



*Annual Finance
and
Governance
Report
2021/2022*

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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 114,800. 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 1 July 2022 is:-

- 20 Conwy First Independent Group
- 11 Labour
- 10 Conservative
- 7 Plaid Cymru
- 4 Liberal Democrats
- 2 Allied Independents
- 1 Green Party

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 2021/22 (The Code 2021/22), 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 2021/22 constitutes 'proper accounting practice' under the terms of section 21 (2) of the Local Government Act 2003. The Code 2021/22 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 surplus in the year of £1.824m (2020/21 surplus of £8.195m).

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 £48.138m at the year end 31 March 2022 (31 March 2021 £30.449m), including the Council Fund balance of £3.509m (31 March 2021 £2.910m).

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 2022 amounted to £186.224m, an increase of £117.079m over the position at 31 March 2021, mainly because of the Pension Liability, short term debtors, and cash and cash equivalents (see Balance Sheet on page 41).

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 £237.658m for 2021/2022 was approved in March 2020 (£229.760m in 2020/2021) and included provision for known service pressures, inflation and other risks.

The budget was set against a backdrop of a poor financial Settlement of grant support from the Welsh Government (WG), with Conwy receiving the sixth worst Settlement in Wales with a 3.6% increase. A budget reduction package of £2.155m was approved and targeted to services, in addition to a 2.95% rise in Council Tax, in order to set a balanced budget within the overall available financial resources.

The Council continued to deal with the ongoing challenges arising from the Coronavirus pandemic. In particular the Council saw an increase in the demand for many services arising from the impact of the pandemic on the lives, welfare and livelihoods of people and the economy.

Welsh Government continued to provide additional grant support for pandemic related expenditure and loss of income as a result of ongoing restrictions and the Council received £20.3m during 2021/2022. As with all local authorities, this support was vital to Conwy.

In addition to the financial effects of the pandemic, Conwy continued to provide extensive support to our community and local businesses throughout the year.

Conwy also acted as an agent of WG in paying grants to local businesses and residents in relation to various grant support initiatives announced by WG (see Note 27).

In addition to all of the pandemic related support undertaken by Conwy, it must also be pointed out that all of our statutory services continued to operate in compliance with the restrictions that were prevalent throughout 2021/2022.

In terms of the budget for 2021/2022, this was monitored and controlled during the year by way of reports and presentations alerting Members to an overall high level assessment of our likely financial position. The level of uncertainty was reflected in the financial position reported on a regular basis. It is fair to say that the projected budgetary deficit changed significantly as the level of uncertainty reduced, culminating with a year-end position which produced an overall balanced budget and our balances and reserves increasing.

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

Table 1

Col 1 SUMMARY	Col 2 ORIGINAL ESTIMATE 2021/22 £'000	Col 3 RESTATED ESTIMATE 2021/22 £'000	Col 4 FINAL OUTTURN 2021/22 £'000	Col 5 VARIANCE (Col 4 - Col 3) 2021/22 £'000	NOTES
Resource Base (income)					
Revenue Support Grant	(127,138)	(127,138)	(129,350)	(2,212)	1
Redistributed Non Domestic Rates	(39,768)	(39,768)	(39,768)	0	
Council Tax	(70,525)	(70,525)	(71,016)	(491)	2
Reduced Losses on Collection (Council Tax)	(227)	(227)	(227)	0	
Council Tax Shortfall Grant	0	0	(676)	(676)	3
Total	(237,658)	(237,658)	(241,037)	(3,379)	
Net Expenditure					
Education Services	88,738	89,327	89,142	(185)	
Social Services	69,071	69,806	69,467	(339)	
Environment, Roads & Facilities	19,062	19,291	18,871	(420)	
Economy & Culture	6,365	6,522	6,279	(243)	
Regulatory & Housing Services	5,442	6,395	6,155	(240)	
Corporate Financial Services	1,212	1,245	1,304	59	
Audit & Procurement	546	555	556	1	
Revenues and Benefits Service	1,322	1,358	1,131	(227)	
Council Tax Reduction Scheme	11,043	11,319	11,073	(246)	
Law & Governance	1,936	1,976	1,929	(47)	
Information Technology	2,238	2,287	2,284	(3)	
Chief Executive's Services	1,057	1,074	1,073	(1)	
Corporate Human Resources	1,054	1,071	1,071	0	
Treasury Management and Minimum Revenue Provision	12,038	10,738	10,613	(125)	
Corporate Costs and Income	9,773	9,354	9,211	(143)	
Levies	6,750	6,750	6,830	80	
Sub Total Net Service Expenditure	237,647	239,068	236,989	(2,079)	
Contribution to Council Tax Bad Debt Provision	0	0	676	676	3
Contribution to Driving Lessons for Domiciliary Care Workers	0	0	368	368	4
Contribution from 2021/22 Pay Award reserve	0	(596)	(596)	0	
Contribution to Pay Pressures Reserve	0	0	2,000	2,000	5
Contribution from Budget Recovery Plan Reserve	0	(825)	0	825	6
Contribution to Budget Recovery Plan Reserve	0	0	1,000	1,000	7
Contribution to General Balances	11	11	600	589	8
Sub Total Other	11	(1,410)	4,048	5,458	
Net Revenue Budget	237,658	237,658	241,037	3,379	
Notes					
1) Additional Revenue Support Grant awarded by Welsh Government (WG)					
2) Additional Council Tax collected representing a 0.7% improvement					
3) Grant received from WG in respect of Council Tax, allocated to a bad debt provision					
4) Contribution to reserve to support domiciliary care workers to have access to driving lessons and electric vehicles					
5) Contribution to Pay Pressures reserve given likelihood of pay costs exceeding that which has been budgeted for					
6) Use of Budget Recovery Plan reserve not required in 2021/22, reflected in and offset by several services' underspends					
7) Further contribution to Budget Recovery Plan reserve reflecting increasing pressures					
8) Net underspend transferred to General Balances to support financial resilience					

Table 1 differs from the opening column of the Expenditure and Funding Analysis (page 36) 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 **£3.510m** 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 2021/2022 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 2021/2022 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 2021/22 was £42.747m. The following is a summary of the service areas which incurred capital investment in 2021/22 and how it was financed compared to a budget of £43.453m.

Capital Expenditure	2021/22 Actual £'000
Capital Expenditure by Service:	
Education	4,005
Environment, Roads & Facilities	26,499
Economy & Culture	1,048
Social Services	3,997
Leisure Services	583
Information Technology	1,259
Regulatory & Housing Services	1,905
Chief Executive & Corporate Services	3,072
Financial Services	379
Total Capital Expenditure	42,747

Capital Financing	2021/22 Actual £'000
Financed By:	
Supported Borrowing	2,641
Prudential Borrowing	7,126
Capital Receipts	4
Capital Grants	32,976
Capital Reserves	-
Total Capital Expenditure	42,747

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 2021/22 were as follows:-

- 30 Hour Childcare Provision Improvements
- Welsh Medium Childcare Provision Improvements
- Street lighting Poles Replacement
- Intermediate Care Fund Developments
- Surface Dressing & Improvement of the County Road Network
- Safe Routes in the Community & Traffic Network Management
- Delivery of Adaptations in Private Sector Housing
- Rectification & Refurbishment of Road Bridges & Structures
- Housing Renewal Capital Works
- Penmaen Road Employment Site
- Recycling Target Improvements
- Victoria Pier, Colwyn Bay
- Flood & Coastal Risk Capital Works
- Old Colwyn Waterfront Coastal Defences & Cycle Track Improvement
- Rhos on Sea Waterfront Coastal Defences
- Glasdir Library, Llanrwst Development

The Council's debt outstanding at 31 March 2022 was £181.986m (£181.643m at 31 March 2021) being an increase of £0.343m in borrowing. This is due to an increase in short term borrowing of £78,000 and an increase in long term borrowing of £0.265m.

The Limits to Borrowing Activity in 2021/22, 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:-

	£'000
Authorised Limit for External Debt:	
Borrowing	255,417
Other Long term Liabilities	47,339
	302,756
Operational Boundary for External Debt:	
Borrowing	245,417
Other Long Term Liabilities	47,339
	292,756

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 2022 and the reserve needed to fund that liability. The pandemic and global markets may impact upon the pension liability beyond 31 March 2022.

The Pension Fund liability disclosed within the Balance Sheet of £164.383m (£253.546m in 2020/21) 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 2022.

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 which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("The Code 2021/22"), 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 2022.

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 2022 and its income and expenditure for the year then ended.



SIGNED:

A Hughes
Strategic Director – Finance & Resources
Section 151 Officer

DATED: 15 July 2022

THE STATEMENT OF ACCOUNTS 2021/22

STATEMENT OF ACCOUNTING PRINCIPLES AND POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2020/21 (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. **EXCEPTIONAL ITEMS**

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

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 2.7% (2.0% in 2020/21) (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
 - unlisted 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 2021/22) 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 measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- 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 venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

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

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.

Donated assets are assets that have been transferred to the Council at nil or less than fair value consideration and are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure

Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer: 2 - 99 years.
- Vehicles, plant, furniture and equipment: over the useful life between 1-23 years.
- Community Assets: 1-23 years
- Infrastructure – straight-line allocation between 1-58 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 2021/22 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.

