



# **Statement of Accounts 2024/25**



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## 1. NARRATIVE REPORT

### 1.1 Introduction

Conwy County Borough Council's Statement of Accounts details the Council's financial position for the year. The Narrative Report provides additional context to the financial information in the accounts, offering an overview of significant financial and accounting issues impacting the Council during the year. The accounts have been prepared according to the Code of Practice on Local Authority Accounting in the United Kingdom, based on International Financial Reporting Standards (IFRS), and the relevant Accounts and Audit (Wales) Regulations.

#### Key Facts about Conwy

Conwy County Borough Council is the local authority responsible for governing Conwy County Borough, a picturesque and historically rich area in North Wales.

Established in 1996, the council oversees a region that combines coastal charm with mountainous grandeur.

The county has around 114,290 people in 1,126 square kilometres (435 square miles), making it sparsely populated.



The landscape is notably diverse, featuring the River Conwy, which flows through the heart of the region, and a significant portion of Snowdonia National Park, known for its rugged mountains, forested valleys, and scenic beauty.

The highest point in the county is Carnedd Llewelyn, which rises to 1,064 metres (3,491 feet), making it the third-highest peak in Wales.

The county includes a mix of coastal and inland towns, with Colwyn Bay being the largest urban area. Llandudno, a Victorian seaside resort, is renowned for its promenade and pier, while the historic walled town of Conwy served as the administrative centre during 2024/25.

Llanrwst, located inland, is another key settlement. Conwy is home to several famous landmarks, including Conwy Castle - a UNESCO World Heritage Site celebrated for its medieval architecture - Bodnant Garden, a world-renowned horticultural attraction, and the Great Orme Tramway, a historic cable-hauled tram offering panoramic views.

The coastline features popular beaches like Colwyn Bay, Llandudno, and Penmaenmawr which are ideal for walking, water sports, and family outings.

The area's rich blend of natural beauty, historical significance and cultural heritage makes it a unique and vibrant part of Wales. Welsh language and culture are deeply embedded in daily life, with a significant proportion of the population speaking Welsh and local traditions, festivals and arts playing a central role in community identity.

### **Political and management structure**

On 31 March 2025, the Council had 55 locally elected councillors representing 30 wards. The current political make-up is:

- 19 Conwy First Independents
- 10 Welsh Conservatives
- 9 Welsh Labour
- 9 Plaid Cymru and the Green Party
- 4 Welsh Liberal Democrats
- 2 Allied Independents
- 2 Independents (Non-aligned).

During 2024/25, the ruling coalition on Conwy County Borough Council is formed by a partnership between Conwy First Independents, Welsh Labour and the Plaid Cymru and Green Party joint group.

This coalition holds a working majority on the council, enabling them to lead decision-making and policy direction. The coalition is led by Cllr Charlie McCoubrey, who serves as the Leader of the Council.

The Council operates under a Leader and Cabinet governance model; Council determines the Council's policy framework and budget and other constitutional functions. The Cabinet comprises ten elected members, who each have lead responsibility for an area of the Council's business. For the 2024/25 municipal year, the makeup of Cabinet was as follows:

- Leader of the Council and Cabinet Member for Strategic Finance
- Deputy Leader of the Council and Cabinet Member for Housing, Homelessness and Service Change
- Cabinet Member for Audit, Policy & Performance
- Cabinet Member for Culture, Governance and IT
- Cabinet Member for Education
- Cabinet Member for Children, Families and Safeguarding
- Cabinet Member for Integrated Adult and Community Services
- Cabinet Member for Infrastructure, Transport and Facilities
- Cabinet Member for Neighbourhood, Environment and Regulatory Services
- Cabinet Member for a Sustainable Economy

Below Council and Cabinet, there are numerous committees that fulfil various scrutiny, statutory oversight and regulatory functions. The Cabinet and all elected members are supported by the Council's Strategic Leadership Team, which is led by the Chief Executive.

Further information on the Council can be found on our website at the link below:

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

The Service Areas with a summary of their net revenue budget and functions are:

### Social Care

£90.1m

- Adult Services
- Children's Services
- Vulnerable People
- Youth Justice
- Safeguarding
- Family Support & Intervention
- Disability Service
- Hospital Social Work
- QS & Commissioning
- Older People

### Education & Schools

£101.2m

- Schools
- Early Years Provision
- Additional Learning Needs
- Youth Services
- Employability
- School Transport
- Education Improvement
- Site Management

### Environment, Roads & Facilities

£18.5m

- Facilities
- Flood Risk & Infrastructure
- Neighbourhood Services
- Recycling & Waste
- Open Spaces
- Traffic & Network Management
- Transport
- Road Safety

### Economy & Culture

£6.1m

- Arts & Museums
- Archives
- Economic Development
- Events
- Libraries
- Leisure Services
- Theatres & Conference Centre

### Strategic Housing

£5.5m

- Housing Services
- Estates & Asset Management
- Housing Strategy
- Conwy Housing Solutions
- Resettlement

### Regulatory Services

£3.7m

- Strategic Planning
- Development / Building Control
- Licensing
- Trading Standards
- Civil Contingencies
- Community Safety
- Health & Safety
- Public Protection

### Corporate Services

£10.8m

- Audit & Procurement
- Chief Executives
- Finance, Revenues & Benefits
- ICT
- Law & Governance
- People & Performance
- Democratic Services

### Treasury Management & Corporate Costs

£58.9m

- MRP & Interest
- Council Tax Reduction Scheme
- Levies
- PFI
- Members Allowances
- Insurance

## 1.2 Financial Performance for the Year

### Revenue Budget for 2024/25

The 2024/25 revenue budget was approved by Council in February 2024, with a £294.772m net revenue budget that was funded by £203.236m of Welsh Government Aggregate External Funding, (including redistributed Non-Domestic Rates), £91.129m through Council Tax and £0.407 use of general balances to fund the one-off elements of two revenue business cases.

A balanced budget was set following a final settlement of grant support from the Welsh Government. Conwy received a 2.26% increase in funding which was the lowest funding increase in Wales and below the average increase across all Local Authorities of 3.3%. In monetary terms, 2.26% equated to £4.928m.

The increased settlement was not sufficient to meet the £23.648m resource shortfall that the Council faced because of pay, inflation and service pressures, most of which the Council had no influence over and at the time of the budget setting process were yet to be determined as the outcome of nationally negotiated agreements was awaited.

Therefore, to set a balanced budget within the overall available financial resources, the Council still needed to make extremely difficult and challenging decisions which included a 9.67% increase in Council Tax which increased the annual band D charge by £152.84 to £1,733.37 and further budget reductions totalling £12.012m.

Financial challenges, such as high inflation and interest rates, staff shortages, supply chain issues, and increased demands due to the cost-of-living crisis and pandemic impacts, continue to affect the service operating environment. This leads to a greater need for Council services like Social Care and Homelessness support, reduced demand for income-generating services, higher financing costs and debt recovery risks, and a persistently high-cost operating environment.

The budget for 2024/25 was monitored and controlled during the year through regular reports and presentations alerting Members to an overall high-level assessment of the evolving financial position. The projected budgetary deficit increased early in the year due to rising costs and demand for services. On the recommendation of the Section 151 Officer, Cabinet introduced formal expenditure control measures to manage the financial position which, along with significant additional in year funding helped to deliver a year end outturn underspend of £0.752m.

The budgeted use of £0.407m general balances was instead funded through the underspend, resulting in a final outturn surplus of £0.345m which fully protected the Council's general fund.

