<b>(60)</b>	<b>6,283</b>	<b>6,004</b>	<b>98</b>	<b>295</b>	<b>6,397</b>

## 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 2023 of 4.66% to 5.28% for loans from the PWLB and 3.35% to 5.22% 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 to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- In 2022/23 the Transfer Rate as per IFRS13 was used.

The fair value hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value which include:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g., bond prices.

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments.

Level 3 – fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness.

The PWLB loans and the LOBO and other long term loans are calculated using Level 2 inputs.

The fair values calculated are as follows:

	31 March 2023		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Borrowing	75,162	75,162	65,565	65,565
Long-term Borrowing	136,266	143,766	116,422	176,758
Short-term Creditors	49,515	49,515	46,719	46,719
Other long-term Liabilities	43,992	37,014	46,688	49,786
<b>Total</b>	<b>304,935</b>	<b>305,457</b>	<b>275,394</b>	<b>338,828</b>

	31 March 2023		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Investments	222	222	8,193	8,193
Short-term Debtors	63,998	63,998	61,550	61,550
Long-term Debtors	5,668	5,668	5,400	5,400
<b>Total</b>	<b>69,888</b>	<b>69,888</b>	<b>75,143</b>	<b>75,143</b>

The fair values of the long term borrowing and long term liabilities have been adjusted by the elements included in the short term borrowing and short term creditors figures respectively.

## 15. Debtors

	31 March 2023 £'000	31 March 2022 £'000
Trade	63,257	58,137
Other	2,483	4,155
Prepayments	1,674	2,611
<b>Total</b>	<b>67,414</b>	<b>64,903</b>
Expected credit loss	(3,416)	(3,353)
<b>Net Debtors</b>	<b>63,998</b>	<b>61,550</b>

The past due date but not impaired amount for Council Tax can be analysed by age as follows:

	31 March 2023 £'000	31 March 2022 £'000
Less than one year	2,261	2,095
More than one year	4,787	4,016
<b>Total</b>	<b>7,048</b>	<b>6,111</b>

## 16. Cash and Cash Equivalents

	31 March 2023 £'000	31 March 2022 £'000
Cash Held by the Authority	2,595	3,832
Bank Current Accounts	1,694	(671)
Short-term Deposits	32,200	19,950
Short-term Deposits - Foundation Schools	357	255
<b>Total Cash &amp; Cash Equivalents</b>	<b>36,847</b>	<b>23,365</b>

## 17. Creditors

	31 March 2023 £'000	31 March 2022 £'000
Trade	45,514	42,992
Other	4,001	3,727
<b>Net Creditors</b>	<b>49,515</b>	<b>46,719</b>



## 18. Unusable Reserves

	31 March 2023 £'000	31 March 2022 £'000
Revaluation Reserve	149,467	129,402
Available for Sale Financial Assets Reserve	2,167	2,227
Capital Adjustment Account	190,321	185,938
Financial Instruments Adjustment account	(365)	(325)
Pensions Reserve	0	(164,383)
Deferred Capital Receipts Reserve	1,335	1,483
Accumulated Absences Account	(3,776)	(3,489)
<b>Total Unusable Reserves</b>	<b>339,149</b>	<b>150,853</b>

### Revaluation Reserve

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

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

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

<b>2021/22 £'000</b>	<b>Revaluation Reserve</b>	<b>2022/23 £'000</b>
<b>125,564</b>	<b>Balance at 1 April</b>	<b>129,402</b>
9,777	Upward revaluation of assets	24,216
(2,252)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(464)
7,525	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	23,752
(3,573)	Difference between fair value depreciation and historical cost depreciation	(3,643)
(114)	Accumulated gains on assets sold or scrapped	(44)
(3,687)	Amount written off to the Capital Adjustment Account	(3,687)
<b>129,402</b>	<b>Balance at 31 March</b>	<b>149,467</b>

### **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 valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021/22	Capital Adjustment Account	2022/23
£'000		£'000
166,998	<b>Balance at 1 April</b>	185,938
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(20,991)	▪ Charges for depreciation & impairment of non-current assets	(22,762)
(798)	▪ Revaluation gain / (losses) on Property, Plant & Equipment	(1,704)
(142)	▪ Amortisation of Intangible Assets	(132)
49	▪ Revenue expenditure funded from capital under statute	(171)
(720)	▪ Amounts of non-current assets written off on disposal or sale as part of the gain/loss on the disposal to the Comprehensive Income & Expenditure Statement	(835)
127	▪ Administration costs of asset disposal in advance of sale	26
139	▪ Previous Year's grant adjustment	-
(22,336)		(25,578)
3,687	▪ Adjusting amounts written out of the Revaluation Reserve	3,687
(18,649)	Net written out amount of the cost of non-current assets consumed in the year	(21,891)
	<b>Capital financing applied in the year:</b>	
4	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	126
30,723	▪ Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	19,769
6,387	▪ Statutory provision for the financing of capital investment charged against the Council Fund	5,299
195	▪ Capital expenditure charged against the Council Fund	534
18,660		3,837
280	▪ Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	546
<b>185,938</b>	<b>Balance at 31 March</b>	<b>190,321</b>

## Pensions Reserve

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

2021/22 £'000	Pensions Reserve	2022/23 £'000
<b>(253,546)</b>	<b>Balance at 1 April</b>	<b>(164,383)</b>
117,196	Actuarial gains or (losses) on pensions assets & liabilities	279,751
(43,779)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(42,154)
15,746	Employer's pension contributions payable in the year	16,857
		(90,071)
<b>(164,383)</b>	<b>Balance at 31 March</b>	<b>0</b>

The above figures for 2021/22 and 2022/23 include a figure relating to the North Wales Economic Ambition Board whereas Note 34 only reflects the Gwynedd and Clwyd Pension Schemes.

## 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.

<b>2021/22 £'000</b>	<b>Deferred Capital Receipts Reserve</b>	<b>2022/23 £'000</b>
<b>1,594</b>	<b>Balance at 1 April</b>	<b>1,483</b>
(61)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(35) (60)
(50)	Transfer to the Capital Receipts Reserve upon receipt of cash	(53)
<b>1,483</b>	<b>Balance at 31 March</b>	<b>1,335</b>

The figure of 1,483 for 2021/22 above has been amended as it was incorrectly stated as (1,483) in the 2021/22 statement of accounts.