2021/22	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	89,142	(5,252)	83,890	13,466	97,356
Social Services	69,467	(3,457)	66,010	7,055	73,065
Environment, Roads & Facilities	19,157	(164)	18,993	12,733	31,726
Economy & Culture	6,279	(1,178)	5,101	6,894	11,995
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	1,073	(51)	1,022	260	1,282
Corporate Human Resources	1,071	(12)	1,059	326	1,385
Corporate Costs and Income	11,512	(2,563)	8,949	661	9,610
Net Cost Of Service	222,132	(13,902)	208,230	34,673	242,903
Other Income and Expenditure	(222,732)	(717)	(223,449)	(21,278)	(244,727)
(Surplus) or Deficit	(600)	(14,619)	(15,219)	13,395	(1,824)
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)		
Closing Council Fund Balance at 31 March 2022			(48,138)		

2020/21	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	84,951	(6,432)	78,519	8,692	87,211
Social Services	67,096	(119)	66,977	3,588	70,565
Environment, Roads & Facilities	19,490	(1,690)	17,800	9,876	27,676
Economy & Culture	6,462	(1,219)	5,243	9,379	14,622
Regulatory & Housing Services	5,343	(339)	5,004	689	5,693
Corporate Financial Services	1,224	(71)	1,153	196	1,349
Audit & Procurement	516	0	516	63	579
Revenues and Benefits Service	12,018	(102)	11,916	(10,280)	1,636
Law & Governance	1,871	(169)	1,702	370	2,072
Information Technology	2,075	(857)	1,218	345	1,563
Chief Executive's Department	1,008	(66)	942	118	1,060
Corporate Human Resources	1,074	(55)	1,019	145	1,164
Corporate Costs and Income	9,129	(4,059)	5,070	786	5,856
Net Cost Of Service	212,257	(15,178)	197,079	23,967	221,046
Other Income and Expenditure	(212,801)	(763)	(213,564)	(15,677)	(229,241)
(Surplus) or Deficit	(544)	(15,941)	(16,485)	8,290	(8,195)
Opening Council Fund Balance at 31 March 2020			(14,323)		
Less (Surplus)/Deficit on Council Fund Balance in Year			(16,485)		
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)			358		
Closing Council Fund Balance at 31 March 2021			(30,450)		

Comprehensive Income and Expenditure Statement

2020/21				2021/22			
Gross Expenditure	Income	Net Expenditure		Note	Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
116,495	(29,284)	87,211	Education		133,936	(36,580)	97,356
103,334	(32,769)	70,565	Social Services		109,142	(36,077)	73,065
46,187	(18,511)	27,676	Environment, Roads & Facilities		48,931	(17,205)	31,726
23,424	(8,802)	14,622	Economy & Culture		23,466	(11,471)	11,995
15,544	(9,851)	5,693	Regulatory & Housing Services		20,713	(13,210)	7,503
1,920	(571)	1,349	Corporate Financial Services		2,282	(592)	1,690
599	(20)	579	Audit & Procurement		707	(17)	690
32,120	(30,484)	1,636	Revenues and Benefits Service		30,296	(29,620)	676
3,256	(1,184)	2,072	Law & Governance		3,683	(1,162)	2,521
1,679	(116)	1,563	Information Technology		3,476	(72)	3,404
1,082	(22)	1,060	Chief Executive's Department		1,293	(11)	1,282
1,259	(95)	1,164	Corporate Human Resources		1,479	(94)	1,385
9,254	(3,398)	5,856	Corporate Costs and Income		12,268	(2,658)	9,610
356,153	(135,107)	221,046	Cost of Services		391,672	(148,769)	242,903
23,454		23,454	Other Operating Expenditure	7	23,962		23,962
20,625	(13,991)	6,634	Financing & Investment Income & Expenditure	8	27,345	(15,446)	11,899
	(259,329)	(259,329)	Local Taxation & Non-Specific Grant Income	9		(280,588)	(280,588)
		(8,195)	(Surplus) or Deficit on Provision of Services				(1,824)
		(1,585)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	22			2,237
		(114)	(Surplus) or Deficit on Revaluation of Available for sale Financial Assets	22			(295)
		(1,699)					1,942
		63,389	Remeasurement of the net defined benefit liability	22			(117,196)
		61,690	Other Comprehensive Income & Expenditure				(115,254)
		53,495	Total Comprehensive Income & Expenditure				(117,078)

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
Balance at 31 March 2021	11,22	2,910	22,074	1,217	1,132	3,117	30,450	38,694	69,144
Movement in Reserves during 2021/22									
Surplus or (Deficit) on the Provision of Services		1,824	-	-	-	-	1,824	-	1,824
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	115,255	115,255
Total Comprehensive Income & Expenditure		1,824	-	-	-	-	1,824	115,255	117,079
Adjustments between Accounting basis & Funding basis under Regulations	10	13,394	-	(195)	1,367	1,298	15,864	(15,864)	-
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves		15,218	-	(195)	1,367	1,298	17,688	99,391	117,079
Transfers to/(from) Earmarked Reserves	11	(14,619)	12,761	1,858	-	-	-	-	-
Increase/(Decrease) in 2021/22	11	599	12,761	1,663	1,367	1,298	17,688	99,391	117,079
Balance as at 31 March 2022	11,22	3,509	34,835	2,880	2,499	4,415	48,138	138,085	186,223

Movement in Reserves Statement for the year ended 31 March 2021									
	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
Balance at 31 March 2020	11,22	2,366	7,540	1,099	1,069	2,249	14,323	108,316	122,639
Movement in Reserves during 2020/21									
Surplus or (Deficit) on the Provision of Services		8,195	-	-	-	-	8,195	-	8,195
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	(61,690)	(61,690)
Total Comprehensive Income & Expenditure		8,195	-	-	-	-	8,195	(61,690)	(53,495)
Adjustments between Accounting basis & Funding basis under Regulations	10	8,290	-	(1,289)	63	868	7,932	(7,932)	-
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves		16,485	-	(1,289)	63	868	16,127	(69,622)	(53,495)
Transfers to/(from) Earmarked Reserves	11	(15,941)	14,534	1,407	-	-	-	-	-
Increase/(Decrease) in 2020/21	11	544	14,534	118	63	868	16,127	(69,622)	(53,495)
Balance as at 31 March 2021	11,22	2,910	22,074	1,217	1,132	3,117	30,450	38,694	69,144

Balance Sheet

	Notes	31 March 2022	31 March 2021
		£'000	£'000
Property, Plant & Equipment	12	510,672	497,238
Heritage Assets		194	194
Investment Property	13	16,359	16,318
Intangible Assets	15	342	455
Available for Sale Financial Assets	16	2,227	1,931
Long Term Debtors	16	5,400	5,260
Long Term Assets		535,194	521,396
Short Term Investments	16	8,193	8,187
Inventories		995	1,033
Short Term Debtors	17	61,550	51,144
Cash & Cash Equivalents	18	23,365	8,593
Assets Held for Sale	14	1,012	1,580
Current Assets		95,115	70,537
Short Term Borrowing	16	65,564	65,486
Short Term Creditors	19	46,719	34,518
Provisions	20	1,765	788
Current Liabilities		114,048	100,792
Pension Liability	39	164,383	253,546
Provisions	20		-
Long term Borrowing	16	116,422	116,157
Other Long term Liabilities	16	46,688	49,922
Capital Grants Receipts in Advance	32	2,544	2,371
Long Term Liabilities		330,037	421,996
Net Assets		186,224	69,145
Usable Reserves	21	48,138	30,450
Unusable Reserves	22	138,086	38,695
Total Reserves		186,224	69,145

Cash Flow Statement

2020/21		Note	2021/22
£'000			£'000
(8,195)	Net (Surplus)/Deficit on the Provision of Services		(1,824)
(35,877)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	23	(62,791)
19,726	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	24	33,554
(24,346)	Net Cash Flows From Operating Activities		(31,061)
3,158	Investing Activities	25	11,084
19,319	Financing Activities	26	5,205
(1,869)	Net (Increase) or Decrease in Cash and Cash Equivalents		(14,772)
6,725	Cash and Cash Equivalents at the beginning of the reporting period	18	8,594
8,594	Cash and Cash Equivalents at the end of the Reporting Period	18	23,366

Notes to the Accounts

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

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 2022/23 year).

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standard:

IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

IAS 37 (Onerous contracts) – clarifies the intention of the standard

IFRS 16 (Leases) – amendment removes a misleading example that is not references in the Code material.

IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

The implementation of IFRS 16 has been deferred for another year. Therefore it is anticipated that it will be implemented on 1st April 2023 and will impact the accounts as from 2023/24 onwards.

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 (£62.0m) 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 37 (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 2022 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. The annual depreciation charge for property, plant & equipment would increase by £2.16m 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 39 for details.
ARREARS	At March 2022, the Council had a balance for sundry debtors of £11.2m. An impairment allowance for doubtful debts of £0.225m is held which is included in the impairment allowance for doubtful debts of £3.353m in Note 17. 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 and additional £0.225m to 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 2022, 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	2021/22				2020/21			
	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	6,844	6,458	164	13,466	6,185	2,816	(309)	8,692
Social Services	254	6,822	21	7,055	363	3,022	203	3,588
Environment, Roads & Facilities	9,247	3,621	135	12,733	8,305	1,693	(122)	9,876
Economy & Culture	4,078	2,236	580	6,894	7,548	1,042	789	9,379
Regulatory & Housing Services	94	1,459	21	1,574	91	608	(10)	689
Corporate Financial Services	26	471	-	497	26	210	(40)	196
Audit & Procurement	-	140	-	140	0	63	0	63
Revenues and Benefits Service	19	567	10,954	(10,368)	19	262	(10,561)	(10,280)
Law & Governance	8	654	34	628	10	287	73	370
Information Technology	243	669	105	807	142	305	(102)	345
Chief Executive's Department	14	246	-	260	14	104	0	118
Theatres				0	0	0	0	0
Corporate Human Resources	8	318	0	326	8	137	0	145
Corporate Costs and Income	2,070	(958)	(451)	661	82	(1,228)	1,932	786
Net Cost Of Service	22,905	22,703	(10,935)	34,673	22,793	9,321	(8,147)	23,967
Other Income and Expenditure	(37,470)	5,331	10,861	(21,278)	(28,118)	4,161	8,280	(15,677)
(Surplus) or Deficit	(14,565)	28,034	(74)	13,395	(5,325)	13,482	133	8,290

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 pensions 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