Despite the underspend, services faced significant pressure and were overbudget by £8.4m. The primary reasons for the outturn position are summarised as follows:

- Additional one-off Welsh Government funding to cover pay and general pressures (£4.3m)
- Savings on corporate energy (£2.34m)
- Parc Adfer refinancing (£1.5m)
- Additional Shared Prosperity funding (£0.76m)



The revenue outturn position of the Council is summarised as follows:

Col 1	Col 2	Col 3	Col 4	Col 5
SUMMARY	ORIGINAL ESTIMATE	RESTATED ESTIMATE	FINAL OUTTURN	VARIANCE (Col 4 - Col 3)
	2024/25 £'000	2024/25 £'000	2024/25 £'000	2024/25 £'000
<b>Resource Base (income)</b>				
Revenue Support Grant	160,778	161,067	161,068	1
Redistributed Non-Domestic Rates	42,458	42,458	42,458	0
Other Unhypothecated Grants	0	0	4,328	4,328
Council Tax	90,902	90,902	90,907	5
Reduced Losses on Collection (Council Tax)	227	227	227	0
Contribution from Balances	407	407	0	(407)
<b>Total</b>	<b>294,772</b>	<b>295,061</b>	<b>298,988</b>	<b>3,927</b>
<b><u>Net Expenditure</u></b>				
Education Services	93,727	95,169	95,375	206
Home to School Transport	7,469	7,493	7,940	447
Social Services	90,085	91,840	98,170	6,330
Environment, Roads & Facilities	18,469	20,499	22,226	1,727
Economy & Culture	6,080	7,363	6,971	(392)
Strategic Housing	5,448	4,999	5,724	725
Regulatory Services	3,736	4,032	4,000	(32)
Corporate Finance, Revenues and Benefits	3,428	3,729	3,434	(295)
Audit & Procurement	656	806	730	(76)
Law & Governance	1,650	1,754	1,778	24
Information Technology	2,545	2,561	2,561	0
Chief Executive's Services	717	653	617	(36)
People & Performance	1,812	2,249	1,979	(270)
Council Tax Reduction Scheme	12,888	12,888	12,809	(79)
Treasury Management and Minimum Revenue Provision	16,771	16,440	16,169	(271)
Corporate Costs and Income	20,452	13,747	9,342	(4,405)
Levies	8,825	8,825	8,804	(21)
<b>Sub Total Net Service Expenditure</b>	<b>294,758</b>	<b>295,047</b>	<b>298,629</b>	<b>3,582</b>
Contribution to General Balances	14	14	359	345
<b>Sub Total Other</b>	<b>14</b>	<b>14</b>	<b>359</b>	<b>345</b>
<b>Net Revenue Budget</b>	<b>294,772</b>	<b>295,061</b>	<b>298,988</b>	<b>3,927</b>

The cost of services in the table above differs from the opening column of the Expenditure and Funding Analysis (page 41) 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.

### General and specific reserves/balances

The following summarises the Council's general and service area balances, together with corporate reserves. Further information on these can be found in Note 11.

Reserves and Provisions	31 March 2023 £'000	31 March 2024 £'000	31 March 2025 £'000
School Balances	10,294	7,061	4,381
Service Reserves	8,119	5,963	4,542
Corporate Reserves	8,476	10,927	12,098
Insurance Reserves	2,235	2,646	3,047
Earmarked Grants Reserves	2,382	3,211	2,759
Capital Reserves	7,006	10,792	14,311
General Balances	4,168	2,772	7,010
<b>Total</b>	<b>42,680</b>	<b>43,372</b>	<b>48,148</b>

The Balance Sheet of the Authority contains movements in respect of earmarked reserves. During 2024/25 some reserves were established and increased, some were transferred to the Corporate Centre, and some 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 2024/25 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.

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 at the start of the year was £2.772m but action taken to strengthen the Council's financial resilience during the year, including recentralising non-essential earmarked reserves and the transfer of £2.362m one off capital financing savings increased the balance at year end to £7.01m. Whilst this is positive, the Council's level of usable reserves available to support financial resilience remains low relative to the rest of Wales and is being kept under continuous review.

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

### 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 expenditure during 2024/25 was £40.152m. The following is a summary of the service areas which incurred capital investment in 2024/25 and how it was financed. The capital budget was £38.969m so there was an overspend of £1.183m

<b>Capital Expenditure</b>	<b>2024/25 Actual £'000</b>
<b>Capital Expenditure by Service:</b>	
Education	6,338
Environment, Roads & Facilities	17,996
Economy & Culture	8,278
Social Care	4,322
Leisure Services	789
Information Technology	616
Estates & Housing Services	1,628
Regulatory Service	122
Chief Executive & Corporate Services	22
Financial Services	41
<b>Total Capital Expenditure</b>	<b>40,152</b>

<b>Capital Financing</b>	<b>2024/25 Actual £'000</b>
<b>Financed By:</b>	
Supported Borrowing	11,856
Prudential Borrowing	1,007
Capital Receipts	300
Capital Grants	26,528
Capital Reserves	461
<b>Total Capital Expenditure</b>	<b>40,152</b>

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

Major projects undertaken during 2024/25 were as follows:

- Childcare & Welsh Medium Childcare Provision Improvements
- Improvement to Additional Learning Needs Settings
- Recycling & Waste Collection
- Investment in Leisure Centre Infrastructure & Eirias Track Refurbishment
- Investment in Housing Development
- External & Internal Enhancement at Venue Cymru
- Improvement & Increased Provision of Accommodation for Children
- Street lighting Poles Replacement
- Improvements to Play Areas & Play Equipment Provision
- Urgent Repairs to Colwyn Bay Library
- Llandudno Promenade Enhancements & Shelters
- Investment in Education Infrastructure
- Surface Dressing & Improvement of the County Road Network
- Safe Routes in the Community & Traffic Network Management
- Local Places for Nature Capital Funding & Access Improvement Funding
- Bridge Maintenance & Strengthening
- Delivery of Adaptations in Private Sector Housing

- Bwthyn y Ddol Children's Assessment Centre & Placement Provision
- Coastal Defences Construction Projects
- Levelling Up Fund Road Projects
- Active Travel Fund Projects
- Provision of Housing with Care Funded Settings & Equipment

The Council's debt outstanding at 31 March 2025 was £237.132m.

The Limits to Borrowing Activity in 2024/25, 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:

	£m
<b>Authorised Limit for External Debt:</b>	
Borrowing	291.19
Other Long term Liabilities	56.67
	347.86
<b>Operational Boundary for External Debt:</b>	
Borrowing	281.19
Other Long Term Liabilities	56.67
	337.86

The Council continues to operate within its limits as set according to the Local Government Act 2003 and the CIPFA Prudential Code and further information on borrowing arrangements is disclosed in note 14 to the accounts.

#### Revaluation of non-current assets

The Council has a policy of revaluing all Land & Building assets every five years, with 2024/25 being a full year of revaluation. A program of indexation using BCIS measures has been applied annually in between full asset revaluation years to ensure that the carrying values of assets are appropriately stated in the accounts.

In addition to this asset revaluation programme, an annual review is also undertaken of our assets for any significant changes in their use. The Investment Property portfolio is assessed annually by the Authority's Estates section to ensure the value is accurately reflected in the accounts.

During the year the value of our Property, Plant and Equipment assets has increased from £587.3m to £685.1m. The increase arises from recognising the in-year asset expenditure of £31.7m, the programme of revaluations increasing their value by £84.3m; offset by depreciation of £26.3m, the recognition of Right of Use assets of £15.6m, and recategorisation of assets of -£7.5m.

#### Collection of Council Tax and Non-Domestic Rates

During 2024/25 we collected 96.7% in year of the total Council Tax that was due, which was the 4<sup>th</sup> highest collection rate in Wales (97.1% 2023/24). Our in-year collection rate for Non-Domestic Rates was 98.4% in 2024/25 which was the 3<sup>rd</sup> highest collection rate (98.9% in 2023/24).

#### Pension Liabilities

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 2025 and the reserve needed to fund that liability.

The Pension Fund liability disclosed within the Balance Sheet of £9.492m is the total projected surplus/deficit that exists over the expected life of the fund. This surplus/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 to restore the fund to a balanced position over a period. The date of the latest actuarial valuation was 31 March 2022 and this determines the employers' contribution rates until 31st March 2026.

### **1.3 The Financial Outlook**

#### **2025/26 Revenue Budget**

The budget round for 2024/25 was the second successive year that the Council has needed to tackle a resource shortfall in excess of £21.7m. Whilst the Council in the past has consistently dealt with financial challenges in an annual planning cycle, the scale of the pressure for 2024/25 was extremely challenging, particularly following an equally difficult budget cycle for 2023/24 with demand, cost and complexity of many statutory services continuing to outstrip the available funding.

Given the nature and extent of the budget challenge anticipated for 2025/26 an officer led Strategic Budget Group (supported by CIPFA) has been in place since May 2024 and Member led Budget Working groups considered savings proposals in Autumn 2024. These allowed Members the opportunity to gain a more detailed understanding of service options and proposals before formal consideration in Committee. As in 2024/25, a public budget consultation exercise was undertaken seeking the views of residents and the valuable feedback received helped inform the final budget deliberations and shape the final budget approved by Council.

To sufficiently fund unavoidable pressures, the Council was again required to make difficult choices balancing the levels of service delivery, fees and charges, reserves and Council Tax levels. As part of the process the Council approved an annual Council Tax increase of 8.95%, which increased the annual band D charge by £143.35 to £1,888.51 (excluding amounts raised for Police and Community Councils).