**19. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
(20,990)	Depreciation of Non Current Assets	(22,762)
(142)	Amortisation of Intangible Fixed Assets	(132)
(28,033)	Pension Fund adjustments	(25,297)
(467)	Increase/decrease in impairment for provision for bad debts	(63)
(976)	Contributions to Provisions	145
(720)	Carrying amount of Property Plant & Equipment, investment property and intangible assets sold	(976)
(518)	Impairment and revaluations	(1,159)
(6,213)	Other non-cash movement	2,412
(37)	Increase/(Decrease) in Inventories	(22)
7,785	Increase/(Decrease) in Debtors	8,031
(9,474)	(Increase)/Decrease in Creditors	(4,999)
<b>(59,785)</b>	<b>Net non cash movements</b>	<b>(44,822)</b>

The cash flows for Operating Activities include the following items:

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
(112)	Interest received	(489)
7,791	Interest paid	7,867

**20. Cash Flow Statement – Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
1,346	Proceeds from sale of non-current assets	2,122
32,159	Capital grants and contributions credited to income and expenditure	17,456
49	Revenue Expenditure Funded from Capital Under Statute	(171)
-	Finance lease liability	-
<b>33,554</b>	<b>Net cash flow from investing activities</b>	<b>19,407</b>

**21. Cash Flow Statement – Investing Activities**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
40,574	Purchase of property, plant and equipment, investment property and intangible assets	50,912
363,818	Purchase of short –term and long-term investments	517,557
(1,346)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,122)
(363,812)	Proceeds from short-term and long-term investments	(525,528)
(28,150)	Other receipts from investing activities	(27,379)
<b>11,084</b>	<b>Net cash flow from investing activities</b>	<b>13,440</b>

**22. Cash Flow Statement – Financing Activities**

<b>2021/22 £'000</b>		<b>2022/23 £'000</b>
(104,886)	Cash receipts of short-term and long-term borrowing	(39,500)
-	Other receipts from financing activities	-
2,443	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,632
104,420	Repayments of short- term and long- term borrowing	10,712
3,228	Other payments for financing activities	713
<b>5,205</b>	<b>Net cash flow from financing activities</b>	<b>(25,443)</b>

## 23. Agency Services

The Council has entered into agreements under which it carries out tasks on behalf of other organisations for which it is fully reimbursed. One agreement relates to Trunk Road Maintenance and Improvement Works on behalf of the Welsh Government.

The six North Wales councils act as agents of Welsh Government in providing recyclable loans under the Houses into Homes Scheme.

Expenditure on these activities was as follows:

	2022/23 £'000	2021/22 £'000
Trunk Roads	5,075	5,891
Home Improvement Loans	-	-
Houses into Homes (Tranche 1)	-	174
Houses into Homes (Tranche 2)	50	35
<b>Total</b>	<b>5,125</b>	<b>6,100</b>

The Welsh Government announced a package of measures to help people with the cost of living crisis. The package includes £5.646m to provide a £150 cost of living payment to eligible households (the main scheme) and £1.154m to provide discretionary support for other purposes related to living costs. The schemes are intended to provide immediate support as Wales recovers from the pandemic and support households to deal with the impact of increasing energy and other costs.

Due to the impact of the Covid-19 pandemic on the need for additional services and support for individuals and businesses, there have been a large number of new grants and financial support made available by Welsh Government. The Council has administered a number of these grants during the year on behalf of Welsh Government and are as follows:

	Business Grants £'000	Winter Fuel Payments £'000	Carer Grant £'000	Self Isolation payments £'000	SSP Enhancement £'000	Cost of Living Scheme £'000	Ukraine Sponsor Payments £'000	Ukraine Welcome Payments £'000
<b>Balance due from/(to) WG at 1 April</b>	- 3,050	515	- 122	217	37	-	-	-
Payments made by Council	12	2,653	4,250	353	193	5,646	144	58
Grants Received/(returned) from/(to) WG	3,038	- 2,754	-	627	- 230	- 5,646	- 87	- 51
<b>Balance due from/(to) WG at 31 March</b>	-	414	4,128	- 57	-	-	57	7

Business Grants - Grants to businesses during the original lockdown, local lockdown (firebreak) and various restrictions.

Social Care workers schemes - bonus payments for individual care workers.

The following were recovered from WG through the Covid Hardship Fund grant:

Winter Fuel Support – payments to households in Bands A to D.

SSP Enhancement - top up to full salary where employees only receive statutory sick pay when off sick with Covid or having to self-isolate as an infection control measure.

Self-isolation payments - £500 for eligible individuals who have to self-isolate.

Ukraine Sponsor payments – under the Homes for Ukraine scheme payments were made to individuals hosting Ukrainian families.



Ukraine Welcome payments - under the Homes for Ukraine scheme payments were made to Ukrainian individuals.

## 24. Pooled Budgets

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1<sup>st</sup> April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement. The transactions for Conwy CBC only are included in the Social Services line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31<sup>st</sup> March 2023 are as follows; the contributions for Q4 are included for information only and have not been accrued in each partners' accounts. As per the Partnership Agreement, these payments will be made in arrears during 2023/24:

	<b>2022/23 £'000</b>
	Care Homes for Older People
<b>Expenditure</b>	
Care Home costs	111,032
<b>Total Expenditure</b>	<b>111,032</b>
<b>Funding</b>	
Denbighshire County Council	(10,236)
Conwy County Borough Council	(15,864)
Flintshire County Council	(10,556)
Wrexham County Borough Council	(14,434)
Gwynedd Council	(11,214)
Isle of Anglesey County Council	(-5,708)
Betsi Cadwaladr University Health Board	(43,020)
<b>Total Funding</b>	<b>(111,032)</b>
<b>(Surplus) / Deficit transferred to Reserve</b>	<b>0</b>

## 25. Members' Allowances

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

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Basic Salary	910	842
Senior Salary	254	270
Expenses	6	0
<b>Total</b>	<b>1,170</b>	<b>1,112</b>

## 26. Officers' Remuneration

The remuneration paid to the Authority's senior employees who have an influence on the overall running of the Authority is as follows:

	Post Title	Salary	Total Remuneration excl Pension Contributions	Employers Pension Contributions	Total Remuneration
		£	£	£	£
2021/22	Former Chief Executive	129,195	129,195	25,581	154,776
2022/23	Former Chief Executive	109,264	109,264	21,634	130,898
2022/23	Chief Executive	45,528	45,528	9,014	54,542
2021/22	Strategic Director (Economy & Place)	105,186	105,186	19,248	124,434
2022/23	Strategic Director (Economy & Place)	87,244	87,244	15,271	102,515
2021/22	Strategic Director of Social Care and Education	105,921	105,921	20,972	126,893
2022/23	Strategic Director of Social Care and Education	107,111	107,111	21,208	128,319
2021/22	Strategic Director (Finance & Efficiencies)	35,062	35,062	6,942	42,004
2021/22	Strategic Director (Finance & Resources)	77,941	77,941	15,432	93,373
2022/23	Strategic Director (Finance & Resources)	103,411	103,411	20,475	123,886
2021/22	Former Head of Law and Governance	66,724	66,724	13,211	79,935
2022/23	Former Head of Law and Governance	46,046	46,046	9,117	55,163
2021/22	Statutory Head of Education Services	88,206	88,206	17,465	105,671
2022/23	Statutory Head of Education Services	90,131	90,131	17,846	107,977

The Council did not have any employees with a salary in excess of £150,000.

Remuneration includes all sums paid to or receivable by an employee (including normal emoluments), expense allowances and the money value of benefits, but excludes payments in relation to Returning Officer and Deputy Returning Officer roles at elections. Total remuneration includes employer pension contributions payable to the Local Government Pension Scheme, but not directly paid to the employee.

The former Chief Executive retired on 25/01/23 and the new Chief Executive commenced on 26/11/22 vacating the previous post of Head of Law and Governance.