	2021/22 £'000	2020/21 £'000
Expenditure		
Employee benefits expenses	163,965	144,047
Employee benefits expenses of Voluntary Aided and Foundation Schools	20,213	19,261
Other services expenses	203,288	181,288
Depreciation, amortisation, impairment	24,936	25,358
Interest Payments	6,615	6,825
Precepts and levies	24,587	23,466
(Gain)/Loss on the disposal of assets	(625)	(12)
Total Expenditure	442,979	400,233
Income		
Fees, charges and other service income	(62,456)	(49,086)
Interest and investment income	(112)	(162)
Income from Council Tax and Non Domestic Rates	(118,343)	(112,525)
Government grants and contributions	(263,892)	(246,655)
Total Income	(444,803)	(408,428)
(Surplus) or Deficit	(1,824)	(8,195)

7. Other Operating Expenditure

2020/21 £000		2021/22 £000
14,734	Police and Crime Commissioner for North Wales Precept	15,576
2,401	Community Council Precepts	2,427
6,006	North Wales Fire and Rescue Authority	6,231
325	Other Levies	353
(25)	Gains/Losses on the disposal of non-current assets	(625)
13	Finance Lease Adjustments	-
23,454	Total	23,962

8. Financing and Investment Income and Expenditure

2020/21 £000		2021/22 £000
7,958	Interest payable & similar charges	7,792
15,875	Pensions interest cost	18,522
(11,755)	Expected return on pensions assets	(13,269)
(162)	Interest receivable & similar income	(112)
(5,020)	Income & expenditure in relation to investment properties & changes in their fair value	(953)
(262)	Trading Operations	(81)
6,634	Total	11,899

9. Local Taxation and Non Specific Grant Income

2020/21 £000		2021/22 £000
(75,195)	Council Tax income	(78,635)
(37,573)	Non domestic rates	(39,768)
(126,977)	Non-ring fenced government grants	(130,026)
(19,584)	Capital grants & contributions	(32,159)
(259,329)	Total	(280,588)

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					Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
2021/22	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	20,991	-	-	-	20,991	(20,991)
Revaluation losses on Property, Plant and Equipment	3,804	-	-	-	3,804	(3,804)
Reversal of PFI Lifecycle timing	-	-	-	-	-	-
Revaluation losses on Assets Held for Sale	-	-	-	-	-	-
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)
Difference between asset value & Lease liability	-	-	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(6,387)	-	-	-	(6,387)	6,387
Capital expenditure charged against the Council Fund balance	-	-	-	-	-	-
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(1,298)	-	-	1,298	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-

2021/22	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
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,345)	-	1,345	-	-	-
Mortgage Principal transfer from deferred capital receipts to capital receipts reserve	-	-	-	-	-	-
Finance Lease Rental Principal	-	-	50	-	50	(50)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(4)	-	(4)	4
Use of Capital Receipts Reserve to repay Unsupported Borrowing	-	-	-	-	-	-
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)
Additional Finance Lease Asset	-	-	-	-	-	-
Adjustments primarily involving the Capital Reserves:						
Use of Capital Reserve to finance new capital expenditure	-	(195)	-	-	(195)	195
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(159)	-	-	-	(159)	159
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 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
Adjustments involving the Unequal Pay Back Pay Adjustment Account						
Amount by which amounts charged for Equal Pay claims to Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	126	-	-	-	126	(126)
Total Adjustments	13,394	(195)	1,367	1,298	15,864	(15,864)

2020/21 Comparative Figures	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	25,205	-	-	-	25,205	(25,205)
Revaluation losses on Property, Plant and Equipment	16	-	-	-	16	(16)
Reversal of PFI Lifecycle timing	(391)	-	-	-	(391)	391
Revaluation losses on Assets Held for Sale	337	-	-	-	337	(337)
Movement in the market value of Investment Properties	(4,223)	-	-	-	(4,223)	4,223
Amortisation of Intangible assets	191	-	-	-	191	(191)
Capital grants and contributions applied	(18,717)	-	-	-	(18,717)	18,717
Revenue expenditure funded from capital under statute	(115)	-	-	-	(115)	115
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	-	-	-	-	-	-
Administration costs of asset disposal in advance of receipt	-	-	-	-	-	-
Difference between asset value & Lease liability	-	-	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(6,748)	-	-	-	(6,748)	6,748
Capital expenditure charged against the Council Fund balance	-	-	-	-	-	-
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(868)	-	-	868	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-

2020/21 Comparative Figures	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(25)	-	25	-	-	-
Mortgage Principal transfer from deferred capital receipts to capital receipts reserve	-	-	-	-	-	-
Finance Lease Rental Principal	-	-	47	-	47	(47)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(9)	-	(9)	9
Use of Capital Receipts Reserve to repay Unsupported Borrowing	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(3)	-	-	-	(3)	3
Amelioration of Finance Lease Rentals	59	-	-	-	59	(59)
Additional Finance Lease Asset	13	-	-	-	13	(13)
Adjustments primarily involving the Capital Reserves:						
Use of Capital Reserve to finance new capital expenditure	-	(1,289)	-	-	(1,289)	1,289
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(137)	-	-	-	(137)	137
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	28,886	-	-	-	28,886	(28,886)
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,404)	-	-	-	(15,404)	15,404
Adjustments involving the Unequal Pay Back Pay Adjustment Account						
Amount by which amounts charged for Equal Pay claims to Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	214	-	-	-	214	(214)
Total Adjustments	8,681	(1,289)	63	868	8,323	(8,323)

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 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund:							
Balances held by schools under a scheme of delegation	1,892	(31)	4,063	5,924	(76)	4,855	10,703
Service Reserves:							
Economy & Culture	709	(138)	1,012	1,583	(9)	520	2,094
Regulatory & Housing Services	223	-	257	480	(82)	57	455
Environment, Roads & Facilities	339	-	591	930	(505)	25	450
Tramway - Maintenance Programme	153	-	200	353	-	-	353
IT / E-Government	907	(1)	859	1,765	(375)	62	1,452
Human Resources	171	(35)	97	233	(85)	93	241
Revenues & Benefits	216	-	73	289	(15)	90	364
Internal Audit	63	-	-	63	-	6	69
Law & Governance	294	(1)	136	429	(25)	81	485
Other Services	183	(13)	54	224		286	510
Social Services	51	-	165	216	-	1,869	2,085
Education Services	45	-	302	347	(21)	210	536

	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Corporate Reserves:</i>							
Apprenticeships Reserve	52	-	22	74	-	28	102
Budget Recovery Reserve	-	-	1,467	1,467	-	1,659	3,126
Pay Award Reserve	-	(153)	1,051	898	(596)	2,242	2,544
Digital Transformation Reserve	-	-	924	924	(43)	-	881
Budget Reductions Reserve	-	-	435	435	(435)	-	-
Renewal Programme Reserve	-	-	477	477	-	-	477
Business Grants Reserve	-	-	200	200	-	-	200
Carbon Reduction Reserve	-	-	170	170	-	-	170
Home to School Transport	19	-	218	237	-	-	237
Winter Maintenance	83	-	-	83	-	250	333
Insurance Reserves	1,450	(211)	625	1,864	(431)	615	2,048
PFI Unitary Charge	-	(38)	38	-	-	277	277
Redundancy & Retirement	-	-	-	-	-	-	-
Managed Print Service	56	-	-	56	-	-	56
Hardship Fund	-	-	-	-	-	2,553	2,553
Redemption Cost Mostyn Street Offices	-	-	-	-	(653)	-	(653)
Other	198	(22)	283	459	(2)	108	565
Earmarked Grants Reserves	435	(295)	1,754	1,894	(1,650)	1,878	2,122
Total Earmarked Reserves	7,540	(938)	15,472	22,074	(5,003)	17,764	34,835
Total Capital Reserves	1,098	(2,844)	2,962	1,216	(912)	2,575	2,879

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

Reserve	Description
Service Reserves:	
Community Development	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 commitments.
Tramway - Maintenance Programme	An earmarked reserve to support the ongoing maintenance programme for the Great Orme Victorian Tramway.
Environment, Roads & Facilities	Represents several amounts set aside for earmarked projects or risks, e.g. Asset Management Planning, carry forward highway maintenance, the Harbour reserve, and other business critical risks and commitments.
IT / E-Government	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 upgrades.
Human Resources	Represents several amounts set aside for earmarked projects or risks, e.g. 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 support services.
Theatres - Repairs & Renewals	An earmarked reserve to support the ongoing repairs and renewal programme for the Theatres.
Regulatory & Housing Services	Represents several amounts set aside for earmarked projects or risks, e.g. Development Control, Building Control, and statutory public health support.
Social Services	Held on behalf of the trading account and its partners for the Galw Gofal service along with amounts set aside for budgetary 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.

Corporate Reserves:	
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 approved budget recovery plan for 2021/2022.
Pay Award 2022/23 Reserve	To assist with pay pressures should there be a pay award in 2022/2023 and increase in Contributions.
Digital Transformation Reserve	Carry forward of WG grant received in 2020/2021 to support IT and digital investment required as a consequence of the pandemic.
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 Programme recovery initiatives and non-grant funded 'opening up' initiatives in 2022/2023.
Business Grants Reserve	To safeguard the Authority in the event of grant clawback from WG in relation to business grants paid to local businesses during 2021/2022.
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 excesses incurred by services and schools.
PFI Unitary Charge	Created to contribute to the funding of future PFI Unitary Charge payments
Managed Print Service	Represents an amount set aside to fund a temporary post.
Hardship Fund	To support the Authority during 2022/23, with the loss of WG Hardship Fund.
Redemption Cost Mostyn Street Offices	A negative reserve to be recovered from budget savings over the next few years.
Other	To meet a variety of other commitments and risks, and service reserves used for budget reductions in 2022/23.
Earmarked Grants Reserves	Represents income from Government grants set aside for use in the provision of specific services in accordance with grant conditions.