In respect of the Council's forward capital programme this has been constructed to principally support essential expenditure on replacing ageing fleet, predominantly grant funded decarbonisation schemes and infrastructure projects, mindful of the need to contain financing costs. The Council has a good track record of securing external capital grant funding and this will continue through 2025/26 to support wider regeneration within Active travel, town centre regeneration and wider infrastructure improvements.

#### **The Medium Term**

The medium-term financial forecast remains very challenging, with the current Medium Term Financial Plan showing a total funding gap of £40m across 2026/27 and 2027/28, prior to any adjustments for Welsh Government funding settlements or increases in Council Tax and fees and charges. There is a continuous rise in the demand for supportive services, along with increased complexity in areas such as Children's services, Adult Social Care, Homelessness, and Children's additional learning needs.

Alongside this, the volatility still presenting in the wider economic environment around inflation, interest rates and the labour market, continues to place pressure on budgets over the medium term.

The Council has low levels of reserves, and therefore difficult choices will continue to need to be made in future budget rounds to balance the needs of service delivery and the aspirations of the Council's Corporate Plan.

The financial strategy for the medium to long term will be underpinned by a commitment to fiscal prudence, strategic investment, and sustainable growth.

In the face of economic challenges, the Council is committed to adopting a proactive strategy to ensure the continued provision of essential services while promoting a resilient and prosperous community.

#### **1.4. The Accounting Statements**

##### **Basis of Preparation and Presentation**

The Council produces its Statement of Accounts to explain the Council's finances, to give assurance that public money has been properly accounted for, and that the financial standing of the Council is on a secure basis. The Statement of Accounts must provide a 'true and fair' view of the Council's financial position at the 31 March, and of its income and expenditure during the financial year. When preparing these accounts, consideration is given to the materiality of information.

The Council's materiality level is in the region of £5m and any notes to the accounts below this value, which are not statutorily required and where the Council believes they do not aid understanding, have not been included. The Council's services will continue to be funded primarily via central government; therefore, the accounts are prepared on a 'going concern' basis.

The Authority's accounts for the year consist of:

##### ***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 £7.709m.

##### ***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.

##### ***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'.

### ***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.

### ***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.

### ***Notes to the Accounts***

The core financial statements outlined above are supported by notes to further assist the reader in interpreting the Authority's financial position for the year ended 31st March 2025.

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

### **THE AUTHORITY'S RESPONSIBILITIES**

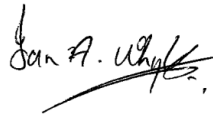
The Council is required to: -

- 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 2025.

SIGNED:



Ian Whyte – Lay Member  
Chair of Governance and Audit Committee

DATED: 8 December 2025



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

As Chief Finance Officer, the Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("The Code 2024/25"), 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 2025.

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 2025 and its income and expenditure for the year then ended.

SIGNED:



A Hughes  
Strategic Director – Finance & Resources  
Section 151 Officer

DATED: 8 December 2025

# **The report of the Auditor General for Wales to the members of Conwy County Borough Council**

## **Opinion on financial statements**

I have audited the financial statements of Conwy County Borough Council for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Conwy County Borough Council's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025.

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

- give a true and fair view of the financial position of Conwy County Borough Council as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025.

## **Basis of opinion**

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

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

## **Conclusions relating to going concern**

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

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

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

## **Other Information**

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

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

I have nothing to report in this regard.

## **Opinion on other matters**

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

## **Matters on which I report by exception**

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

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

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

## **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

My procedures included the following:

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to Conwy County Borough Council's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: management override and posting of unusual journals.
- Obtaining an understanding of Conwy County Borough Council's framework of authority as well as other legal and regulatory frameworks that Conwy County Borough Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Conwy County Borough Council.
- Obtaining an understanding of related party relationships.

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

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

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

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

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

### **Other auditor's responsibilities**

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

### **Certificate of completion of audit**

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



Adrian Crompton  
Auditor General for Wales  
9 December 2025

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

# **THE STATEMENT OF ACCOUNTS 2024/25**

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

### **1. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. 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 2024/25 (the Code), supported by International Financial Reporting Standards (IFRS).

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

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

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

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

- A de minimis of £1,000 is available for revenue transactions and £5,000 for capital transactions.

### 3. **CASH AND CASH EQUIVALENTS**

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### 4. **MATERIAL ITEMS**

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

### 5. **PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

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

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

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

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

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

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing

requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are, therefore, replaced by the contribution in the Council Fund Balance – Minimum Revenue Provision (MRP) - by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **7. EMPLOYEE BENEFITS**

### **Benefits Payable During Employment**

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

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

### **Post Employment Benefits**

Employees of the Authority are members of three separate pension schemes:-

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

The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees work for the Authority.

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

### **The Local Government Pension Scheme**

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

- The liabilities of the Gwynedd and Flintshire pension funds attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.80% (4.85% in 2023/24) (based on the indicative rate of return on high quality corporate bond (iBoxx)).
- The assets of Gwynedd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:-
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into seven components:-
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs and Income.
  - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - Interest on Pension assets – this is the interest on assets held at the start of the year and cash flows occurring during the year, calculated using the discount rate at the start of the year.
  - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs and Income.



- Re-measurements (assets) – this is the return on plan assets net of administrative expenses and interest income. It replaces actuarial gains and losses on assets. A charge as a result of reviewing all employers' allocation of assets at a valuation is also included.
- Re-measurements (liabilities) - this is a combination of changes in demographic and financial assumptions and experience gains and losses on liabilities.
- Contributions paid to the Gwynedd and Flintshire Pension Funds – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Discretionary Benefits**

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

## **8. EVENTS AFTER THE BALANCE SHEET DATE**

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

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

Events taking place after the date of authorisation for issue (8 December 2025 for 2024/25) are not reflected in the Statement of Accounts.

## 9. FINANCIAL INSTRUMENTS

### Financial Liabilities

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

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

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

### Financial Assets

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

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

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

### Financial Assets Measured at Amortised Cost

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

However, the Council has made loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CI&ES (debited to the appropriate service) for the present value of the interest that

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

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

### **Expected Credit Loss Model**

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

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

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

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

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

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

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

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

## 10. **FOREIGN CURRENCY TRANSLATION**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, a calculation is undertaken to convert the sums to sterling.

## 11. **GOVERNMENT GRANTS AND CONTRIBUTIONS**

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

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

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

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

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

## 12. **INTANGIBLE ASSETS**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £12,000) the Capital Receipts Reserve.

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

Inventories are included in the Balance Sheet at the lower of cost and net realisable value based on a weighted average costing basis. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### **14. INVESTMENT PROPERTY**

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

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

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

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

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

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

## 16. **LEASES**

### **The Authority as Lessee**

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

The Council has adopted IFRS 16 with effect from 1 April 2024. The adoption of this new standard has resulted in the balance sheet recognition of right-of-use assets and related lease liabilities in relation to former operating leases. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases (leases with a duration of less than 12 months or existing leases that expire on or before 31 March 2025).

### **Initial Measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Authority is reasonably certain to exercise
- lease payments in an option renewal period if the Authority is reasonably certain to exercise an extension option

- penalties for early termination of a lease, unless the Authority is reasonably certain not to terminate early

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent Measurement**

The right-of-use asset is subsequently measured using the fair value model. The Authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years

For these leases, the asset is carried at a revalued amount. In the financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of the remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### **Low Value and Short Lease Exemption**

As permitted by the Code, the Authority excludes leases:

- for low-value items that cost less than £10,000 when new, or
- with a term shorter than 12 months, or
- which expire on or before 31 March 2025

### **Lease Expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in

which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or short-term leases are expensed.

## **The Authority as Lessor**

### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

### **Operating Leases**

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



## 17. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. No de minimis is applied for capital spend.

### Recognition

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

### Measurement

Assets are initially measured at cost, comprising:-

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

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

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

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

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

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

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

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

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

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

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

### **Impairment**

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

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

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

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

### **Depreciation**

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

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

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer: 1 - 100 years.
- Vehicles, plant, furniture and equipment: over the useful life between 1-21 years.
- Community Assets: 1-22 years
- Infrastructure – straight-line allocation between 1-57 years

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

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

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

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

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

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in

the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

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

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

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

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

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

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

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

## **19. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, but where the timing or amount of the transfer is uncertain.

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **20. RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover risks and contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is

then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net cash effect on the financing of the revenue budget.

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

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

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

**22. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from His 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 2024/25 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 is 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.