The Strategic Director (Economy and Place) left on 24/01/23.

The Strategic Director (Finance and Efficiencies) retired on 31/07/21 and the Strategic Director (Finance and Resources) commenced on 18/6/21.

The table above is based on taxable pay, but the table below is net of additional annual leave purchase, car loans, and salary sacrifice schemes.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Band	2022/23 Number		2021/22 Number	
	Non-Schools	Schools	Non-Schools	Schools
£60,000 - £64,999	7	35	6	24
£65,000 - £69,999	13	12	3	8
£70,000 - £74,999	3	4	1	5
£75,000 - £79,999	6	1	3	1
£80,000 - £84,999	1	2	0	2
£85,000 - £89,999	0	2	3	0
£90,000 - £94,999	1	0	0	0
£95,000 - £99,999	1	0	0	1
£100,000 - £104,999	1	1	0	1
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	1	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	1	0	0

The following table gives the ratio between the Chief Executive's scale point and the median scale point of Council staff:

	2022/23 Scale Point	2021/22 Scale Point
Chief Executive	£131,120	£129,195
Median	£24,054	£21,633
Ratio	5.45	5.97

### Termination Benefits

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:-

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
							£	£
£0 - £19,999	11	4	13	9	24	13	224,627	50,653
£20,000 - £39,999	4	-	5	2	9	2	243,689	69,587
£40,000 - £59,999	1	1	1	-	2	1	91,445	57,370
£60,000 - £79,999	-	-	1	-	1	-	78,317	-
£80,000 - £99,999	-	-	-	1	-	1	-	90,753
£100,000 - £149,999	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>5</b>	<b>20</b>	<b>12</b>	<b>36</b>	<b>17</b>	<b>638,078</b>	<b>268,363</b>

## 27. External 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:

### Disclosure of Fees Payable to Audit Wales

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to Audit Wales relating to the audit of the financial statements.	232	202
Fees payable to Audit Wales relating to Performance audit work	107	103
Fees payable for the certification of grant claims and returns for the year.	45	50
<b>Total</b>	<b>384</b>	<b>355</b>

## 28. Grant Income

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

	2022/23	2021/22
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	140,005	129,350
<b>Sub Total</b>	<b>140,005</b>	<b>129,350</b>
<b>Capital Grants:</b>		
General Capital Grant	2,361	5,799
Targetted Regeneration Initiative	-	442
Covid Response	-	623
Levelling Up	13	-
21st Century Schools Grant	-	593
Education Grants	2,640	3,146
Flood Alleviation Schemes	1,555	1,622
Colwyn Bay Waterfront Coastal Defence	8,186	920
Coastal Defence Grants	1,393	937
Transport / Network Grants	304	13,988
European Grant	67	-
Integrated Care Fund	1,482	1,638
Other Welsh Government Grants	1,041	2,380
Other Various Grants	1,084	71
<b>Sub Total</b>	<b>20,126</b>	<b>32,159</b>
<b>Grand Total</b>	<b>160,131</b>	<b>161,509</b>

<b>Credited to Services:</b>		
Various capital grants applied (REFCUS)	1,560	2,390
Housing Support Grant	8,740	8,645
Post-16 Provision in Schools	6,198	5,954
Miscellaneous Education Grants	317	724
Pupil Deprivation Grant	3,789	3,060
Education Improvement Grant	3,561	3,985
TRAC (European Social Fund)	476	877
Local Authority Education Grant	6,337	6,242
Youth Revenue Grant	385	417
Communities For Work	719	599
Homes for Ukraine	1,868	-
DWP - Housing Benefits Grant	25,199	26,399
Council Tax Admin Grant	332	327
Council Tax - Cost of Living	-	959
Cost of Living - Admin Grants	259	-
Discretionary Housing Payments	452	249
COVID 19 - Additional Expenditure	3,978	11,235
COVID19 Loss of Income	90	4,517
Covid Admin Grant	200	142
Council Tax shortfall	-	676
Coastal Risk Management Plan Funding	2,614	-
Sports Wales - Local Authority Partnership Agreement	-	127
Big Lottery projects	-	196
National Exercise Referral Scheme	161	147
Welsh Government Rural Grants	327	98
Families First	98	80
Miscellaneous Grants	949	522
Substance Misuse Action Fund	117	298
Bus Services Support Grant	1,152	639
Concessionary Fares	2,284	2,779
Social Care Workforce Development Programme	343	299
Youth Homelessness	240	240
Transformation	50	1,407
Recovery Fund	-	1,395
Social Care Pressures	-	1,940
Promoting Independence	-	388
Eliminate Profit from Care	244	-
Youth Justice Service	368	384
Flexible Funding/Families First	1,491	1,326
Integrated Care Fund	3,563	2,890
Flying Start Revenue Grant	2,513	2,168
Well Being Activity	285	788
Promoting Positive Engagement	280	251
Social Care Workforce Grant	1,744	1,940
Sustainable Waste Management Grant	613	790
North Wales Regional Waste Treatment Partnership Grant Parc Adfer	1,118	1,118
Coast Protection	154	200
Other Grants	2,895	2,576
<b>Grand Total</b>	<b>88,063</b>	<b>102,383</b>

## 29. Related Parties

In accordance with IAS 24, the Council has a duty to disclose any material transactions with a 'related party'. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

### Central Government

Detailed information on Revenue Grants, Capital Grants, Revenue Support Grant and NNDR pool transactions during the year is disclosed elsewhere in the statement.

### Precepts and Levies

Details of precepts collected on behalf of other organisations are provided in the Income and Expenditure Account. The Council appoints Members to certain bodies which levy on the Council's budget. Details of these levies are given in Note 7, and in the following table:

	2022/23 £'000	2021/22 £'000
North Wales Fire and Rescue Authority	6,631	6,231
North Wales Police and Crime Commissioner	16,163	15,576
Snowdonia National Park Authority	314	314

### Charitable and Voluntary Organisations

The Council appoints Members, Strategic Directors, Heads of Service, and other Officers to certain charitable and voluntary bodies. Other Officers are not included in the disclosure of transactions with related parties as it is not considered that these Officers are in a position to exert the same level of influence within the Council as Members, Strategic Directors and Heads of Service. During 2022/23 a total of £489,675 (including year-end creditors of £186) (2021/22: £295,211 including year-end creditors of £12,656) was paid to these bodies by way of grants and the purchasing of services. In 2022/23 the Council received income of £640,367 (including year-end debtors of £2,174) (£21,780 in 2021/22 including year-end debtors of £3,147) from these bodies.

### Welsh Local Government Association (WLGA) and Local Government Association (LGA)

The Council is a member of the WLGA and LGA, to which subscriptions of £105,847 were paid in 2022/23 (including a year-end creditor of £500) (£102,198 in 2021/22, no year-end creditor), and from which the Council received income of £496,918 (including year-end debtors of £1,000) (£1,260,820 in 2021/22, no year-end debtors).

## **Chief Executive, Strategic Directors and Heads of Service**

The Chief Executive, Heads of Service and Strategic Directors were sent a declaration of interest with related parties return for the year 2022/23.