12. Property, Plant and Equipment

Movements in 2021/22:	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2021	393,731	41,951	178,431	7,075	1,310	4,661	627,159	71,464
Additions	3,719	5,210	24,727	883	-	5,960	40,499	669
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve					15		15	
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services					(105)		(105)	
Derecognition - Disposals		(3,998)					(3,998)	
Transfers from Assets under Construction	1,899					(2,020)	(121)	
Accumulated Depreciation and Impairment Written Out on Revaluation							-	
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	
At 31 March 2022	399,425	43,163	203,158	7,958	1,220	8,601	663,525	72,133
Accumulated Depreciation & Impairment								
At 1 April 2021	(14,359)	(23,262)	(87,073)	(5,227)	-	-	(129,921)	(7,883)
Depreciation Charge	(9,357)	(4,689)	(6,728)	(217)			(20,991)	(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)	(669)
Accumulated Depreciation and Impairment Written Out on Revaluation							-	-
Derecognition - disposals		3,984					3,984	-
Other movement							-	
At 31 March 2022	(29,642)	(23,967)	(93,801)	(5,444)	-	-	(152,854)	(10,180)
Net Book Value								
at 31 March 2022	369,783	19,196	109,357	2,514	1,220	8,601	510,671	61,953
at 31 March 2021	379,372	18,689	91,358	1,848	1,310	4,661	497,238	63,581

Movements in 2020/21:	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2020	393,731	41,951	178,431	7,075	1,310	4,661	627,159	71,464
Additions	5,995	5,227	11,151	187		2,664	25,224	674
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	1,962				35		1,997	(674)
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	-				(16)		(16)	
Derecognition - Disposals		(3,354)					(3,354)	
Transfers from Assets under Construction	2,489	14	9			(2,532)	(20)	
Accumulated Depreciation and Impairment Written Out on Revaluation	(1)						(1)	
Assets Reclassified to/(from) Land and Buildings	(646)				646		-	
Assets Reclassified (to)/from Surplus Assets							-	
Assets Reclassified (to)/from Held for Sale	(492)				(410)		(902)	
Assets Reclassified (to)/from Investment Properties	(79)				125		46	
At 31 March 2021	402,959	43,838	189,591	7,262	1,690	4,793	650,133	71,464
Accumulated Depreciation & Impairment								
At 1 April 2020	(14,359)	(23,262)	(87,073)	(5,227)	-	-	(129,921)	(7,883)
Depreciation Charge	(9,107)	(4,194)	(6,412)	(255)			(19,968)	(1,628)
Depreciation Written Out to the Revaluation Reserve							-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(5,238)						(5,238)	-
Impairment Losses recognised in the Revaluation Reserve							-	-
Accumulated Depreciation and Impairment Written Out on Revaluation	1						1	-
Derecognition - disposals		3,354					3,354	-
Other movement							-	-
At 31 March 2021	(28,703)	(24,102)	(93,485)	(5,482)	-	-	(151,772)	(9,511)
Net Book Value								
at 31 March 2021	374,256	19,736	96,106	1,780	1,690	4,793	498,361	61,953
at 31 March 2020	379,372	18,689	91,358	1,848	1,310	4,661	497,238	63,581

Capital Commitments

At 31 March 2022, the Authority has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £4.188m. Similar commitments at 31 March 2021 were £15.998m. A de minimis of £50,000 has been applied to capital commitments. The major commitments are:

Council Fund Capital Programme Scheme	Contracted Future Cost £'000
Gwydyr Public Convenienecs	166
Bron y Nant	3,009
Ysgol Feithrin, Glan Conwy EY Provision	281
Pencaer Community Learning Hub	90
Eryl Wen	211
Mostyn Street Pavement	57
Llanfairfechan Emergency Works	124
Tir Prince Access	250
Total	4,188

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.

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:

	2021/22 £000	2020/21 £000
Rental income from Investment Property	674	875
Expenditure on Investment Property	(2)	(77)
Net gain/(loss)	672	798

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

Fair Value of Investment Properties	2021/22	2020/21
	£'000	£'000
Balance at start of year	16,318	12,141
Additions:		
▪ Purchases	-	-
▪ Construction	-	-
▪ Subsequent Expenditure	-	-
Disposals	(107)	-
Net gains/(losses) from fair value adjustments	280	4,223
Transfers:		
▪ (to)/from surplus assets	-	(125)
▪ (to)/from Property, Plant and Equipment	(132)	79
▪ (to)/from Assets Held For Sale	-	-
Impairment Losses	-	-
Balance at year end	16,359	16,318

14. Assets Held For Sale

	2021/22	2020/21
	£'000	£'000
Balance outstanding at start of year	1,580	1,428
Assets newly classified as held for sale:		
▪ Property, Plant & Equipment	65	491
▪ Intangible Assets	-	-
▪ Surplus Assets	-	410
Other Assets/Liabilities in Disposal Groups	-	-
Revaluation Losses	(25)	(839)
Revaluation Gains	-	90
Impairment Losses	-	-
Assets declassified as held for sale:		
▪ Property, Plant & Equipment	(8)	-
▪ Intangible Assets	-	-
▪ Investment Properties	-	-
Other Assets/Liabilities in Disposal Groups	-	-
Assets Sold	(600)	-
Transfers from Non-Current to Current	-	-
Additions		
Balance outstanding at year end	1,012	1,580

15. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are between 1 and 7 years.

The movement on Intangible Asset balances during the year is as follows:

	2021/22	2020/21
	£'000	£'000
Balance at start of year:		
▪ Gross Carrying Amounts	3,064	3,047
▪ Accumulated Amortisation	(2,608)	(2,417)
Net carrying amount at start of year	456	630
Additions:		
▪ Purchases	28	17
▪ Transfer from Assets Under Construction	-	-
Amortisation for the period	(142)	(191)
Net carrying amount at end of year	342	456
Comprising:		
▪ Gross carrying amounts	3,092	3,064
▪ Accumulated amortisation	(2,750)	(2,608)
	342	456

There are no internally generated intangible assets.

16. Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables			8,193	8,187
Cash equivalents - investments			19,950	6,320
Cash equivalents Foundation Schools - investments			255	233
Available-for-sale financial assets	2,227	1,931	-	-
Total Investments	2,227	1,931	28,398	14,740
Debtors				
Loans and receivables	5,400	5,260	-	-
Financial assets carried at contract amounts			61,549	51,144
Total Debtors	5,400	5,260	61,549	51,144
Borrowings				
Financial liabilities at amortised cost	116,422	116,157	65,565	65,486
Total Borrowings	116,422	116,157	65,565	65,486
Other Liabilities				
PFI and finance lease liabilities	44,317	46,949	2,632	2,441
Total Other Liabilities	44,317	46,949	2,632	2,441
Creditors				
Financial liabilities carried at contract amount	2,371	2,974	44,087	32,076
Total Creditors	2,371	2,974	44,087	32,076

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 43.

Analysis of short term Investments:

	31 March 2022	31 March 2021
	£'000	£'000
Financial Assets - Investments	8,193	8,187
Cash Equivalents - Investments	19,950	6,320
Cash Equivalents - Foundation Schools Investments	255	233
Accruals	(8)	(2)
Investments	28,390	14,738

Analysis of long and short term actual debt outstanding:

	31 March 2022 £'000	31 March 2021 £'000
Financial Liabilities: Long Term Borrowing	116,422	116,157
Financial Liabilities: Short Term Borrowing	65,565	65,486
	181,987	181,643
Less PWLB Interest Accruals	(749)	(753)
Market Loans Interest Accruals	(178)	(173)
Stepped Loan Effective Interest Rate adjustment	(146)	(147)
Premium adjustment to Modified Loan	685	689
IFRS9 loan modification	144	144
Soft loan accounting entries	330	206
Debt Outstanding	182,073	181,609

Income, Expense, Gains & Losses

	2021/22				2020/21			
	Financial Liabilities measured at Amortised Cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Total	Financial Liabilities measured at Amortised Cost	Financial Assets: Loans and Receivables	Financial Assets: Available for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	5,946	-	-	5,946	6,131	-	-	6,131
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in fair value	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Fee expense	58	-	-	58	47	-	-	47
Total expense in Surplus or Deficit on the Provision of Services	6,004	-	-	6,004	6,178	-	-	6,178
Interest income	-	(31)	-	(31)	-	(77)	-	(77)
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increase/Decrease in fair value	-	129	295	424	-	108	114	222
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
Total Income in Surplus or Deficit on the Provision of Services	-	98	295	393	-	31	114	145
Net (Gain) Loss for the year	6,004	98	295	6,397	6,178	31	114	6,323

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 2022 of 2.08% to 2.87% for loans from the PWLB and 2.10% to 2.65% 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 2021/22 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 2022		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Borrowing	65,565	65,565	65,486	65,486
Long-term Borrowing	116,422	176,758	116,157	202,972
Short-term Creditors	46,719	46,719	34,518	34,518
Other long-term Liabilities	46,688	49,786	49,922	60,218
Total	275,394	338,828	266,083	363,194

	31 March 2022		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Investments	8,193	8,193	8,187	8,187
Short-term Debtors	61,550	61,550	51,144	51,144
Long-term Debtors	5,400	5,400	5,260	5,260
Total	75,143	75,143	64,591	64,591

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.

17. Debtors

	31 March 2022 £'000	31 March 2021 £'000
Trade	58,137	49,490
Other	4,155	3,453
Prepayments	2,611	1,087
Total	64,903	54,030
Expected credit loss	(3,353)	(2,886)
Net Debtors	61,550	51,144

The Council's write-off policy is outlined in the Council's Financial Regulations.

18. Cash and Cash Equivalents

	31 March 2022 £'000	31 March 2021 £'000
Cash Held by the Authority	3,832	1,840
Bank Current Accounts	(671)	200
Short-term Deposits	19,950	6,320
Short-term Deposits - Foundation Schools	255	233
Total Cash & Cash Equivalents	23,365	8,593

19. Creditors

	31 March 2022 £'000	31 March 2021 £'000
Trade	42,992	30,771
Other	3,727	3,747
Net Creditors	46,719	34,518

The above analysis includes receipts in advance of £16.774m mainly consisting of Welsh Government Grants of £12.903m, local taxation of £0.974m and theatre shows income of £1.552m.