2024/25	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	103,314	2,350	105,664	12,993	118,657
Social Services	98,170	(175)	97,995	1,728	99,723
Environment, Roads & Facilities	22,531	312	22,843	8,436	31,279
Economy & Culture	6,972	(481)	6,491	5,937	12,428
Strategic Housing	5,724	87	5,811	3,622	9,433
Regulatory Services	4,000	(39)	3,961	24	3,985
Corporate Finance, Revenues and Benefits	3,434	0	3,434	25	3,459
Audit & Procurement	730	(20)	710	(7)	703
Law & Governance	1,778	3	1,781	5	1,786
Information Technology	2,561	63	2,624	719	3,343
Chief Executive	617	0	617	5	622
People & Performance	1,979	(102)	1,877	25	1,902
Corporate Costs and Income	16,075	(1,121)	14,954	(8,627)	6,327
<b>Net Cost Of Service</b>	<b>267,885</b>	<b>877</b>	<b>268,762</b>	<b>24,885</b>	<b>293,647</b>
Other Income and Expenditure	(272,123)	(1,878)	(274,001)	(27,355)	(301,356)
<b>(Surplus) or Deficit</b>	<b>(4,238)</b>	<b>(1,001)</b>	<b>(5,239)</b>	<b>(2,470)</b>	<b>(7,709)</b>

Opening Council Fund Balance at 31 March 2024	- 51,124
Less (Surplus)/Deficit on Council Fund Balance in Year	- 5,239
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)	- 7,945
<b>Closing Council Fund Balance at 31 March 2025</b>	<b>(64,308)</b>



Restated 2023/24	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	98,922	3,068	101,990	12,160	114,150
Social Services	87,342	(107)	87,235	520	87,755
Environment, Roads & Facilities	22,863	(386)	22,477	10,888	33,365
Economy & Culture *	8,328	(343)	7,985	2,558	10,543
Strategic Housing *	5,705	(432)	5,273	3,863	9,136
Regulatory Services *	3,709	(11)	3,698	124	3,822
Corporate Finance, Revenues and Benefits *	3,321	159	3,480	226	3,706
Audit & Procurement	538	(12)	526	7	533
Law & Governance	1,783	92	1,875	55	1,930
Information Technology	2,542	(119)	2,423	440	2,863
Chief Executive's Department	635	(20)	615	(10)	605
People & Performance	1,562	(21)	1,541	43	1,584
Corporate Costs and Income	22,094	(943)	21,151	(11,911)	9,240
<b>Net Cost Of Service</b>	<b>259,344</b>	<b>925</b>	<b>260,269</b>	<b>18,963</b>	<b>279,232</b>
Other Income and Expenditure	(257,949)	(3,053)	(261,002)	(15,136)	(276,138)
<b>(Surplus) or Deficit</b>	<b>1,395</b>	<b>(2,128)</b>	<b>(733)</b>	<b>3,827</b>	<b>3,094</b>

Opening Council Fund Balance at 31 March 2023	(49,278)
Less (Surplus)/Deficit on Council Fund Balance in Year	(732)
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)	(1,114)
<b>Closing Council Fund Balance at 31 March 2024</b>	<b>(51,124)</b>

\*The 2023/24 figures above have been amended to reflect changes in service structures in 2024/25. Strategic Housing is a new service created in 2024 which includes Housing (previously included with Regulatory Services) and Estates and Asset Management (previously included with Economy and Culture). Corporate Financial Services and Revenues and Benefits have been combined in one line. There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## Comprehensive Income and Expenditure Statement

Restated 2023/24				2024/25			
Gross Expenditure	Income	Net Expenditure		Note	Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
150,546	(36,396)	114,150	Education		151,109	(35,513)	115,596
123,486	(35,731)	87,755	Social Services		142,669	(42,480)	100,189
50,920	(17,555)	33,365	Environment, Roads & Facilities		55,057	(18,291)	36,766
26,398	(15,855)	10,543	Economy & Culture *		35,316	(25,785)	9,531
19,300	(10,164)	9,136	Strategic Housing *		18,726	(9,288)	9,438
5,664	(1,842)	3,822	Regulatory Services *		5,742	(1,757)	3,985
30,951	(27,245)	3,706	Corporate Finance, Revenues and Benefits *		29,689	(26,230)	3,459
539	(6)	533	Audit & Procurement		749	(46)	703
3,090	(1,160)	1,930	Law & Governance		3,076	(1,290)	1,786
2,962	(99)	2,863	Information Technology		3,375	(32)	3,343
643	(38)	605	Chief Executive		650	(28)	622
1,615	(31)	1,584	People & Performance		2,113	(211)	1,902
11,959	(2,719)	9,240	Corporate Costs and Income		9,720	(3,393)	6,327
<b>428,073</b>	<b>(148,841)</b>	<b>279,232</b>	<b>Cost of Services</b>		<b>457,991</b>	<b>(164,344)</b>	<b>293,647</b>
27,801		27,801	Other Operating Expenditure	7	29,143		29,143
39,506	(35,602)	3,904	Financing & Investment Income & Expenditure	8	41,187	(33,906)	7,281
	(307,843)	(307,843)	Local Taxation & Non-Specific Grant Income	9		(337,780)	(337,780)
		<b>3,094</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(7,709)</b>
		(8,152)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18			(92,602)
		(26)	(Surplus) or Deficit on Revaluation of Available for sale Financial Assets				(50)
		<b>(8,178)</b>					<b>(92,652)</b>
		70,306	Remeasurement of the net defined benefit liability	18			10,174
		<b>62,128</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(82,478)</b>
		<b>65,222</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(90,187)</b>

\*The 2023/24 figures above have been amended to reflect changes in service structures in 2024/25. Strategic Housing is a new service created in 2024 which includes Housing (previously included with Regulatory Services) and Estates and Asset Management (previously included with Economy and Culture). Corporate Financial Services and Revenues and Benefits have been combined in one line. The figures have been amended by £2.497m to reflect the adjustment made in relation to the Actuary's opening asset values. There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## Movement in Reserves Statement for the year ended 31 March 2025

	Note	Council Fund Balance	Earmarked Revenue Reserves	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	<b>11,18</b>	<b>2,771</b>	<b>29,808</b>	<b>10,793</b>	<b>4,584</b>	<b>3,169</b>	<b>51,125</b>	<b>330,285</b>	<b>381,410</b>
<b>Movement in Reserves during 2024/25</b>									
Surplus or (Deficit) on the Provision of Services		7,709					7,709		7,709
Other Comprehensive Income & Expenditure							-	90,626	90,626
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>7,709</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,709</b>	<b>90,626</b>	<b>98,335</b>
Adjustments between Accounting basis & Funding basis under Regulations	10	(2,470)	-	(461)	852	7,554	5,475	(5,475)	-
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>		<b>5,239</b>	<b>-</b>	<b>(461)</b>	<b>852</b>	<b>7,554</b>	<b>13,184</b>	<b>85,151</b>	<b>98,335</b>
Transfers to/(from) Earmarked Reserves	11	(1,001)	(2,979)	3,980	-	-	-	-	-
<b>Increase/(Decrease) in 2024/25</b>	<b>11</b>	<b>4,238</b>	<b>(2,979)</b>	<b>3,519</b>	<b>852</b>	<b>7,554</b>	<b>13,184</b>	<b>85,151</b>	<b>98,335</b>
<b>Balance as at 31 March 2025</b>	<b>11,18</b>	<b>7,009</b>	<b>26,829</b>	<b>14,312</b>	<b>5,436</b>	<b>10,723</b>	<b>64,309</b>	<b>415,436</b>	<b>479,745</b>

# Restated Movement in Reserves Statement for the year ended 31 March 2024

<u>Restated</u>	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 2023	11,18	4,168	31,507	7,007	4,495	2,102	49,279	394,856	444,135
Adjustment								2,497	2,497
Opening balance at 1 April		4,168	31,507	7,007	4,495	2,102	49,279	397,353	446,632
<b>Movement in Reserves during 2023/24</b>									
Surplus or (Deficit) on the Provision of Services		(3,094)	-	-	-	-	(3,094)	-	(3,094)
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	(62,128)	(62,128)
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(3,094)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,094)</b>	<b>(62,128)</b>	<b>(65,222)</b>
Adjustments between Accounting basis & Funding basis under Regulations	10	3,825	-	(41)	89	1,067	4,940	(4,940)	-
<b>Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves</b>		<b>731</b>	<b>-</b>	<b>(41)</b>	<b>89</b>	<b>1,067</b>	<b>1,846</b>	<b>(67,068)</b>	<b>(65,222)</b>
Transfers to/(from) Earmarked Reserves	11	(2,128)	(1,699)	3,827	-	-	-	-	-
<b>Increase/(Decrease) in 2023/24</b>	<b>11</b>	<b>(1,397)</b>	<b>(1,699)</b>	<b>3,786</b>	<b>89</b>	<b>1,067</b>	<b>1,846</b>	<b>(67,068)</b>	<b>(65,222)</b>
<b>Balance as at 31 March 2024</b>	<b>11,18</b>	<b>2,771</b>	<b>29,808</b>	<b>10,793</b>	<b>4,584</b>	<b>3,169</b>	<b>51,125</b>	<b>330,285</b>	<b>381,410</b>