Nothing was paid by the Council in 2022/23 under such arrangements (£6,360 in 2021/22, including a year-end creditor of £160), and no income was received by the Council (£nil in 2021/22).

## **Members**

Members were sent a declaration of interest with related parties return for the year 2022/23 and mainly declared interests in companies or businesses which may have dealings with the Council.

A total of £3,325,774 (including a year-end creditor of £89,690) was paid by the Council in 2022/23 under such dealings (2021/22: £627,667 including a year-end creditor of £10,143), and a total of £8,108,625 (including a year-end debtor of £627,893) was received by the Council (£45,936 in 2021/22 (including a year-end debtor of £2,086)). The total paid includes amounts paid to some charities where a Standards Committee member is a Board Member, a hall where a Member is a trustee and director, a community centre where the Member's wife is honorary treasurer, and amounts paid to a carpet shop owned by a Member's brother.

Two Conwy Members represented the Council on the North Wales Residual Waste Treatment Project and one Conwy Member represented the Council on the GwE Joint Committee. Due to the nature of the parties, transactions are incurred in the normal course of activity. The Council has nominated a Member to sit on the board of governors for Derwen College.

## **Other**

Conwy acts as an agent on behalf of the North Wales Fire & Rescue Authority in treasury management dealings, as part of the financial management service provided under a service level agreement.

Apart from normal transactions such as the payments of Council Tax, non-domestic rates and housing rents, there are no other material transactions with related parties.



### 30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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 movement in the CFR is analysed in the second part of this note.

	2022/23	2021/22
	£'000	£'000
Opening Capital Financing Requirement	226,005	223,222
<b>Capital Investment</b>		
Property, Plant & Equipment	47,909	40,499
Assets Held for Sale	-	-
Intangible Assets	14	28
Revenue Expenditure funded from Capital under Statute	1,797	2,219
Reverse PFI lifecycle timing	-	-
<b>Sources of Finance</b>		
Capital Receipts	(153)	(131)
Government Grants & Other Contributions	(21,395)	(33,112)
Sums set aside from revenue:		
Direct Revenue Contributions	(534)	(195)
MRP	(5,299)	(6,387)
Finance leased asset	(141)	-
2020/21 grants adjustment	-	(138)
<b>Closing Capital Financing Requirement</b>	<b>248,203</b>	<b>226,005</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow	23,265	3,941
Finance Leases (including Coed Pella and PFI)	(13)	(12)
PFI/Coed Pella contracts	(887)	(881)
Costs of disposal movement in CAA	(26)	(127)
Finance leased asset	(141)	-
2020/21 grants adjustment	-	(138)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>22,198</b>	<b>2,783</b>

### 31. Leases

#### Authority as Lessee

#### Finance Leases

The Council has acquired a number of buildings, commercial vehicles, franking machines, and schools IT and other equipment under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2023 £'000	31 March 2022 £'000
Other Land & Buildings	37,235	33,645
Vehicles, Plant, Furniture & Equipment	-	-
<b>Total</b>	<b>37,235</b>	<b>33,645</b>

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2023 £'000	31 March 2022 £'000
Finance lease liabilities (NPV of minimum lease payments)		
▪ Current	554	538
▪ Non-Current	31,701	32,395
Finance costs payable in future years	19,394	21,198
<b>Minimum Lease Payments</b>	<b>51,649</b>	<b>54,131</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
No later than one year	1,471	1,479	554	538
Later than one year and not later than 5 years	5,882	5,916	2,381	2,313
Later than 5 years	44,296	46,736	29,320	30,082
<b>Total</b>	<b>51,649</b>	<b>54,131</b>	<b>32,255</b>	<b>32,933</b>

### **Operating Leases**

The Authority leases land and buildings for various purposes including office accommodation, community use and for providing accommodation for homeless families.

The future minimum lease payments due under non-cancellable operating leases in future years are:

	<b>31 March 2023 £'000</b>	<b>31 March 2022 £'000</b>
No later than 1 year	1,079	1,062
Later than 1 year and not later than 5 years	1,392	1,421
Later than 5 years	9,149	9,481
<b>Total</b>	<b>11,620</b>	<b>11,964</b>

The future minimum payments expected to be received by the Authority in respect of properties occupied by homeless families are determined by eligibility for housing benefit.

The expenditure during the year in relation to all operating leases, including those occupied by homeless families was:

	<b>2022/2023 £'000</b>	<b>2021/2022 £'000</b>
Minimum lease payments	1,062	931
Payments receivable in respect of properties occupied by homeless families	(681)	(656)
<b>Total</b>	<b>381</b>	<b>275</b>

## Authority as Lessor

### Finance Leases

The Authority has leased out several properties on finance leases with remaining terms of up to 117 years. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	<b>31 March 2023</b> <b>£'000</b>	<b>31 March 2022</b> <b>£'000</b>
Finance lease debtor (NPV of minimum lease payments)		
▪ Current	117	116
▪ Non-Current	1,219	1,367
Unearned finance income	378	456
Unguaranteed residual value of property	(263)	(263)
<b>Gross Investment in the lease</b>	<b>1,451</b>	<b>1,676</b>

The gross investment in the lease includes a finance lease debtor for Canolfan Crwst, a multi-agency arrangement involving a housing association, Betsi Cadwaladr University Health Board and the Authority.

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	<b>Gross Investment in the Lease</b>		<b>Minimum Lease Payments</b>	
	<b>31 March</b> <b>2023</b> <b>£'000</b>	<b>31 March</b> <b>2022</b> <b>£'000</b>	<b>31 March</b> <b>2023</b> <b>£'000</b>	<b>31 March</b> <b>2022</b> <b>£'000</b>
No later than one year	181	187	181	187
Later than one year and not later than 5 years	685	725	685	725
Later than 5 years	585	764	585	764
<b>Total</b>	<b>1,451</b>	<b>1,676</b>	<b>1,451</b>	<b>1,676</b>

## Operating Leases

The Authority leases out property for various purposes including:

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

The future minimum lease payments receivable under non-cancellable operating leases in future years are:

	<b>31 March 2023</b> <b>£'000</b>	<b>31 March 2022</b> <b>£'000</b>
No later than 1 year	1,088	911
Later than 1 year and not later than 5 years	1,896	1,116
Later than 5 years	11,807	9,593
<b>Total</b>	<b>14,791</b>	<b>11,620</b>

The minimum lease payments receivable do not include rent that is contingent on turnover. In 2022/23 contingent rents received amounted to £521,096. In 2021/22 this figure was £476,415.

## **32. Private Finance Initiatives and Similar Contracts**

### Three Schools PFI Project

The project comprised a new school building on a new site for Ysgol John Bright, Llandudno; the refurbishment and extension of Ysgol Aberconwy, Conwy; and new build accommodation and refurbishment at Ysgol Dyffryn Conwy, Llanrwst together with its rationalisation on to one site.

The project provides the Council with 3 fully serviced schools including facilities management services, cleaning, caretaking, grounds maintenance, NNDR and utilities.