20. Provisions

	Insurance Provisions £'000	Early Voluntary Retirement Provision £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2020	752	112	57	921
Additional Provisions made in 2020/21	182	94	-	276
Amounts used in 2020/21	(291)	(49)	-	(340)
Unused amounts reversed in 2020/21	(24)	(22)	(23)	(69)
Balance at 31 March 2021	619	135	34	788
Non-Current	-	-	-	-
Current	619	135	34	788
	Insurance Provisions £'000	Early Voluntary Retirement Provision £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2021	619	135	34	788
Additional Provisions made in 2021/22	420	79	756	1,255
Amounts used in 2021/22	(160)	(65)	-	(225)
Unused amounts reversed in 2021/22	(23)	(30)		(53)
Balance at 31 March 2022	856	119	790	1,765
Non-Current	-	-	-	-
Current	856	119	790	1,765

Insurance Provisions – Municipal Mutual Insurance (MMI)

MMI ceased writing insurance business on 30/09/1992. In order to achieve a solvent run off, a scheme of arrangement was entered into by the creditors under section 425 of the Companies Act 1985 (now section 899 of the Companies Act 2006). The scheme was triggered on 13/11/2012 and a levy equating to 15% of the value of claims against the former Aberconwy and Colwyn Borough Councils and Clwyd and Gwynedd County Councils, amounting in total to £0.363m, was paid.

At the end of 2015/2016 MMI (in the scheme of arrangement) announced a second levy, this time equating to 10% of payments made and a further sum amounting to £0.262m was paid out early in 2016/2017. This has brought the total levy to 25% and the total paid to £0.625m.

New claims received since the scheme was triggered are not included within the amount subject to the levy, but are instead dealt with by the relevant successor authority. At the current time 75% of the cost of these claims is being reimbursed by MMI (in the scheme of arrangement). Based on claims outstanding as at 31/03/2022, a sum of £90,000 is held in a provision to meet these liabilities.

Insurance Provisions – Chartis and Zurich Municipal (ZM)

The majority of claims for material damage or personal injury are individually insignificant. Provision however, based on the value that the insurer has placed on individual claims, is made where it is deemed probable that liability will attach.

It is anticipated that of all claims outstanding at 31/03/2022, the Authority will bear approximately £0.766m by way of policy excesses.

Early Voluntary Retirement Provision

The Compensation and Earliness costs due to be paid to the Pension Fund in respect of staff retiring early. The balance at 31/3/2022 is £0.119m (£0.135m 31/3/2021) which it is estimated will be settled in 2022/23 and £79,000 of which is included as a contribution to provision in the 2021/22 accounts.

Other Provisions

All other Provisions total £0.790m.

21. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 11.

22. Unusable Reserves

	31 March 2022 £'000	31 March 2021 £'000
Revaluation Reserve	119,640	125,564
Available for Sale Financial Assets Reserve	2,227	1,931
Capital Adjustment Account	182,932	166,998
Financial Instruments Adjustment account	(325)	(484)
Pensions Reserve	(164,383)	(253,546)
Deferred Capital Receipts Reserve	1,483	1,594
Accumulated Absences Account	(3,489)	(3,363)
Total Unusable Reserves	138,085	38,694

Revaluation Reserve

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

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

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

2020/21 £'000	Revaluation Reserve	2021/22 £'000
127,394	Balance at 1 April	125,564
3,134	Upward revaluation of assets	15
(1,549)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,252)
1,585	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	(2,237)
(3,415)	Difference between fair value depreciation and historical cost depreciation	(3,573)
0	Accumulated gains on assets sold or scrapped	(114)
(3,415)	Amount written off to the Capital Adjustment Account	(3,687)
125,564	Balance at 31 March	119,640

Available for Sale Financial Assets Reserve

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

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2020/21 £'000	Available for Sale Financial Assets Reserve	2021/22 £'000
1,817	Balance at 1 April	1,931
	Downward revaluation of investments	
114	Upward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	296
	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	
1,931	Balance at 31 March	2,227

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.

2020/21	Capital Adjustment Account	2021/22
£'000		£'000
157,837	Balance at 1 April	166,998
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(19,967)	▪ Charges for depreciation & impairment of non-current assets	(20,991)
(5,679)	▪ Revaluation gain / (losses) on Property, Plant & Equipment	(3,804)
90	▪ Revaluation gains on Assets Held for Sale	-
(191)	▪ Amortisation of Intangible Assets	(142)
115	▪ Revenue expenditure funded from capital under statute	49
-	▪ 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	(720)
3	▪ Administration costs of asset disposal in advance of sale	127
391	▪ Reversal of PFI Lifecycle timing	-
391	▪ Previous Year's grant adjustment	139
(25,238)		(25,342)
3,415	▪ Adjusting amounts written out of the Revaluation Reserve	3,687
(21,823)	Net written out amount of the cost of non-current assets consumed in the year	(21,655)
	Capital financing applied in the year:	
9	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	4
-	▪ Use of the Capital Receipts Reserve to repay debt	-
18,717	▪ Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	30,723
-	▪ Application of grants to capital financing from the Capital Grants Unapplied Account	-
6,748	▪ Statutory provision for the financing of capital investment charged against the Council Fund	6,387
1,289	▪ Capital expenditure charged against the Council Fund	195
4,940		15,654
4,221	▪ Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	280
166,998	Balance at 31 March	182,932

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid and discounts earned on the early redemption of unmodified loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred/earned, but reversed out of the Council Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense/income is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2020/21 £'000	Financial Instruments Adjustment Account	2021/22 £'000
(621)	Balance at 1 April	(484)
29	Proportion of premiums/discounts incurred/earned in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	29
108	Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	130
(484)	Balance at 31 March	(325)

Pensions Reserve

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

2020/21 £'000	Pensions Reserve	2021/22 £'000
(176,674)	Balance at 1 April	(253,546)
(63,389)	Actuarial gains or (losses) on pensions assets & liabilities	117,196
(28,886)	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	(43,779)
15,403	Employer's pension contributions payable in the year	15,746
(253,546)	Balance at 31 March	(164,383)

Deferred Capital Receipts Reserve

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

2020/21 £'000	Deferred Capital Receipts Reserve	2021/22 £'000
1,713	Balance at 1 April	1,594
(69)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(61)
(50)	Transfer to the Capital Receipts Reserve upon receipt of cash	(50)
1,594	Balance at 31 March	(1,483)

Accumulated Absences Account

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

2020/21 £'000	Accumulated Absences Account	2021/22 £'000
(3,149)	Balance at 1 April	(3,363)
3,149	Settlement or cancellation of accrual made at the end of the preceding year	3,363
(3,363)	Amounts accrued at the end of the current year	(3,489)
(214)	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(126)
(3,363)	Balance at 31 March	(3,489)

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

2020/21 £'000		2021/22 £'000
(19,967)	Depreciation of Non Current Assets	(20,990)
(191)	Amortisation of Intangible Fixed Assets	(142)
(13,482)	Pension Fund adjustments	(28,033)
(795)	Increase/decrease in impairment for provision for bad debts	(467)
134	Contributions to Provisions	(976)
-	Carrying amount of Property Plant & Equipment, investment property and intangible assets sold	(720)
(977)	Impairment and revaluations	(3,524)
2,301	Other non-cash movement	(450)
(160)	Increase/(Decrease) in Inventories	(37)
8,071	Increase/(Decrease) in Debtors	2,022
(10,811)	(Increase)/Decrease in Creditors	(9,474)
(35,877)	Net non cash movements	(62,791)

The cash flows for Operating Activities include the following items:

2020/21 £'000		2021/22 £'000
(162)	Interest received	(112)
8,106	Interest paid	7,791

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

2020/21 £'000		2021/22 £'000
25	Proceeds from sale of non-current assets	1,346
19,585	Capital grants and contributions credited to income and expenditure	32,159
116	Revenue Expenditure Funded from Capital Under Statute	49
-	Finance lease liability	-
19,726	Net cash flow from investing activities	33,554

25. Cash Flow Statement – Investing Activities

2020/21 £'000		2021/22 £'000
28,281	Purchase of property, plant and equipment, investment property and intangible assets	40,574
341,506	Purchase of short –term and long-term investments	363,818
(25)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,346)
(342,499)	Proceeds from short-term and long-term investments	(363,812)
(24,105)	Other receipts from investing activities	(28,150)
3,158	Net cash flow from investing activities	11,084

26. Cash Flow Statement – Financing Activities

2020/21 £'000		2021/22 £'000
(122,504)	Cash receipts of short-term and long-term borrowing	(104,886)
-	Other receipts from financing activities	-
2,308	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,443
137,908	Repayments of short- term and long- term borrowing	104,420
1,607	Other payments for financing activities	3,228
19,319	Net cash flow from financing activities	5,205

27. 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 (Tranche 1), for the repair of properties which have been long term vacant, with the aim of bringing them back into use. The Council received nothing in 2021/22 (nothing in 2020/21) from Welsh Government, and paid nothing to Welsh Government in 2021/22 in respect of repaid loans (nothing in 2020/21).

During 2014/15 the Welsh Government (WG) introduced two new loan schemes for regeneration – Home Improvement Loans and Houses into Homes (Tranche 2). Unlike the Tranche 1 scheme above the funding is repayable to WG in 13 to 15 years. The Council received £0.444m for Home Improvement Loans and £0.444m for Houses into Homes (Tranche 2), a total of £0.888m, during the financial years 2014/15 and 2015/16. No Home Improvement Loans were issued in 2021/22 (none in 2020/21). £35,000 of the Houses into Homes (Tranche 2) Loans were issued in 2021/22 (£112,000 in 2020/21).