The figures for 2023/24 have been amended by £2.497m to reflect the adjustment made in relation to the Actuary's opening asset values. There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## Balance Sheet

	Notes	31 March 2025 £'000	Restated 31 March 2024 £'000	Original 31 March 2024 £'000
Property, Plant & Equipment	12	685,142	587,301	587,301
Heritage Assets		194	194	194
Investment Property	13	25,210	18,168	18,168
Intangible Assets		371	162	162
Available for Sale Financial Assets	14	2,242	2,192	2,192
Pension Asset	34	-	-	-
Long Term Debtors	14	7,855	5,865	5,865
<b>Long Term Assets</b>		<b>721,014</b>	<b>613,882</b>	<b>613,882</b>
Short Term Investments	14	276	248	248
Inventories		1,108	1,066	1,066
Short Term Debtors	15	69,652	57,264	57,264
Cash & Cash Equivalents	16	31,256	21,791	21,791
Assets Held for Sale		2,438	1,049	1,049
<b>Current Assets</b>		<b>104,730</b>	<b>81,418</b>	<b>81,418</b>
Short Term Borrowing	14	78,555	79,823	79,823
Short Term Creditors	17	40,329	47,157	40,542
Provisions		1,520	1,950	1,950
<b>Current Liabilities</b>		<b>120,404</b>	<b>128,930</b>	<b>122,315</b>
Pension Liability	34	9,492	9,186	9,186
Long term Borrowing	14	158,577	130,684	130,684
Other Long term Liabilities	14	54,271	42,136	42,136
Capital Grants Receipts in Advance		3,256	2,955	2,955
<b>Long Term Liabilities</b>		<b>225,596</b>	<b>184,961</b>	<b>184,961</b>
<b>Net Assets</b>		<b>479,744</b>	<b>381,409</b>	<b>388,024</b>
Usable Reserves		64,308	51,124	57,739
Unusable Reserves	18	415,436	330,285	330,285
<b>Total Reserves</b>		<b>479,744</b>	<b>381,409</b>	<b>388,024</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## Cash Flow Statement

<b>Restated 2023/24</b>		<b>Note</b>	<b>2024/25</b>
<b>£'000</b>			<b>£'000</b>
3,094	Net (Surplus)/Deficit on the Provision of Services		(7,709)
(43,533)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(5,346)
22,816	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	20	27,140
(17,623)	Net Cash Flows From Operating Activities		14,085
27,110	Investing Activities	21	1,674
5,569	Financing Activities	22	(25,222)
15,056	Net (Increase) or Decrease in Cash and Cash Equivalents		(9,463)
<b>36,848</b>	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	<b>16</b>	<b>21,792</b>
<b>21,792</b>	<b>Cash and Cash Equivalents at the end of the Reporting Period</b>	<b>16</b>	<b>31,255</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details. Also, the NNDR debtor has been moved from financing activities in 2023/24.

## **Notes to the Accounts**

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2025/26 Code:

- IAS 21 The effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets. These included setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

The code requires implementation from 1 April 2025 and therefore there is no impact on the 2024/25 Statement of Accounts. It is not anticipated that the other items above will have a significant impact on the information provided in the 2025/26 financial statements.

### **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 (£90.1m) have been recognised on the Balance Sheet as property, plant and equipment, in accordance with IFRIC 12. Details of the values of these assets are disclosed in Notes 12 (PPE) and 32 (PFI).

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

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

The items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
PROPERTY, PLANT & EQUIPMENT	Assets are depreciated over useful lives that are dependent on assumptions about the future level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for property, plant & equipment would increase by £2.66m for every year that useful lives had to be reduced.
PROVISIONS	Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, but where the timing or amount of the transfer is uncertain.	If the provision is found to be inadequate the additional amount will need to be provided from the Authority's revenue.
PENSIONS LIABILITY	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The returns on Pension Fund Assets continues to fluctuate which affects the liability. See Note 34 for details.
ARREARS	At 31 March 2025, the Council had a balance for sundry debtors of £16.5m. An impairment allowance for doubtful debts of £0.266m is held which is included in the impairment allowance for doubtful debts of £4.380m in Note 15. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate a doubling of the amount of the impairment of doubtful debts would require an additional £0.266m to be set aside as an allowance.

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



#### **4. Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the Strategic Director – Finance & Resources on 8 December 2025. 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 2025, 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. The 2023/24 figures below have been amended to reflect changes in service structures in 2024/25.

Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25				Restated 2023/24			
	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	10,048	- 246	130	9,932	12,844	272	- 956	12,160
Social Services	2,609	- 308	- 107	2,194	316	237	- 33	520
Environment, Roads & Facilities	14,465	- 157	- 385	13,923	10,806	126	- 44	10,888
Economy & Culture	3,469	- 96	- 333	3,040	2,548	79	- 69	2,558
Strategic Housing	2,673	- 22	976	3,627	3,110	17	736	3,863
Regulatory Services	110	- 44	- 42	24	57	34	33	124
Corporate Finance, Revenues and Benefits	224	- 39	- 160	25	40	33	153	226
Audit & Procurement	-	- 6	- 1	(7)	-	4	3	7
Law & Governance	3	- 24	26	5	7	19	29	55
Information Technology	728	- 28	19	719	542	24	- 126	440
Chief Executive	-	- 6	11	5	-	4	- 14	(10)
People & Performance	16	(18)	27	25	16	13	14	43
Corporate Costs and Income	(154)	(991)	(7,482)	(8,627)	532	(908)	(11,535)	(11,911)
<b>Net Cost Of Service</b>	<b>34,191</b>	<b>(1,985)</b>	<b>(7,321)</b>	<b>24,885</b>	<b>30,818</b>	<b>(46)</b>	<b>(11,809)</b>	<b>18,963</b>
Other Income and Expenditure	(34,983)	263	7,365	(27,355)	(23,382)	(2,870)	11,116	(15,136)
<b>(Surplus) or Deficit</b>	<b>(792)</b>	<b>(1,722)</b>	<b>44</b>	<b>(2,470)</b>	<b>7,436</b>	<b>(2,916)</b>	<b>(693)</b>	<b>3,827</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

### **a) Adjustments for Capital Purposes**

(i) Services line - this column adds in depreciation, amortisation, impairment and revaluation gains and losses.

(ii) Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

(iii) Financing and Investment Income and Expenditure and certain Services line - the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted as these are not chargeable under general accepted accounting practices.

(iv) Taxation and Non Specific Grant Income and Expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

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

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

(i) For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service / curtailment costs.

(ii) For Other Operating Expenditure - this adjustment is for pension's administration costs

(iii) For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CI&ES.

### **c) Other Adjustments**

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

(i) For Services line - this includes an adjustment for accumulated absences earned but not taken in the year.

(ii) For Financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts and PFI external interest.

(iii) For Local Taxation and Non Specific grant income adjustments relate to the Council Tax reduction scheme and unhypothecated grants.

## 6. Expenditure and Income Analysed by Nature

	2024/25 £'000	Restated 2023/24 £'000
<b>Expenditure</b>		
Employee benefits expenses	168,882	160,557
Employee benefits expenses of Voluntary Aided and Foundation Schools	23,560	22,429
Other services expenses	257,962	243,039
Depreciation, amortisation, impairment	36,103	31,149
Interest Payments	12,671	10,405
Precepts and levies	29,653	27,654
(Gain)/Loss on the disposal of assets	(510)	147
<b>Total Expenditure</b>	<b>528,321</b>	<b>495,380</b>
<b>Income</b>		
Fees, charges and other service income	(99,549)	(98,512)
Interest and investment income	(1,534)	(1,511)
Income from Council Tax and Non Domestic Rates	(142,289)	(128,962)
Government grants and contributions	(292,658)	(263,301)
<b>Total Income</b>	<b>(536,030)</b>	<b>(492,286)</b>
<b>(Surplus) or Deficit</b>	<b>(7,709)</b>	<b>3,094</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## 7. Other Operating Expenditure

2023/24 £000		2024/25 £000
17,114	Police and Crime Commissioner for North Wales Precept	18,337
2,579	Community Council Precepts	2,579
7,478	North Wales Fire and Rescue Authority	8,063
483	Other Levies	674
147	(Gains)/Losses on the disposal of non-current assets	(510)
<b>27,801</b>	<b>Total</b>	<b>29,143</b>