Contracts were signed on 12 March 2003, and construction started at the end of March 2003. The Unitary Charges (the monthly payment made by the Council to the private sector for the 3 fully serviced schools) were payable from 1 August 2004 for a contract period of 25 years. The Unitary Charge in the financial year 2022/23 was £7.5m (availability and performance deductions of £284) for the period April 2022 to March 2023 inclusive. (Unitary Charge in the financial year 2021/22 was £7.2m with no availability and performance deductions). The full year charge in 2023/24 is estimated to be approximately £7.9m at a price base of 1 April 2023.

The outstanding undischarged obligation arising from the PFI transaction is approximately £52.1m (£57.2m in 2021/22), which represents the total of the estimated Unitary Charges payable for the remainder of the 25 year contract period.

In August 2004, the Council paid an advance payment of Unitary Charge of £9m.

At the start of the PFI Contract, Ysgol Aberconwy and Ysgol Dyffryn Conwy's existing assets included in the balance sheet at £7.6m, were transferred to the private sector's ownership at nil consideration.

### **Value of Assets Held under PFI and Similar Contracts**

	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Value at 1 April	64,357	63,581
Additions	714	669
Revaluations	4,436	1,735
Reclassifications	-	-
Depreciation	(1,695)	(1,628)
Value at 31 March	67,812	64,357

The figures above for 2021/22 have been corrected.

### **Value of Liabilities resulting from PFI and Similar Contracts**

	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Balance outstanding at 1 April	(14,015)	(15,934)
Payments/adjustments during the year	2,094	1,919
Balance outstanding at 31 March	(11,921)	(14,015)

### **Details of Payments due to be made under PFI and Similar Contracts**

	<b>Service Charges £'000</b>	<b>Repayments of Liability £'000</b>	<b>Interest £'000</b>	<b>Total £'000</b>
Within one year	4,964	1,950	1,018	7,932
Within two to five years	23,764	6,494	2,575	32,833
Within six to ten years	7,572	3,477	313	11,362

### **Coed Pella**

Office Accommodation was constructed in Colwyn Bay in 2018 to provide much needed modern office provision for our staff. The cost of construction is being borne by the developer and the Council has entered into a lease type arrangement with the developer. The Council will rent the offices for a period of 40 years from the developer. The annual rental has been set at £1.451m (payable quarterly in advance) and will be uplifted each year by reference to the Retail Price Index published by the Office for National Statistics. The initial rent became payable on 30<sup>th</sup> October 2018 when the offices became operational and were handed over for use by the Council. The lease has been determined to be a finance lease and the offices were valued and included in the Council's Balance Sheet at £34.467m at 30<sup>th</sup> October 2018, together with a finance lease liability of £34.467m.

During the lease period the developer will not be responsible for the maintenance and upkeep of the building. The Council does not have an option to terminate the

lease and at the end of the lease term the title will pass to the Council and no further lease payments will be made to the developer. The Council estimates that the offices will have an operational life of 60 years.

### **33. Pension Schemes Accounted for as Defined Contribution Schemes**

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2022/23, the Council paid an employer contribution of £10.521m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2021/22 were £10.038m and 23.68% of pensionable pay. There were no contributions remaining payable at the year end (31 March 2022 – Nil).

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

### **34. 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 that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme. The Authority participates in a scheme administered locally by Gwynedd Council – 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 pensions liabilities with investment assets. Also, the Authority participates in a scheme administered locally by Flintshire County Council, which is an unfunded scheme.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The employer's contribution rate for the Gwynedd scheme in 2022/23 was 19.8% (2021/22 19.8%). The rate will be 19.6% in 2023/24. The total amount paid to the Gwynedd scheme in 2022/23 was £15.876m in respect of standard pension contributions (£14.815m in 2021/22).

## Transactions Relating to Post-Employment Benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The transactions in the following table have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year.

### IAS 19 Disclosure Requirements for 2022/23

There have been a number of changes relating to international accounting standard IAS 19 Employee Benefits, resulting in a change in the accounting treatment and accounting policy. The change has introduced new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset)), and, where there is a material impact, new definitions or recognition criteria for service costs (e.g. past service costs) and new recognition criteria for termination benefits.

The required restatements are reflected in the notes which follow.

Transactions relating to Retirement benefits recognised in Accounts:

	Funded		Unfunded	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<b>Net Cost of services:</b>				
• Current service cost	37,240	38,336	-	-
• Past service cost	220	163	3	2
• Settlements			-	-
<b>Financing &amp; Investment Income &amp; Expenditure</b>				
• Net Interest	4,230	4,909	417	344
<b>Total Defined Benefit Charged to Provision of Services</b>	<b>41,690</b>	<b>43,408</b>	<b>420</b>	<b>346</b>
<b>Other Pension Costs Charged to the Comprehensive Income &amp; Expenditure Statement</b>				
• Return on assets (excluding interest)	49,830	(47,129)		
• Remeasurements on liabilities	(326,573)	(69,420)		(740)
<b>Total Pension Costs Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(235,053)</b>	<b>(73,141)</b>	<b>420</b>	<b>(394)</b>
<b>Movement in Reserves Statement</b>				
• Reversal of charges in accordance with the Code	41,690	43,408	420	346
<b>Actual amounts charged to the General Fund in year:</b>				
• Employer contributions	16,857	15,746		
• Less prepayment adjustment			-	-
	16,857	15,746		
• Discretionary payments			1,207	1,291



The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(594,253)	(872,075)	(11,607)	(15,358)
Fair value of assets	696,049	723,168	-	-
Less prepayment adjustment	-	-	-	-
Sub total	101,796	(148,907)	(11,607)	(15,358)
<b>Net liability</b>	<b>101,796</b>	<b>(148,907)</b>	<b>(11,607)</b>	<b>(15,358)</b>

During the financial year the Gwynedd Pension Fund moved from a liability to an asset. The Balance Sheet value is zero as it is not permitted to disclose a Pensions asset. Clarification from CIPFA is awaited regarding disclosure requirements.

### Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Liabilities	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Opening balance	872,075	896,491	15,358	17,043
Current service cost	37,240	38,336	-	-
Interest cost	23,854	18,178	417	344
Contributions by plan participants	4,954	4,526	-	-
Remeasurements	(326,573)	(69,420)	(2,964)	(740)
Benefits paid	(17,517)	(16,199)	(1,207)	(1,291)
Past service costs/(credit)	220	163	3	2
<b>Closing Balance</b>	<b>594,253</b>	<b>872,075</b>	<b>11,607</b>	<b>15,358</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

<b>Assets</b>	<b>Local Government Pension Scheme</b>	
	<b>31 March 2023</b> <b>£'000</b>	<b>31 March 2022</b> <b>£'000</b>
Opening balance at 1 April	723,168	659,989
Remeasurements	(49,830)	47,129
Asset Interest	19,624	13,269
Employer contributions	15,650	14,454
Contributions by scheme participants	4,954	4,526
Benefits paid	(17,517)	(16,199)
Unfunded Benefits Paid	(1,207)	(1,291)
Unfunded Benefits Contributions	1,207	1,291
<b>Closing balance</b>	<b>696,049</b>	<b>723,168</b>