Expenditure on these activities was as follows:

	2021/22 £'000	2020/21 £'000
Trunk Roads	5,891	5,470
Home Improvement Loans	-	-
Houses into Homes (Tranche 1)	174	88
Houses into Homes (Tranche 2)	35	112
Total	6,100	5,670

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	Freelancer (Cultural) grants £'000	Social Care Workers Schemes £'000	Winter Fuel Support £'000	Self Isolation payments £'000	SSP Enhancement £'000
Balance due from/(to) WG at 1 April	- 297	-	- 1	-	57	23
Payments made by Council	4,078	53	3,301	1,092	2,170	111
Grants Received from WG	- 6,832	- 53	- 3,422	- 1,092	- 2,010	- 97
Balance due from/(to) WG at 31 March	- 3,051	-	- 122	-	217	37

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

Freelancer (cultural) grants - Payments to freelancers in the culture sector.

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.

28. 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 1st April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement (2019/20 to 2021/22). 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 31st March 2022 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 2022/23:

	2021/22 £'000
	Care Homes for Older People
Expenditure	
Care Home costs	98,982
Total Expenditure	98,982
Funding	
Denbighshire County Council	(9,340)
Conwy County Borough Council	(14,221)
Flintshire County Council	(10,095)
Wrexham County Borough Council	(15,317)
Gwynedd Council	(9,143)
Isle of Anglesey County Council	(5,209)
Betsi Cadwaladr University Health Board	(35,657)
Total Funding	(98,982)
(Surplus) / Deficit transferred to Reserve	0

29. Members' Allowances

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

	2021/22 £000	2020/21 £000
Basic Salary	842	825
Senior Salary	270	264
Expenses	0	1
Total	1,112	1,090

30. 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
		£	£	£	£
2020/21	Chief Executive	124,791	124,791	24,709	149,500
2021/22	Chief Executive	129,195	129,195	25,581	154,776
2020/21	Strategic Director (Economy & Place)	100,613	100,613	18,803	119,416
2021/22	Strategic Director (Economy & Place)	105,186	105,186	19,248	124,434
2020/21	Strategic Director of Social Care and Education	100,613	100,613	19,921	120,534
2021/22	Strategic Director of Social Care and Education	105,921	105,921	20,972	126,893
2020/21	Strategic Director (Finance & Efficiencies)	91,542	91,542	18,125	109,667
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
2020/21	Former Head of Law and Governance	58,735	58,735	11,630	70,365
2020/21	Current Head of Law and Governance	12,115	12,115	2,399	14,513
2021/22	Current Head of Law and Governance	66,724	66,724	13,211	79,935
2020/21	Head of Regulatory and Housing Services	75,238	75,238	14,897	90,135
2020/21	Statutory Head of Education Services	86,902	86,902	17,353	104,255
2021/22	Statutory Head of Education Services	88,206	88,206	17,465	105,671

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 figures for the Strategic Director (Finance and Efficiencies) and the former Head of Law and Governance reflect flexible retirement arrangements for part of 2020/21.

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

The Head of Regulatory and Housing Services post still exists but it no longer needs to be disclosed here.

The table below is based on taxable pay, but the table above 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	2021/22 Number		2020/21 Number	
	Non-Schools	Schools	Non-Schools	Schools
£60,000 - £64,999	5	32	4	12
£65,000 - £69,999	4	9	5	4
£70,000 - £74,999	1	5	0	2
£75,000 - £79,999	2	2	2	1
£80,000 - £84,999	0	2	0	1
£85,000 - £89,999	3	1	3	0
£90,000 - £94,999	0	0	0	1
£95,000 - £99,999	0	3	0	0
£100,000 - £104,999	0	1	1	2
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	0	0	0	0

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

	2021/22 Scale Point	2020/21 Scale Point
Chief Executive	£129,195	£124,791
Median	£21,633	£21,685
Ratio	5.97	5.75

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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
							£	£
£0 - £19,999	4	6	9	9	13	15	50,653	81,811
£20,000 - £39,999	-	-	2	1	2	1	69,587	24,266
£40,000 - £59,999	1	-	-	-	1	-	57,370	-
£60,000 - £79,999	-	1	-	2	-	3	-	202,301
£80,000 - £99,999	-	-	1	-	1	-	90,753	-
£100,000 - £149,999	-	1	-	1	-	2	-	254,112
Total	5	8	12	13	17	21	268,363	562,490

31. 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

	2021/22	2020/21
	£'000	£'000
Fees payable to Audit Wales relating to the audit of the financial statements.	196	195
Fees payable to Audit Wales relating to Performance audit work	99	99
Fees payable for the certification of grant claims and returns for the year.	74	35
	369	329

32. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

	2021/22	2020/21
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	129,350	123,825
<i>Sub Total</i>	129,350	123,825
Capital Grants:		
General Capital Grant	5,799	3,029
Targetted Regeneration Initiative	442	526
Covid Response	623	447
Waste Grants	-	4,422
21st Century Schools Grant	593	268
Education Grants	3,146	3,041
Flood Alleviation Schemes	1,622	1,997
Environmental and Sustainable Development Grant	-	-
Strategic & Targetted Regeneration Area	-	-
Colwyn Bay Waterfront Coastal Defence	920	2,191
Coastal Defence Grants	937	440
Transport / Network Grants	13,988	614
European Grant	-	1,257
Integrated Care Fund	1,638	620
Other Welsh Government Grants	2,380	465
Other Various Grants	71	267
<i>Sub Total</i>	32,159	19,584
Grand Total	161,509	143,409

Credited to Services:		
Various capital grants applied (REFCUS)	2,390	2,403
Housing Support Grant	8,645	6,572
Post-16 Provision in Schools	5,954	5,105
Secondary School Sports	211	192
Miscellaneous Education Grants	724	1,172
Foundation Schools	-	61
Pupil Deprivation Grant	3,060	3,168
Education Improvement Grant	3,985	3,535
TRAC (European Social Fund)	877	596
Local Authority Education Grant	6,242	4,005
Youth Revenue Grant	417	237
DWP - Housing Benefits Grant	26,399	28,582
Council Tax Admin Grant	327	319
Council Tax - Cost of Living	959	-
Discretionary Housing Payments	249	271
COVID 19 - Additional Expenditure	11,235	12,782
C19 Loss of Income	4,517	9,706
Covid Admin Grant	142	814
C Tax Reduction Scheme	-	592
C Tax shortfall	676	712
Savings not achieved	-	924
Digital Transformation	-	924
Sports Wales - LAPA	127	77
Big Lottery projects	196	81
National Exercise Referral Scheme	147	153
WG Rural Grants	98	234
Legacy & Communities For Work Plus	599	430
Families First	80	106
Miscellaneous Grants	522	65
Housing COVID Phase 2	-	319
Substance Misuse Action Fund	298	250
Roads Maintenance	-	505
Bus Services Support Grant	639	1,731
Concessionary Fares	2,779	2,735
Social Care Workforce Development Programme	299	292
Youth Homelessness	240	240
Transformation	1,407	1,463
Recovery Fund	1,395	-
Social Care Pressures	1,940	-
Promoting Independence	388	-
Youth Justice Service	384	333
Flexible Funding/Families First	1,326	1,154
Transport Services Grant	-	70
Integrated Care Fund	2,890	2,797
Flying Start Revenue Grant	2,168	2,129
Well Being Activity	788	137
Funded Nursing Care	-	-
FF (Promoting Positive Engagement)	251	327
Social Care Workforce Grant	1,940	1,552
Sustainable Waste Management Grant	790	601
NWRWTP Grant Parc Adfer	1,118	-
Coast Protection	200	200
Environment Grants	-	246
Other Grants	2,365	2,346
Grand Total	102,383	103,245

The Authority has received a number of contributions that have yet to be recognised as capital income as they have conditions attached to them that will require the monies to be returned to the grantor if conditions are not met. The balances at the year-end in respect of capital are as follows:

	31 March 2022	31 March 2021
	£'000	£'000
Capital Grants Receipts in Advance		
Section 106 Agreements	2,544	2,372
Total	2,544	2,372

33. 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:

	2021/22 £'000	2020/21 £'000
North Wales Fire and Rescue Authority	6,231	6,006
North Wales Police and Crime Commissioner	15,576	14,734
Snowdonia National Park Authority	314	286

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 2021/22 a total of £297,713 (including year-end creditors of £12,656) (2020/21: £349,838 including year-end creditors of £37,500) was paid to these bodies by way of grants and the purchasing of services. In 2021/22 the Council received income of £21,780 (including year-end debtors of £3,147) (£44,408 in 2020/21 including year-end debtors of £38,288) 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 £102,198 were paid in 2021/22 (no year-end creditor) (£100,409 in 2020/21, no year-end creditor), and from which the Council received income of £1,260,820 (no year-end debtors) (£433,003 in 2020/21, including year-end debtors of £66,077).

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 2021/22.

A total of £6,360 (including a year-end creditor of £160) was paid by the Council in 2021/22 under such arrangements (£nil in 2020/21), and no income was received by the Council (£nil in 2020/21).

Members

Members were sent a declaration of interest with related parties return for the year 2021/22 and mainly declared interests in companies or businesses which may have dealings with the Council.

A total of £627,667 (including a year-end creditor of £10,143) was paid by the Council in 2021/22 under such dealings (2020/21: £769,138 including year-end creditors of £4,499), and a total of £45,936 (including a year-end debtor of £2,086) was received by the Council (£8,185 in 2020/21 (no year-end debtors)). 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.

34. 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.