## 8. Financing and Investment Income and Expenditure

2023/24 £000		2024/25 £000
10,405	Interest payable & similar charges	12,672
28,792	Pensions interest cost	29,732
(31,665)	Expected return on pensions assets	(29,466)
(1,511)	Interest receivable & similar income	(1,534)
(1,971)	Income & expenditure in relation to investment properties & changes in their fair value	(3,988)
(146)	Trading Operations	(135)
<b>3,904</b>	<b>Total</b>	<b>7,281</b>

## 9. Local Taxation and Non Specific Grant Income

Restated 2023/24 £000		2024/25 £000
(90,435)	Council Tax income	(99,832)
(38,527)	Non domestic rates	(42,457)
(161,082)	Non-ring fenced government grants	(169,037)
(17,799)	Capital grants & contributions	(26,454)
<b>(307,843)</b>	<b>Total</b>	<b>(337,780)</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## 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
2024/25	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	26,249	-	-	-	26,249	(26,249)
Impairment losses on Property, Plant and Equipment	9,363	-	-	-	9,363	(9,363)
Revaluation losses on Assets Held for Sale	429	-	-	-	429	(429)
Movement in the market value of Investment Properties	(2,899)	-	-	-	(2,899)	2,899
Amortisation of Intangible assets	62	-	-	-	62	(62)
Capital grants and contributions applied	(18,901)	-	-	-	(18,901)	18,901
Revenue expenditure funded from capital under statute	423	-	-	-	423	(423)
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	599	-	-	-	599	(599)
Administration costs of asset disposal in advance of receipt	53	-	-	-	53	(53)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(7,456)	-	-	-	(7,456)	7,456
Capital expenditure charged against the Council Fund balance					-	
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(7,554)	-	-	7,554	-	-

	Usable Reserves					Unusable Reserves
2024/25	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,109)	-	1,109	-	-	-
Finance Lease Rental Principal	-	-	56	-	56	(56)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(300)	-	(300)	300
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	13	-	(13)	-	-	-
Amelioration of Finance Lease Rentals	64	-	-	-	64	(64)
Additional Finance Lease Asset	-	-	-	-	-	-
<b>Adjustments primarily involving the Capital Reserves:</b>						
Use of Capital Reserve to finance new capital expenditure	-	(461)	-	-	(461)	461
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20	-	-	-	20	(20)
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	17,394	-	-	-	17,394	(17,394)
Employer's pensions contributions and direct payments to pensioners payable in the year	(19,114)	-	-	-	(19,114)	19,114
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(106)	-	-	-	(106)	106
<b>Total Adjustments</b>	<b>(2,470)</b>	<b>(461)</b>	<b>852</b>	<b>7,554</b>	<b>5,475</b>	<b>(5,475)</b>

	Usable Reserves					Unusable Reserves
Restated 2023/24 Comparative Figures	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	23,678	-	-	-	23,678	(23,678)
Impairment losses on Property, Plant and Equipment	7,322	-	-	-	7,322	(7,322)
Revaluation losses on Assets Held for Sale	87	-	-	-	87	(87)
Movement in the market value of Investment Properties	(1,169)	-	-	-	(1,169)	1,169
Amortisation of Intangible assets	62	-	-	-	62	(62)
Capital grants and contributions applied	(16,732)	-	-	-	(16,732)	16,732
Revenue expenditure funded from capital under statute	1,642	-	-	-	1,642	(1,642)
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	191	-	-	-	191	(191)
Administration costs of asset disposal in advance of receipt	10	-	-	-	10	(10)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(6,535)	-	-	-	(6,535)	6,535
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(1,067)	-	-	1,067	-	-

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

	Usable Reserves					Unusable Reserves
Restated 2023/24 Comparative Figures	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(44)	-	44	-	-	-
Finance Lease Rental Principal	-	-	56	-	56	(56)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(1)	-	(1)	1
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	10	-	(10)	-	-	-
Amelioration of Finance Lease Rentals	62	-	-	-	62	(62)
Additional Finance Lease Asset	-	-	-	-	-	-
<b>Adjustments primarily involving the Capital Reserves:</b>						
Use of Capital Reserve to finance new capital expenditure	-	(41)	-	-	(41)	41
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(112)	-	-	-	(112)	112
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	15,241	-	-	-	15,241	(15,241)
Employer's pensions contributions and direct payments to pensioners payable in the year	(18,157)	-	-	-	(18,157)	18,157
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(664)	-	-	-	(664)	664
<b>Total Adjustments</b>	<b>3,825</b>	<b>(41)</b>	<b>89</b>	<b>1,067</b>	<b>4,940</b>	<b>(4,940)</b>



## 11. Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2023	Transfers Between Reserves	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024	Transfers Between Reserves	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Fund:</b>									
Balances held by schools under a scheme of delegation	10,294	-	(3,382)	149	7,061	-	(4,132)	1,452	4,381
					-				
<b>Service Reserves:</b>									
Economy & Culture	2,212	(760)	-	63	1,515	(419)	(276)	116	936
Regulatory & Housing Services	239	-	(53)	-	186	(45)	-	47	188
Environment, Roads & Facilities	450	-	-	-	450	(99)	-	-	351
Tramway - Maintenance Programme	353	-	-	-	353	(85)	-	-	268
IT	1,295	-	-	119	1,414	(116)	(63)	-	1,235
People & Performance	254	120	-	21	395	(264)	(27)	127	231
Corporate Finance, Revenues and Benefits	388	(90)	(20)	70	348	(73)	-	-	275
Internal Audit	69	(50)	-	12	31	(15)	-	20	36
Law & Governance	485	(30)	(73)	-	382	(158)	-	-	224
Other Services	288	(237)	-	20	71	(40)	-	-	31
Social Services	1,706	(988)	(19)	-	699	(136)	(49)	128	642
Education Services	380	-	(281)	20	119	(4)	(11)	21	125

	Balance at 31 March 2023	Transfers Between Reserves	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024	Transfers Between Reserves	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Corporate Reserves:</i>									
Apprenticeships Reserve	102	-	-	-	102	-			102
Budget Recovery Reserve	2,462	3,526	(173)	-	5,815	(547)			5,268
Pay Pressures Reserve	441	1,062	-	121	1,624	547	(74)	88	2,185
Digital Transformation Reserve	723	-	-	-	723	412			1,135
Renewal Programme Reserve	412	-	-	-	412	(412)			-
Business Grants Reserve	400	-	-	-	400	(400)			-
Carbon Reduction Reserve	170	-	-	-	170	(170)			-
Home to School Transport	237	-	-	-	237	(237)			-
Winter Maintenance	333	-	-	-	333	-			333
Insurance Reserves	2,235	-	(178)	589	2,646	-	(422)	823	3,047
PFI Unitary Charge	648	-	(32)	31	647	-		32	679
Managed Print Service	56	-	-	-	56	(56)			-
Hardship Fund	2,553	(2,553)	-	-	-	-			-
Redemption Cost Mostyn Street Offices	(653)	-	-	75	(578)	-		75	(503)
IFRS16 Reserve	-	-	-	-	-	-		532	532
Corporate Building Reserve	-	-	-	-	-	-		1,000	1,000
Other	592	-	(8)	402	986	-	(1)	382	1,367
					-				
Earmarked Grants Reserves	2,382	-	(347)	1,176	3,211	(1)	(925)	474	2,759
<b>Total Earmarked Reserves</b>	<b>31,506</b>	<b>-</b>	<b>(4,566)</b>	<b>2,868</b>	<b>29,808</b>	<b>(2,318)</b>	<b>(5,980)</b>	<b>5,317</b>	<b>26,827</b>
<b>Total Capital Reserves</b>	<b>7,006</b>		<b>(656)</b>	<b>4,442</b>	<b>10,792</b>	<b>-</b>	<b>(631)</b>	<b>4,150</b>	<b>14,311</b>