### Local Government Pension Scheme Assets

<b>Asset Category</b>	<b>2022-23</b>				<b>2021-22</b>			
	<b>Quoted Prices in Active Markets</b>	<b>Prices Not Quoted in Active Markets</b>	<b>Total</b>	<b>%</b>	<b>Quoted Prices in Active Markets</b>	<b>Prices Not Quoted in Active Markets</b>	<b>Total</b>	<b>%</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Equity Securities</b>								
Consumer		-	-	0.0		-	-	0.0
Manufacturing		-	-	0.0		-	-	0.0
Energy and Utilities		-	-	0.0		-	-	0.0
Financial Institutions		-	-	0.0		-	-	0.0
Health and Care		-	-	0.0		-	-	0.0
Information Technology		-	-	0.0		-	-	0.0
Other		-	-	0.0		-	-	0.0
<b>Debt Securities</b>								
Other		-	-	0.0		-	-	0.0
<b>Private Equity</b>								
All		43,978	43,978	6.3		40,887	40,887	5.6
<b>Real Estate</b>								
UK Property		57,571	57,571	8.2		62,226	62,226	8.6
Overseas Property		-	-	0.0		-	-	0.0
<b>Investment Funds &amp; Unit Trusts</b>								
Equities		434,867	434,867	62.3		461,101	461,101	63.6
Bonds		-	-	-		-	-	-
Infrastructure		19,832	19,832	2.8		14,181	14,181	2.0
Other		140,118	140,118	20.1		144,882	144,882	20.0
<b>Debt Securities</b>								
Other		-	-	-		-	-	0.0
<b>Cash &amp; Cash Equivalents</b>								
All	2,181	-	2,181	0.3	2,263	-	2,263	0.3
<b>Totals</b>	<b>2,181</b>	<b>696,366</b>	<b>698,547</b>	<b>100</b>	<b>2,263</b>	<b>723,277</b>	<b>725,540</b>	<b>100</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2023.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>Mortality Assumptions:</b>				
<b>Longevity at 65 for current pensioners</b>				
▪ Men	21.0	21.3	21.0	21.3
▪ Women	24.0	23.7	24.0	23.7
<b>Longevity at 65 for future pensioners</b>				
▪ Men	21.9	22.4	21.9	22.4
▪ Women	25.7	25.7	25.7	25.7
Rate of Inflation	3.20%	3.65%	3.20%	3.65%
Rate of Increase in salaries	3.45%	3.50%	3.45%	3.50%
Rate of Increase in pensions	2.95%	3.20%	2.95%	3.20%
Rate for discounting scheme liabilities	4.75%	2.7%	4.75%	2.7%
Take-up of option to convert annual pension into retirement lump sum				
- pre April 2008 service	65%	50%	-	-
- post April 2008 service	65%	75%	-	-

### Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities for the Conwy element are set out below:

Change in assumptions at 31 March 2023:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	10,928
1 year increase in member life expectancy	4%	23,500
0.1% increase in the Salary Increase Rate	0%	1,407
0.1% increase in the Pension Increase Rate (CPI)	2%	9,681

The principal demographic assumption is the longevity assumption (i.e. a member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

In order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities at the accounting date on varying bases have been calculated and compared. The approach taken is consistent with that adopted to derive the accounting figures provided in the actuarial report, based on the profile

(average member ages, retirement ages, etc) of the Employer as at the date of the most recent valuation.

## **Risks**

The principal risks of the scheme to the Authority are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the Council Fund the amounts required by statute.

## **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 contributions paid by the employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2022), or at any other time as instructed to do so by the Administering Authority.

It is estimated that the Employer's contribution for the period to 31 March 2024 will be approximately £15.046m for the Conwy element.

### 35. Joint Arrangements & Joint Committees

Conwy County Borough Council is currently involved in three joint arrangements with neighbouring North Wales Authorities.

- There is one formal Joint Committee, for which Flintshire County Council prepares a separate set of accounts. The North Wales Residual Waste Treatment Partnership (NWRWTP) (with Flintshire (lead Authority), Anglesey, Denbighshire & Gwynedd). Conwy's contribution due to the NWRWTP in 2022/23 was £50 (£287 in 2021/22).
- A second formal Joint Committee, for which Gwynedd Council prepares a separate set of accounts, is GwE, an improvement service for schools on a North Wales basis. Conwy's contribution to the GwE Joint Committee in 2022/23 was £671,000 (£645,000 in 2021/22).
- A third formal Joint Committee, for which Gwynedd Council prepares a separate set of accounts, is the North Wales Economic Ambition Board (NWEAB) on a North Wales basis. Conwy's contribution to the NWEAB Joint Committee in 2022/23 was £123,770 (£168,000 in 2021/22).

The separate sets of accounts for the Joint Committees can be accessed by the following links:

<https://www.wtiparcadfer.co.uk/#>  
<https://www.gwynedd.gov.uk>

### 36. 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
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Moody's and Standard & Poor's Ratings

Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the authority are as detailed below:

The Strategic Director - Finance and Resources maintains a counterparty list in compliance with the following criteria and revises the criteria and submits them to Council for approval as necessary. These criteria are separate to those which determine Specified and Non-Specified investments, as it selects which counterparties the Council will choose rather than defining what its investments are.

1. Debt Management Office of the Treasury – unlimited
2. Local Authorities (except rate capped) – limit £10m
3. All UK and Irish banks and their subsidiaries that have good ratings (Fitch or equivalent). This is currently defined as: Long Term A-

Limit - £5m

Banks whose ratings fall below those in 3 above will be used if wholesale deposits are covered by a government guarantee, and the deposits fall within the terms of the guarantee.

#### 4. Building Societies

- Building societies with a rating (as for the banking sector) all have a lending limit of £3m.
- All building societies without a rating but with assets of £1bn or more will have a lending limit of £3m and a time limit of 9 months.
- All building societies without a rating but with assets of £500m or more will have a lending limit of £2m and a time limit of 6 months.

The Authority's maximum exposure to credit risk of £5m in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets (sundry debtors), based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	<b>Amount at 31 March 2023</b>	<b>Historical Experience of Default</b>	<b>Historical experience adjusted for market conditions at 31 March 2023</b>	<b>Estimated Maximum Exposure to Default &amp; Uncollectability at 31 March 2023</b>	<b>Estimated Maximum Exposure at 31 March 2023</b>
	<b>£'000</b>	<b>%</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Customers	11,003	2.02	2.02	222	222

The Authority does not allow credit for customers. The past due but not impaired amount can be analysed by age as follows:

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2022</b> <b>£000</b>
0-30 Days	4,885	4,303
31-60 Days	447	876
61-90 Days	367	506
90+ Days	5,304	5,214
<b>Total</b>	<b>11,003</b>	<b>10,899</b>

All trade and other payables are due to be paid in less than one year.