	2021/22	2020/21
	£'000	£'000
Opening Capital Financing Requirement	223,222	225,276
Capital Investment		
Property, Plant & Equipment	40,499	25,224
Assets Held for Sale	-	-
Intangible Assets	28	17
Revenue Expenditure funded from Capital under Statute	2,219	2,265
Reverse PFI lifecycle timing	-	(391)
Sources of Finance		
Capital Receipts	(131)	(12)
Government Grants & Other Contributions	(33,112)	(21,120)
Sums set aside from revenue:		
Direct Revenue Contributions	(195)	(1,289)
MRP	(6,387)	(6,748)
2020/21 grants adjustment	(138)	-
Closing Capital Financing Requirement	226,005	223,222
Explanation of movements in year		
Increase in underlying need to borrow	3,941	(774)
Finance Leases (including Coed Pella and PFI)	(12)	(11)
PFI/Coed Pella contracts	(881)	(875)
Costs of disposal movement in CAA	(127)	(3)
Reverse PFI lifecycle timing	-	(391)
2020/21 grants adjustment	(138)	-
Increase/(Decrease) in Capital Financing Requirement	2,783	(2,054)

35. Revenue Expenditure Funded From Capital Under Statute

Revenue expenditure funded from capital under statute represents expenditure that has been properly capitalised, but does not result in tangible fixed assets. The revenue expenditure funded from capital under statute is written down in the year it is incurred. This write off is charged to revenue with a compensating credit to revenue from the Capital Adjustment Account. The movement for the year is as follows: -

	Renovation Grants and Renewal Areas		Other		Total	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance at 31 March	-	-	-	-	-	-
Transfer from Debtors	-	-	-	-	-	-
Expenditure in year	1,396	1,514	945	773	2,341	2,287
Grants	(1,308)	(1,514)	(1,082)	(888)	(2,390)	(2,402)
Written Off to Revenue	(88)	-	137	115	49	115
Balance at 31 March	-	-	-	-	-	-

'Other' revenue expenditure funded from capital under statute includes Economic Development - Commercial Property Investment Scheme (TRI), PMF - Llanefydd Town Hall Renovation, Childcare Small Grant Offer - Phase 2, Open Spaces - Nature Reserves Capital Projects, Covid 19 Homelessness & Housing Grant - Empty Homes Initiative - PRS 6 Units, Bangor Back Lane Noise Reduction Measures, etc.

An error of £50,000 has been corrected in the above table for 2020/21.

36. 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 2022 £'000	31 March 2021 £'000
Other Land & Buildings	33,645	34,219
Vehicles, Plant, Furniture & Equipment	-	-
Total	33,645	34,219

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 2022 £'000	31 March 2021 £'000
Finance lease liabilities (NPV of minimum lease payments)		
▪ Current	538	523
▪ Non-Current	32,395	32,933
Finance costs payable in future years	21,198	22,158
Minimum Lease Payments	54,131	55,614

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
No later than one year	1,479	1,479	538	523
Later than one year and not later than 5 years	5,916	5,916	2,313	2,248
Later than 5 years	46,736	48,219	30,082	30,685
Total	54,131	55,614	32,933	33,456

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:

	31 March 2022 £'000	31 March 2021 £'000
No later than 1 year	1,043	931
Later than 1 year and not later than 5 years	1,347	1,229
Later than 5 years	9,481	9,640
Total	11,871	11,800

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:

	2021/2022 £'000	2020/2021 £'000
Minimum lease payments	931	948
Payments receivable in respect of properties occupied by homeless families	(656)	(548)
Total	275	400

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:

	31 March 2022 £'000	31 March 2021 £'000
Finance lease debtor (NPV of minimum lease payments)		
▪ Current	116	111
▪ Non-Current	1,367	1,483
Unearned finance income	456	532
Unguaranteed residual value of property	(263)	(263)
Gross Investment in the lease	1,676	1,863

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:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
No later than one year	187	187	187	187
Later than one year and not later than 5 years	725	735	725	735
Later than 5 years	764	941	764	941
Total	1,676	1,863	1,676	1,863

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:

	31 March 2022 £'000	31 March 2021 £'000
No later than 1 year	887	922
Later than 1 year and not later than 5 years	1,064	1,351
Later than 5 years	9,479	10,258
Total	11,430	12,531

The minimum lease payments receivable do not include rent that is contingent on turnover. In 2021/22 contingent rents received amounted to £476,415. In 2020/21 this figure was £674,198.

37. 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, 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 2021/22 was £7.2m (no availability and performance deductions) for the period April 2021 to March 2022 inclusive. (Unitary Charge in the financial year 2020/21 was £7.2m with no availability and performance deductions). The full year charge in 2022/23 is estimated to be approximately £7.5m at a price base of 1 April 2022.

The outstanding undischarged obligation arising from the PFI transaction is approximately £57.2m (£63.2m in 2020/21), 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

	2021/22 £'000	2020/21 £'000
Value at 1 April	63,581	65,209
Additions	669	674
Revaluations	(669)	(674)
Reclassifications	-	-
Depreciation	(1,628)	(1,628)
Value at 31 March	61,953	63,581

Value of Liabilities resulting from PFI and Similar Contracts

	2021/22 £'000	2020/21 £'000
Balance outstanding at 1 April	(15,934)	(18,125)
Payments/adjustments during the year	1,919	2,191
Balance outstanding at 31 March	(14,015)	(15,934)

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

	Service Charges £'000	Repayments of Liability £'000	Interest £'000	Total £'000
Within one year	4,180	2,094	1,200	7,474
Within two to five years	21,155	6,617	3,155	30,927
Within six to ten years	12,787	5,304	751	18,842

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 30th 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 30th 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.

38. 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 2021/22, the Council paid an employer contribution of £10.038m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2020/21 were £9.473m and 23.68% of pensionable pay. There were no contributions remaining payable at the year end (31 March 2021 – 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.

39. 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 2021/22 was 19.8% (2020/21 19.8%). The rate will be 19.8% in 2022/23. The total amount paid to the Gwynedd scheme in 2021/22 was £14.815m in respect of standard pension contributions (£14.454m in 2020/21).

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 2020/21

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	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Comprehensive Income & Expenditure Statement				
Net Cost of services:				
▪ Current service cost	38,336	24,677	-	-
▪ Past service cost	163	87	2	2
▪ Settlements			-	-
Financing & Investment Income & Expenditure				
▪ Net Interest	4,909	3,738	344	382
Total Defined Benefit Charged to Provision of Services	43,408	28,502	346	384
Other Pension Costs Charged to the Comprehensive Income & Expenditure Statement				
▪ Return on assets (excluding interest)	(47,129)	(137,550)		
▪ Remeasurements on liabilities	(69,420)	199,530	(740)	1,409
Total Pension Costs Charged to the Comprehensive Income & Expenditure Statement	(73,141)	90,482	(394)	1,793
Movement in Reserves Statement				
▪ Reversal of charges in accordance with the Code	43,408	28,502	346	384
Actual amounts charged to the General Fund in year:				
▪ Employer contributions	15,746	15,404		
▪ Less prepayment adjustment			-	-
	15,746	15,404		
▪ Discretionary payments			1,291	1,321

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	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(872,075)	(896,491)	(15,358)	(17,043)
Fair value of assets	723,168	659,989	-	-
Less prepayment adjustment	-	-	-	-
Sub total	(148,907)	(236,502)	(15,358)	(17,043)
Other movements in liability/assets	-	-	-	-
Net liability	(148,907)	(236,502)	(15,358)	(17,043)

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 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Opening balance	896,491	667,773	17,043	16,571
Current service cost	38,336	24,677	-	-
Interest cost	18,178	15,493	344	382
Contributions by plan participants	4,526	4,427	-	-
Remeasurements	(69,420)	199,530	(740)	1,409
Benefits paid	(16,199)	(15,496)	(1,291)	(1,321)
Past service costs/(credit)	163	87	2	2
Closing Balance	872,075	896,491	15,358	17,043

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

Assets	Local Government Pension Scheme	
	31 March 2022 £'000	31 March 2021 £'000
Opening balance at 1 April	659,989	507,670
Remeasurements	47,129	137,550
Asset Interest	13,269	11,755
Employer contributions	14,454	14,083
Contributions by scheme participants	4,526	4,427
Benefits paid	(16,199)	(15,496)
Unfunded Benefits Paid	(1,291)	(1,321)
Unfunded Benefits Contributions	1,291	1,321
Closing balance	723,168	659,989

Local Government Pension Scheme Assets

Asset Category	2021-22				2020-21			
	Quoted Prices in Active Markets £'000	Prices Not Quoted in Active Markets £'000	Total £'000	%	Quoted Prices in Active Markets £'000	Prices Not Quoted in Active Markets £'000	Total £'000	%
Equity Securities								
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
Debt Securities								
Other		-	-	0.0		-	-	0.0
Private Equity								
All		40,887	40,887	5.6		41,183	41,183	6.2
Real Estate								
UK Property		62,226	62,226	8.6		52,533	52,533	7.9
Overseas Property		-	-	0.0		-	-	0.0
Investment Funds & Unit Trusts								
Equities		461,101	461,101	63.6		424,365	424,365	64.1
Bonds		-	-	-		-	-	-
Infrastructure		14,181	14,181	2.0		11,677	11,677	1.8
Other		144,882	144,882	20.0		128,763	128,763	19.4
Debt Securities								
Other		-	-	-		-	-	0.0
Cash & Cash Equivalents								
All	2,263	-	2,263	0.3	3,822	-	3,822	0.6
Totals	2,263	723,277	725,540	100	3,822	658,521	662,343	100

Details regarding the changes in the Local Government Pension Scheme rules, including the change from final salary benefits to career average re-valued benefits for service from 1st April 2014 onwards, can be found on the following link:

<https://www.lgpsregs.org/>

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 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Mortality Assumptions:				
Longevity at 65 for current pensioners				
▪ Men	21.3	21.5	21.3	21.5
▪ Women	23.7	23.9	23.7	23.9
Longevity at 65 for future pensioners				
▪ Men	22.4	22.7	22.4	22.7
▪ Women	25.7	25.9	25.7	25.9
Rate of Inflation	3.65%	3.3%	3.65%	3.3%
Rate of Increase in salaries	3.50%	3.15%	3.50%	3.15%
Rate of Increase in pensions	3.20%	2.85%	3.20%	2.85%
Rate for discounting scheme liabilities	2.7%	2.0%	2.7%	2.0%
Take-up of option to convert annual pension into retirement lump sum				
- pre April 2008 service	50%	50%	-	-
- post April 2008 service	75%	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 2022:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	17,672
1 year increase in member life expectancy	4%	34,406
0.1% increase in the Salary Increase Rate	0%	1,911
0.1% increase in the Pension Increase Rate (CPI)	2%	15,626

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 2019), 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 2023 will be approximately £13.852m for the Conwy element.