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

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

<b>Corporate Reserves:</b>	
Apprenticeships Reserve	An earmarked reserve to support the employment of Modern Apprentices.
Budget Recovery Reserve	Created to assist in funding related budgetary pressures for 2022/23, 2023/24 and 2024/25 carried
Pay Pressures Reserve	To assist with pay pressure due to the possibility of the pay award being above the assumed level
Digital Transformation Reserve	Carry forward of WG grant received in 2020/2021 to support IT and digital investment .
Renewal Programme Reserve	Carry forward of consultancy / administration income received from WG in 2020/2021 for the management of the business grants. The reserve has been established to fund Renewal
Business Grants Reserve	To safeguard the Authority in the event of grant clawback from WG in relation to business grants
Carbon Reduction Reserve	To support the Council's key objective of carbon reduction including electric charging points for
Home to School Transport	To support the risk of additional costs for the service through further tendering, hazardous route requirements, additional provision for vulnerable clients, and pandemic related requirements.
Winter Maintenance	To support potential gritting and bad weather expenditure.
Insurance Reserves	To fund any future insurance liabilities and known claims that exceed budgetary provision and
PFI Unitary Charge	Set aside to fund future PFI Unitary charges under the agreed charging model
Managed Print Service	Reserve in place for the print unit to cover any additional expenditure for the Ricoh contract or loss
Hardship Fund	To assist with budgetary pressures arising as a result of the loss of hardship grant funding
Redemption Cost Mostyn Street Offices	Negative reserve to fund the lease redemption cost of the Mostyn St offices, to be replenished by the savings achieved over the next few years.
IFRS16 Reserve	Balances arising from transition to IFRS16
Corporate Building Reserve	To mitigate specific risks relating to dilapidations.
Other	To meet a variety of other commitments and risks, and service reserves used for budget reductions
Earmarked Grants Reserves	Represents income from Government grants set aside for use in the provision of specific services in

## 12. Property, Plant and Equipment

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
Movements in 2024/25:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At 1 April 2024	439,082	42,984	8,319	3,794	7,689	501,868	81,528
Adjustment to Opening Balances - IFRS16 RoU Assets Restated at 1 April 2024	15,581					15,581	3,661
Additions	454,663	42,984	8,319	3,794	7,689	517,449	85,189
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	8,724	3,620	13		13,048	25,405	1,494
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	65,498			(60)		65,438	14,291
Derecognition - Disposals	(20,303)			(40)		(20,343)	(472)
Transfers from Assets under Construction		(3,088)				(3,088)	
Assets Reclassified to/(from) Land and Buildings	3,930				(4,899)	(969)	
Assets Reclassified to/(from) Assets Held for Sale				215		215	
Assets Reclassified to/(from) Surplus Assets	(2,916)			(570)		(3,486)	
Assets Reclassified (to)/from Investment Properties	(215)					(215)	
	(4,041)					(4,041)	
<b>At 31 March 2025</b>	<b>505,340</b>	<b>43,516</b>	<b>8,332</b>	<b>3,339</b>	<b>15,838</b>	<b>576,365</b>	<b>100,502</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2024	(33,034)	(26,552)	(5,977)	-	-	(65,563)	(13,720)
Adjustment							
Depreciation Charge	(11,463)	(4,921)	(269)			(16,653)	(1,899)
Depreciation Written Out to the Revaluation Reserve	31,981					31,981	
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	7,252					7,252	
Impairment Losses recognised in the Revaluation Reserve						-	
Derecognition - disposals		3,068				3,068	-
<b>At 31 March 2025</b>	<b>(5,264)</b>	<b>(28,405)</b>	<b>(6,246)</b>	<b>-</b>	<b>-</b>	<b>(39,915)</b>	<b>(15,619)</b>
<b>Net Book Value</b>							
at 31 March 2025	500,076	15,111	2,086	3,339	15,838	536,450	84,883
at 31 March 2024	406,048	16,432	2,342	3,794	7,689	436,305	67,808

<b>Restated Movements in 2023/24:</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant &amp; Equipment</b>	<b>PFI Assets included in Property, Plant &amp; Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>							
At 1 April 2023	424,226	43,573	8,319	1,030	35,285	512,433	79,687
Adjustment		(739)				(739)	
Additions	9,864	3,981			4,570	18,415	1,129
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	7,111			1,041		8,152	623
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,314)			(8)		(7,322)	
Derecognition - Disposals	(187)	(4,540)				(4,727)	
Transfers from Assets under Construction	6,488	709			(32,166)	(24,969)	89
Accumulated Depreciation and Impairment Written Out on Revaluation						-	
Assets Reclassified to/(from) Land and Buildings				1,106		1,106	
Assets Reclassified (to)/from Surplus Assets	(1,106)					(1,106)	
Assets Reclassified (to)/from Held for Sale				625		625	
Assets Reclassified (to)/from Investment Properties						-	
<b>At 31 March 2024</b>	<b>439,082</b>	<b>42,984</b>	<b>8,319</b>	<b>3,794</b>	<b>7,689</b>	<b>501,868</b>	<b>81,528</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
At 1 April 2023	(22,595)	(26,598)	(5,708)	-	-	(54,901)	(11,875)
Adjustment		739				739	
Depreciation Charge	(10,439)	(5,229)	(269)			(15,937)	(1,845)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services						-	
Impairment Losses recognised in the Revaluation Reserve						-	
Derecognition - disposals		4,536				4,536	-
<b>At 31 March 2024</b>	<b>(33,034)</b>	<b>(26,552)</b>	<b>(5,977)</b>	<b>-</b>	<b>-</b>	<b>(65,563)</b>	<b>(13,720)</b>
<b>Net Book Value</b>							
at 31 March 2024	406,048	16,432	2,342	3,794	7,689	436,305	67,808
at 31 March 2023	401,631	16,975	2,611	1,030	35,285	457,532	67,812

The total for 2023/24 has been amended to correct casting errors.

Details of Right of Use asset movements have been included in Note 31. Also, additional details on PFI assets are provided in Note 32.

The Assets Under Construction figure at 31 March 2025 includes £9.685m of infrastructure assets relating to CRMP and levelling up projects and will be transferred to infrastructure on the completion of the project.

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

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

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

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Net Book Value at 1 April</b>	<b>111,315</b>	<b>150,997</b>
Additions	47,423	7,293
Derecognition	0	0
Depreciation	(7,741)	(9,598)
Impairment	0	0
Other movements	0	0
<b>Net Book Value at 31 March</b>	<b>150,997</b>	<b>148,692</b>

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Infrastructure assets	150,997	148,692
Other PPE assets	436,305	536,450
<b>Total PPE assets</b>	<b>587,302</b>	<b>685,142</b>

## Capital Commitments

At 31 March 2025, the Authority has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years, with major schemes budgeted to cost £12.257m. Similar commitments at 31 March 2024 were £3.114m. The major commitments are:

Council Fund Capital Programme Scheme	Contracted Future Cost £'000
Coed Pella - Re-Modelling Consultancy & Phase 2	498
W-CON-2001 Secondary Immersion Unit (Trochi)	533
Creuddyn 3G Pitch	1,339
CRMP Construction Phase - Llanddulas & Kinmel Bay	8,244
CRMP Construction Phase - Llandudno	853
<b>Total</b>	<b>11,467</b>

## Revaluations

The Authority carries out a revaluation exercise every 5 years of all Property, Plant and Equipment required to be measured at fair value. Valuations of land and buildings were carried out internally by the County Valuer and Asset Manager, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The assets were revalued as at 31 March 2025. Assets Held for Sale, Investment Properties and Surplus Assets are re-valued annually, and other assets are valued at historic cost.

The Council's asset valuations are based on guidance from the RICS Red Book Global. This exercise has been carried out for the Council's assets valued at Depreciated Replacement Cost using data sources from the Building Cost Information Service (BCIS).

## Disclosure Note regarding Schools

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



### 13. Investment Properties

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

	2024/25 £000	2023/24 £000
Rental income from Investment Property	1,138	802
Expenditure on Investment Property	(206)	(1)
<b>Net gain/(loss)</b>	<b>932</b>	<b>801</b>

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

Fair Value of Investment Properties	2024/25	2023/24
	£'000	£'000
<b>Balance at start of year</b>	<b>18,169</b>	<b>17,000</b>
Additions	102	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	2,899	1,169
Transfers (to)/from Property, Plant and Equipment	4,040	
<b>Balance at year end</b>	<b>25,210</b>	<b>18,169</b>

## 14. Financial Instruments

### Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2025	31 March 2024	31 March 2025	Restated 31 March 2024
	£'000	£'000	£'000	£'000
<b>Investments</b>				
Loans and receivables			276	248
Cash equivalents - investments			40,650	27,570
Cash equivalents Foundation Schools - investments			260	237
Available-for-sale financial assets	2,242	2,192		
<b>Total Investments</b>	<b>2,242</b>	<b>2,192</b>	<b>41,186</b>	<b>28,055</b>
<b>Debtors</b>				
Loans and receivables	7,855	5,865		-
Financial assets carried at contract amounts			69,652	57,263
<b>Total Debtors</b>	<b>7,855</b>	<b>5,865</b>	<b>69,652</b>	<b>57,263</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	158,577	130,684	78,555	79,823
<b>Total Borrowings</b>	<b>158,577</b>	<b>130,684</b>	<b>78,555</b>	<b>79,823</b>
<b>Other Liabilities</b>				
PFI and finance lease liabilities	51,690	39,521	2,330	2,520
<b>Total Other Liabilities</b>	<b>51,690</b>	<b>39,521</b>	<b>2,330</b>	<b>2,520</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount	2,581	2,615	29,422	44,637
<b>Total Creditors</b>	<b>2,581</b>	<b>2,615</b>	<b>29,422</b>	<b>44,637</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

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 37.