The credit ratings of the year end investments are as follows:

	<b>31 March 2023</b> <b>£000</b>	<b>31 March 2022</b> <b>£000</b>
Banks (A+)	8,700	5,920
Debt Management Office (AA-)	0	14,030
Local authorities (Unrated)	23,500	8,000
<b>Total</b>	<b>32,200</b>	<b>27,950</b>

### Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The Council manages its portfolio by rescheduling debts when it is economic to do so. The maturity analysis of PWLB and market loans is as follows:

	<b>31 March 2023</b> <b>£'000</b>	<b>31 March 2022</b> <b>£'000</b>
< 1 Year	94,303	64,383
1 – 2 Years	2,455	3,062
2 – 5 Years	7,648	2,282
5 – 10 Years	14,267	5,939
10 – 25 Years	7,586	476
> 25 Years	79,655	100,655
<b>Total</b>	<b>205,914</b>	<b>176,797</b>

The above analysis does not include Invest to Save loans.

## Market Risk

### Interest Rate Risk

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

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has taken three PWLB loans at the end of the financial year in order to take advantage of rate volatility and to provide rate certainty.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be as shown in the following table:-

	£'000
Increase in Interest receivable on variable rate Investments	(87)
Impact on Surplus or Deficit on the Provision of Services	(87)
Decrease in Fair Value of fixed rate Investment assets	15
Impact on Other Comprehensive Income & Expenditure	15
Decrease in fair value of fixed rate borrowings liabilities (£19k impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	(18,410)

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

### **Price Risk**



The Council does not invest in equity shares or marketable bonds and so there is no risk that its investments will lose value through falls in the stock market price.

### **Foreign Exchange Risk**

The Authority has minimal financial assets and no liabilities denominated in foreign currencies, and has little exposure to loss arising from movements in exchange rates.

### **37. Trust Funds**

1. The Council currently administers 24 Education Trust Funds. The funds are not assets of the Council and are not, therefore, included within the Balance Sheet.

The Education Trust Funds operate for a variety of causes from school prize funds to maintaining children's play areas. Each one consists of a relatively small sum of money received largely from individuals and invested in order to provide an annual income.

The Fund balances at 31 March 2023 amounted to £116,995 and the income for the year was £2,403 (Fund Balances at 31 March 2022 amounted to £114,593 and income for the year 2020/21 was £484).

2. In addition, the Council is also responsible for the Welsh Church Act Fund. This scheme provides income which is to be applied to charitable, educational, recreational and social purposes at the discretion of the Council. The Fund is not an asset of the Council and is not, therefore, included within the Balance Sheet.
3. A Trust Fund was set up for the benefit of scholars in Llanrwst for ancillary education.
4. There are a small number of other Trust Funds which have been received. The Fund balances at 31<sup>st</sup> March 2023 amounted to £224,971 (Fund balances at 31<sup>st</sup> March 2022 amounted to £220,612).

### 38. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands with estimated 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for Conwy County Borough Council and the Police and Crime Commissioner for North Wales for the forthcoming year and dividing this amount by the Council Tax Base. The Council Tax Base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts.

The Council Tax Base for 2022/23 was calculated as follows: -

<b>Band</b>	<b>Equivalent Number of Dwellings after Discount</b>	<b>Band D Adjustment</b>	<b>Band D Equivalent</b>
A*	8	5/9	4.44
A	4,258	6/9	2,838.50
B	7,006	7/9	5,448.92
C	13,440	8/9	11,946.44
D	10,533	1	10,532.50
E	8,288	11/9	10,129.17
F	4,613	13/9	6,663.58
G	1,764	15/9	2,940.42
H	398	18/9	796.50
I	128	21/9	298.08
<b>Council Tax Base after allowing for losses on collection</b>			<b>51,598.55</b>

The Band D Council Tax for 2022/23 was £1,438.15.

The amount raised by the Council Tax is as follows: -

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax raised	93,032	89,706

### 39. National Non-Domestic Rates (NNDR)

The National Non-Domestic Rate is set by the Welsh Government but collected locally through an agency arrangement before being paid into a central pool administered by the Welsh Government. The amount distributed to local authorities is then determined on a population basis.

For 2022/23 the rate set by the Welsh Government was 0.535p per £1 of rateable value of the non-domestic properties (2021/22: 0.535p). At 31 March 2023 there were 6,057 properties on the local valuation list in Conwy, representing a rateable value of £86,947,656 (2021/22: £86,167,833). The net income accruing to the Council from the NNDR is as follows:-

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
National Non-Domestic Rate raised	33,966	32,725
Less Cost of Collection Allowance	(310)	(309)
Less sum paid to the National Pool	(33,656)	(32,416)
	-	-
Receipts from the National Pool	43,306	39,768
<b>Net Income from the National Non-Domestic Rates</b>	<b>43,306</b>	<b>39,768</b>

## GLOSSARY OF TERMS

### **ACCOUNTING PERIOD**

The period of time covered by the accounts, typically a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

### **ACCOUNTING POLICIES**

The specific principles, bases, conventions, rules & practices applied by the Council in preparing & presenting its financial statements.

### **ACCRUALS**

Amounts included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### **ACTUARIAL GAINS AND LOSSES**

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- the actuarial assumptions have varied

### **AGENCY ARRANGEMENTS**

An arrangement between two organisations where one will act as an agent, collecting money on behalf of the other party, to whom the money is then paid over. An example of this is NNDR collections, where the Council is acting as the billing agent for central government, collecting money from tax payers on behalf of central government and then paying it over to them.

### **AMORTISATION**

The gradual elimination of a liability, such as a loan, in regular payments over a specified period of time. Such payments must be sufficient to cover both principal & interest.

### **ASSET**

An item having value to the authority in monetary terms. Assets are classed as either current or non current:

- A **current** asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A **non current** asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be **tangible** e.g. a school building, or **intangible**, e.g. computer software licences.

### **AUDIT OF ACCOUNTS**

An independent inspection of the Authority's financial affairs.

### **BALANCE SHEET**

A statement of the recorded assets, liabilities and reserves at the end of the accounting period.

### **BUDGET**

The anticipated net revenue and capital expenditure over the accounting period.

**CAPITAL EXPENDITURE**

Expenditure on the procurement of a non current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, the value of an existing non current asset.

**CAPITAL FINANCING**

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

**CAPITAL PROGRAMME**

The capital schemes the Council intends to carry out over a specified period of time.

**CAPITAL RECEIPT**

The income from the disposal of land or other non current assets.

**CASH**

Comprises cash on hand & demand deposits

**CASH EQUIVALENTS**

Short-term, highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value.

**CASH FLOWS**

Inflows & outflows of cash & cash equivalents.

**CIPFA**

The Chartered Institute of Public Finance and Accountancy.

**CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UK**

The Code constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.

**COMMUNITY ASSETS**

Assets that the Council plans to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

**COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT**

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from precepts, grants and other income.

**CONSISTENCY**

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

**CONSTRUCTIVE OBLIGATION**

An obligation that derives from the Authority's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the Authority has indicated to other parties that it will accept certain responsibilities; and
- as a result, the Authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

**CONSUMER PRICE INDEX (CPI)**

An Internationally comparable measure of inflation which employs methodologies and structures that follow International Legislation and Guidelines.