40. Contingent Liabilities

Municipal Mutual Insurance (MMI)

Actuarial opinion is that the levy could increase from the 25% paid to date. Whilst theoretically the exposure of a scheme creditor could ultimately equate to 100%, it is considered more likely that the final levy will be in the region of 35%. Based on the current scheme liabilities, should a further 10% levy be demanded, then another £287,000 would be needed. This sum is identified within the insurance reserves. It does not however take account of new and emerging claims, nor for an ultimate levy in excess of 35%.

Insurance Claims

There are occasions where an incident has, or may have, occurred and we have reason to believe that an insurance claim could be received at some point in the future. It is impossible however to quantify the potential value of these incidents unless, or until, a claim is submitted, however the costs would be limited to the Council's insurance excess per claim.

41. Contingent Assets

There are no contingent assets.

42. 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 2021/22 was £287 (£168 in 2020/21).
- 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 2021/22 was £0.645m (£0.637m in 2020/21).
- 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 2021/22 was £168,000 (£90,000 in 2020/21).

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>

43. 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 2021 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.

	Amount at 31 March 2022	Historical Experience of Default	Historical experience adjusted for market conditions at 31 March 2022	Estimated Maximum Exposure to Default & Uncollectability at 31 March 2022	Estimated Maximum Exposure at 31 March 2022
	£'000	%	%	£'000	£'000
Customers	10,899	2.02	2.02	220	220

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

	31 March 2022 £000	31 March 2021 £000
< 3 Months	4,303	6,815
3-6 Months	876	1,338
6-12 Months	506	368
> 12 Months	5,214	4,797
Total	10,899	13,318

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:

	31 March 2022 £000	31 March 2021 £000
Banks (A+)	5,920	6,320
Debt Management Office (AA-)	14,030	0
Local authorities (Unrated)	8,000	8,000
Total	27,950	14,320

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:

	31 March 2022 £'000	31 March 2021 £'000
< 1 Year	64,383	64,371
1 – 2 Years	3,062	383
2 – 5 Years	2,282	4,911
5 – 10 Years	5,939	4,567
10 – 25 Years	476	2,281
> 25 Years	100,655	100,655
Total	176,797	177,168

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 Authority has a number of strategies for managing interest rate risk. The Council has the option to keep a maximum of 30% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Council is not currently taking any long term borrowing and has repaid borrowing out of investments in order to reduce its exposure and to reduce interest costs. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

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 2022, 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	(59)
Impact on Surplus or Deficit on the Provision of Services	(59)
Decrease in Fair Value of fixed rate Investment assets	37
Impact on Other Comprehensive Income & Expenditure	37
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	(26,048)

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.

44. 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 2022 amounted to £114,593 and the income for the year was £484 (Fund Balances at 31 March 2021 amounted to £114,359 and income for the year 2020/21 was -£414 due to an adjustment of over accrued income in the previous year).

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. A copy of the Fund's income and expenditure account and balance sheet appear on page 110.
3. A Trust Fund was set up for the benefit of scholars in Llanrwst for ancillary education. The details of the Ymddiriedolaeth Addysg Llanrwst income and expenditure account and balance sheet appear on page 113.
4. There are a small number of other Trust Funds which have been received. The Fund balances at 31st March 2022 amounted to £220,612 (Fund balances at 31st March 2021 amounted to £220,463).

45. 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 2021/22 was calculated as follows: -

Band	Equivalent Number of Dwellings after Discount	Band D Adjustment	Band D Equivalent
A*	9	5/9	4.86
A	4,272	6/9	2,848.17
B	6,970	7/9	5,421.11
C	13,489	8/9	11,990.00
D	10,527	1	10,526.50
E	8,249	11/9	10,081.50
F	4,601	13/9	6,646.25
G	1,755	15/9	2,924.17
H	395	18/9	789.00
I	126	21/9	293.42
Council Tax Base after allowing for losses on collection			51,524.98

The Band D Council Tax for 2021/22 was £1,383.50.

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

	2021/22	2020/21
	£'000	£'000
Council Tax raised	89,706	86,476

46. 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 2021/22 the rate set by the Welsh Government was 0.535p per £1 of rateable value of the non-domestic properties (2020/21: 0.535p). At 31 March 2022 there were 5,985 properties on the local valuation list in Conwy, representing a rateable value of £86,167,833 (2020/21: £87,455,329). The net income accruing to the Council from the NNDR is as follows:-

	2021/22	2020/21
	£'000	£'000
National Non-Domestic Rate raised	32,725	34,446
Less Cost of Collection Allowance	(309)	(301)
Less sum paid to the National Pool	(32,416)	(34,145)
	-	-
Receipts from the National Pool	39,768	37,573
Net Income from the National Non-Domestic Rates	39,768	37,573

WELSH CHURCH ACT FUND (UNAUDITED)

STATEMENT OF ACCOUNTS 2021/22

Explanatory Foreword

The Council holds the Welsh Church Act Fund by virtue of section 50 of the Local Government (Wales) Act 1994 and the Welsh Church Act Funds (Designation and Specification Order 1996(b)).

The Council through its committee processes is responsible for distributing the income of the fund to such charitable purposes as are detailed in the scheme. Further information on the scheme is available on the Council website, <https://www.conwy.gov.uk/>

The Council is the corporate trustee of the Welsh Church Act Funds in the area of Conwy County Borough. It now holds all the funds disaggregated from the Clwyd and the Gwynedd funds at reorganisation in 1996. The majority of the funds were previously held by Gwynedd who were responsible for making investments on behalf of the fund in order to maximise the income available for distribution.

The fund was disaggregated at the end of the 2018/19 financial year and £378,870 was transferred in May 2019 which represents the balance due to Conwy from the Gwynedd fund.

The balance on the fund has been invested by Conwy short term in line with Conwy's investment strategy to provide an income to the fund.

For the long term investment of the fund Arlingclose, Treasury advisors, were engaged to provide options for investing the fund that were low risk but provided a return in excess of what can be achieved using short term investments. The work has been undertaken but the findings in the report have not been acted upon due to recent events and the COVID19 pandemic. The funds remain with Conwy where they are invested short term on behalf of the fund. Investing the fund outside the Council will be re-visited in 2022/23.

Due to the Pandemic interest rates on short term investments have remained at a very low level so the interest achieved on investments is the same as in the previous year. This means that the funds available for distribution have significantly reduced. In 2021/22 due to the various restrictions and the low value of funds available for distribution no applications were considered in year. The fund will re-open for applications in 2022/23 and to ensure there are sufficient funds available for distribution Conwy will make a contribution to the fund.

Accounting Policies

The Accounting policies followed are those outlined on pages 18 to 35, which are applicable to the items in the Welsh Church Act Accounts. The accounts also follow the Charity Commission Statement of Recommended Practice.

The main accounting principle applicable to these accounts is the accruals principle, which requires the inclusion of debtors and creditors in the accounts.

These Statements are not audited by Audit Wales.

INCOME AND EXPENDITURE ACCOUNT

	Notes	2021/22	2020/21
		£	£
Resources Arising			
Investment Interest	1	427	428
		427	428
Use of Resources			
Allocations	2		
Investment report		-	-
Resources Retained (Shortfall) for Future Use		427	428
Resources Brought Forward		532	104
Resources Carried Forward		959	532
Movement in Year		427	428

BALANCE SHEET AT 31 MARCH

	Notes	2022	2021
		£	£
Current Assets			
Cash (Conwy)	1	437,371	436,944
		-	-
		437,371	436,944
Current Liabilities			
		-	-
Net Assets		437,371	436,944
Fund Balance		437,371	436,944

NOTES TO THE WELSH CHURCH ACT FUND ACCOUNTS

Income and Expenditure Account

Note 1

The main source of income is from short term investments administered by Conwy Council on behalf of the fund; this amounted to £427 (£428 in 2020/21). Compared to the previous years, pre pandemic, income has fallen significantly due to the impact of the Pandemic on market conditions resulting in very low rates of interest over the last two years.

Note 2

Under the provisions of the Welsh Church Act, Conwy allocates grants to various organisations. The amount available for distribution in 2021/22 was not estimated due to the uncertainty of the returns on investments and the possibility of negative interest rates and there was no distribution made in 2021/22 and 2020/21.

Balance Sheet

Note 1

The cash from the fund is invested with Conwy cash balances and the interest paid is based on the average interest earned in the year. The non-distributable amount held by Conwy at the end of the year is £436,412 (£436,412 2020/21) and the distributable amount £959 (£532 2020/21).

YMDDIRIEDOLAETH ADDYSG LLANRWST

Statement of Accounts 2021/22

Explanatory Foreword

In 2021/22 the Council was the Custodian Trustee for this fund.

Accounting Policies

The accounting policies followed are those outlined on pages 18 to 35, which are applicable to the items in the Accounts. The Accounts also follow the Charity Commission Statement of Recommended Practice.

The main accounting principle applicable to these accounts is the accruals principle which requires the inclusion of debtors and creditors in the accounts.

These statements are not audited by Audit Wales.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 £		2020/21 £	
RESOURCES ARISING				
Donations	-		-	
Investment Interest	575		718	
Less Expenditure	-		(10,428)	
		575		(9,710)
Resources Brought Forward	831,923		841,633	
Resources Carried Forward	832,498		831,923	
Movement in Year		575		(9,710)

BALANCE SHEET AT 31 MARCH

	2022 £	2021 £
Current Assets		
Investments	832,498	831,923
Current Liabilities	-	-
Fund Balance	832,498	831,923

Note

The Cash Fund is invested by Conwy County Borough Council and earns interest, the rate used is the average interest earned by the Council for the relevant months.

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 (PWLB)

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 superceded 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.