**CONTINGENT ASSET**

A contingent asset is a likely asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

**CONTINGENT LIABILITY**

A contingent liability is either:

- a potential obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

**CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core includes all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

**CREDITOR**

Amount owed by the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

**CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

**DEBTOR**

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**DEFINED BENEFIT PENSION SCHEME**

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

**DEPRECIATED REPLACEMENT COST (DRC)**

A method of valuation which gives a recognised approximation for the market value of specialised properties. It is an estimate of the market value for the existing use of the land, plus the current gross replacement costs for the building less an allowance for physical deterioration of the asset to its current equivalent physical state.

**DEPRECIATION**

The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the Authority's non current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

**DISCRETIONARY BENEFITS (PENSIONS)**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as The Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007.

**EFFECTIVE INTEREST RATE**

This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

**EMPLOYEE BENEFITS**

All forms of consideration given by the Council in exchange for service rendered by its employees.

**EQUITY**

The Authority's value of total assets less total liabilities.

**EVENTS AFTER THE BALANCE SHEET DATE**

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

**EXCEPTIONAL ITEMS**

Material items which derive from affairs or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**EXISTING USE VALUE (EUV)**

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

**EXPECTED RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

**EXTRAORDINARY ITEMS**

Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

**FAIR VALUE**

The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

**FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee.

## **FINANCIAL INSTRUMENT**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

## **FINANCIAL REPORTING ADVISORY BOARD (FRAB)**

The independent body that advises the Government on accounting issues.

## **FINANCING ACTIVITIES**

Activities that result in changes in the size & composition of the principal received from or repaid to external providers of finance.

## **GOING CONCERN**

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

## **GOVERNMENT GRANTS**

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. Grants may be specific to a particular scheme or may support the revenue or capital spend (respectively) of the Authority in general.

## **HERITAGE ASSETS**

A Heritage Asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

## **HOUSING BENEFITS**

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

## **HOUSING REVENUE ACCOUNT (HRA)**

A separate account to the Council Fund that includes the expenditure and income arising from the provision of housing accommodation by the Authority. N.B. CCBC no longer has an HRA following the transfer of the housing stock to Cartrefi Conwy in 2008/09.

## **IMPAIRMENT**

A reduction in the value of a non current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) or a general fall in prices.

## **INCOME**

Amounts that the Council receives or expects to receive from any source, including fees, charges, sales and grants.

## **INFRASTRUCTURE ASSETS**

Non current assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by continued use of the asset created. Examples are highways, footpaths and bridges.

## **INTANGIBLE ASSETS**

An intangible asset is an identifiable non-monetary asset without physical substance. The intangible asset most frequently found in local authorities is computer software.



### **INTEREST COST (PENSIONS)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

International Financial Reporting Standards are a suite of accounting standards used across the world. In the 2007 Budget, the then-chancellor announced that the UK Public Sector would adopt IFRS, as this was seen as best practice and allowed for international comparisons to be made. As a result, CIPFA/LASAAC produces the IFRS-based Code of Practice on Local Authority Accounting, overseen by the Financial Reporting Advisory Board (FRAB).

### **INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)**

These are accounting standards developed specifically for the public sector by the International Public Sector Accounting Standards Board (IPSASB).

### **INVENTORIES**

Items of raw materials and stores an authority has procured and holds in expectation of future use.

### **INVESTING ACTIVITIES**

The acquisition & disposal of long-term assets & other investments not included in cash equivalents.

### **INVESTMENT PROPERTY**

Property that is held solely to earn rentals or for capital appreciation or both.

### **INVESTMENTS (PENSION FUND)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

### **LASAAC**

Local Authority (Scotland) Accounts Advisory Committee.

### **LEASE**

An agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for a period of time.

### **LIABILITY**

A liability is where the Council owes payment to an individual or another organisation.

- A **current** liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A **deferred** liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

### **LIQUID RESOURCES**

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- readily convertible to known amounts of cash at or close to the carrying amount; or
- traded in an active market.

**LONG-TERM CONTRACT**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

**MATERIALITY**

The concept that the Statement of Accounts should contain all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

**MINIMUM REVENUE PROVISION (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

**NET BOOK VALUE**

The amount at which non current assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation and impairment.

**NET DEBT**

The Authority's borrowings less cash and liquid resources.

**NON-DISTRIBUTED COSTS**

These are overheads for which no user now benefits and as such are not apportioned to services.

**NON-DOMESTIC RATES (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

**OPERATING ACTIVITIES**

The activities of the Council that are not investing or financing activities.

**OPERATING LEASE**

A lease where the ownership of the non current asset remains with the lessor.

**PAST SERVICE COST (PENSIONS)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**PENSION SCHEME LIABILITIES**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**PRECEPT**

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

### **PRIOR YEAR ADJUSTMENT**

Material adjustments relating to prior years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **PRIVATE FINANCE INITIATIVE (PFI)**

PFI arrangements typically involve a private sector entity constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time on behalf of the public sector body. In return the public sector body pays for the use of the assets and associated services over the period of the arrangement through a unitary payment.

### **PROJECTED UNIT METHOD**

An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

### **PROVISION**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur, but the amounts or dates of when they will arise are uncertain.

### **PUBLIC PRIVATE PARTNERSHIPS (PPP)**

A joint venture in which a private sector partner agrees to provide services to or on behalf of a public sector organisation. A Private Finance Initiative is a form of PPP.

### **PUBLIC WORKS LOAN BOARD (PWL B)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.

### **RATEABLE VALUE**

The annual assumed rental value of a property, which is used for NDR purposes.

### **RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

### **RELATED PARTY TRANSACTIONS**

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

### **REMUNERATION**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

### **RESERVES**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

### **RESIDUAL VALUE**

The net realisable value of an asset at the end of its useful life.

**RETAIL PRICE INDEX (RPI)**

Originally a compensation index developed to protect workers from price increases associated with World War 1. After a number of significant developments it came to be used as the main domestic measure of inflation.

**RETIREMENT BENEFITS**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**REVENUE EXPENDITURE**

The day-to-day expenses of providing services.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)**

Expenditure which can be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non current asset. This is to enable it to be funded from capital resources. Examples of REFCUS are grants of a capital nature to voluntary organisations.

**REVENUE SUPPORT GRANT**

A grant paid by Welsh Government to authorities, contributing towards the general cost of their services.

**SERVICE CONCESSION ARRANGEMENT**

A service concession arrangement generally involves the grantor (usually a public sector body) conveying to the operator (usually a private sector entity), for the period of the concession, the right to provide services that give the public access to major economic & social facilities.

**SOFT LOAN**

A loan made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

**SOLACE**

Society of Local Authority Chief Executives

**TEMPORARY BORROWING**

Money borrowed for a period of less than one year.

**TERMINATION BENEFITS AND EXIT PACKAGES**

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. The costs of Termination Benefits are deemed Exit Packages.

**TRUST FUNDS**

Funds administered by the Authority for such purposes as prizes, charities, specific projects, and on behalf of minors.

**UK GAAP**

The UK Generally Accepted Accounting Practice, now superseded by IFRS.

**USEFUL ECONOMIC LIFE (UEL)**

The period over which the Council will derive benefits from the use of a non-current asset.

**WORK IN PROGRESS**

The cost of work performed on an incomplete project at the balance sheet date, which should be accounted for.