## Analysis of short term Investments:

	31 March 2025	31 March 2024
	£'000	£'000
Financial Assets - Investments	276	248
Cash Equivalents - Investments	40,650	27,570
Cash Equivalents - Foundation Schools Investments	260	237
Accruals	(192)	(204)
<b>Investments</b>	<b>40,994</b>	<b>27,851</b>

## Analysis of long and short term actual debt outstanding:

	31 March 2025 £'000	31 March 2024 £'000
Financial Liabilities: Long Term Borrowing	158,577	130,684
Financial Liabilities: Short Term Borrowing	78,555	79,823
	237,132	210,507
Less PWLB Interest Accruals	(1,325)	(2,330)
Market Loans Interest Accruals	(1,096)	(1,343)
Stepped Loan Effective Interest Rate adjustment	-	-
Premium adjustment to Modified Loan	672	676
IFRS9 loan modification	144	144
Soft loan accounting entries	135	190
<b>Debt Outstanding</b>	<b>235,662</b>	<b>207,844</b>

## Income, Expense, Gains & Losses

2024/25					2023/24				
	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	10,010			10,010		9,003	-	-	9,003
Losses on derecognition				-		-	-	-	-
Reductions in fair value				-		-	-	-	-
Impairment losses				-		-	-	-	-
Fee expense	58			58		37	-	-	37
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>10,068</b>	<b>-</b>	<b>-</b>	<b>10,068</b>		<b>9,040</b>	<b>-</b>	<b>-</b>	<b>9,040</b>
Interest income		(1,244)		(1,244)		-	(1,650)	-	(1,650)
Interest income accrued on impaired financial assets				-		-	-	-	-
Increase/Decrease in fair value		(50)	50	-		-	(61)	26	(35)
Gains on derecognition				-		-	-	-	-
Fee income				-		-	-	-	-
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(1,294)</b>	<b>50</b>	<b>(1,244)</b>		<b>-</b>	<b>(1,711)</b>	<b>26</b>	<b>(1,685)</b>
<b>Net (Gain) Loss for the year</b>	<b>10,068</b>	<b>(1,294)</b>	<b>50</b>	<b>8,824</b>		<b>9,040</b>	<b>(1,711)</b>	<b>26</b>	<b>7,355</b>

## Fair Values of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2025 of 4.48% to 5.95% for loans from the PWLB and 4.48% to 5.71% 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 2024/25 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 2025		Restated 31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Borrowing	78,555	78,555	79,823	79,823
Long-term Borrowing	158,577	149,748	130,684	134,895
Short-term Creditors	31,752	31,752	47,157	47,157
Other long-term Liabilities *	2,581	2,341	42,136	35,644
<b>Total</b>	<b>271,465</b>	<b>262,396</b>	<b>299,800</b>	<b>297,519</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

\* Finance leases and Right of Use assets do not need a fair value calculation in 2024/25. The Other long-term liabilities figure as at 31 March 2024 has been amended as the incorrect figure had been included.

	31 March 2025		31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Investments	276	276	248	248
Short-term Debtors	69,652	69,652	57,264	57,264
Long-term Debtors	7,855	7,855	5,865	5,865
<b>Total</b>	<b>77,783</b>	<b>77,783</b>	<b>63,377</b>	<b>63,377</b>

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

## 15. Debtors

	31 March 2025 £'000	31 March 2024 £'000
Trade	67,903	55,925
Other	4,446	3,113
Prepayments	1,683	1,656
<b>Total</b>	<b>74,032</b>	<b>60,694</b>
Expected credit loss	(4,380)	(3,431)
<b>Net Debtors</b>	<b>69,652</b>	<b>57,263</b>

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

	31 March 2025 £'000	31 March 2024 £'000
Less than one year	3,360	2,613
More than one year	5,970	5,282
<b>Total</b>	<b>9,330</b>	<b>7,895</b>

## 16. Cash and Cash Equivalents

	31 March 2025	31 March 2024
	£'000	£'000
Cash Held by the Authority	2,347	3,181
Bank Current Accounts	(12,002)	(9,197)
Short-term Deposits	40,650	27,570
Short-term Deposits - Foundation Schools	260	237
<b>Total Cash &amp; Cash Equivalents</b>	<b>31,255</b>	<b>21,791</b>

## 17. Creditors

	31 March 2025 £'000	Restated 31 March 2024 £'000
Trade	37,481	44,031
Other	2,848	3,126
<b>Net Creditors</b>	<b>40,329</b>	<b>47,157</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## 18. Unusable Reserves

	31 March 2025 £'000	31 March 2024 £'000
Revaluation Reserve	240,545	152,510
Available for Sale Financial Assets Reserve	2,242	2,192
Capital Adjustment Account	184,324	186,916
Financial Instruments Adjustment account	(271)	(253)
Pensions Reserve	(9,492)	(9,186)
Deferred Capital Receipts Reserve	1,098	1,218
Accumulated Absences Account	(3,007)	(3,112)
<b>Total Unusable Reserves</b>	<b>415,439</b>	<b>330,285</b>

### Revaluation Reserve

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

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

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

<b>2023/24 £'000</b>	<b>Revaluation Reserve</b>	<b>2024/25 £'000</b>
<b>149,467</b>	<b>Balance at 1 April</b>	<b>152,510</b>
9,058	Upward revaluation of assets	100,973
(1,727)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(8,369)
7,331	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	92,604
(4,288)	Difference between fair value depreciation and historical cost depreciation	(4,485)
	Accumulated gains on assets sold or scrapped	(84)
(4,288)	Amount written off to the Capital Adjustment Account	(4,569)
<b>152,510</b>	<b>Balance at 31 March</b>	<b>240,545</b>

#### **Capital Adjustment Account**

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

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24	Capital Adjustment Account	2024/25
£'000		£'000
190,321	<b>Balance at 1 April</b>	186,916
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(23,678)	▪ Charges for depreciation & impairment of non-current assets	(26,249)
(7,409)	▪ Revaluation gain / (losses) on Property, Plant & Equipment	(9,792)
(62)	▪ Amortisation of Intangible Assets	(62)
(1,642)	▪ Revenue expenditure funded from capital under statute	(423)
(191)	▪ 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	(599)
(10)	▪ Administration costs of asset disposal in advance of sale	(53)
821	Correction of Historic RR Balances	-
(32,171)		(37,178)
4,288	▪ Adjusting amounts written out of the Revaluation Reserve	4,569
(27,883)	Net written out amount of the cost of non-current assets consumed in the year	(32,609)
	<b>Capital financing applied in the year:</b>	
1	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	300
16,732	▪ Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	18,901
6,535	▪ Statutory provision for the financing of capital investment charged against the Council Fund	7,456
41	▪ Capital expenditure charged against the Council Fund	461
(4,574)		(5,491)
1,169	▪ Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	2,899
186,916	<b>Balance at 31 March</b>	184,324



## 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.

2023/24 £'000	Pensions Reserve	2024/25 £'000
55,589	<b>Brought forward balance 31 March</b>	<b>(9,186)</b>
2,497	Adjustment	
<b>58,086</b>	<b>Balance at 1 April</b>	
64,517	Actuarial gains or (losses) on pensions assets & liabilities	102,498
(15,294)	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	(17,394)
18,157	Employer's pension contributions payable in the year	19,114
-	Other	268
(134,652)	Asset Ceiling Adjustment	(104,792)
<b>(9,186)</b>	<b>Balance at 31 March</b>	<b>(9,492)</b>

## 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.

2023/24 £'000	Deferred Capital Receipts Reserve	2024/25 £'000
1,335	Balance at 1 April	1,218
(61)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(64)
(56)	Transfer to the Capital Receipts Reserve upon receipt of cash	(56)
1,218	Balance at 31 March	1,098

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

<b>Restated 2023/24 £'000</b>		<b>2024/25 £'000</b>
(23,679)	Depreciation of Non Current Assets	(26,249)
(62)	Amortisation of Intangible Fixed Assets	(62)
2,916	Pension Fund adjustments	1,720
794	Increase/decrease in impairment for provision for bad debts	(949)
(330)	Contributions to Provisions	430
(191)	Carrying amount of Property Plant & Equipment, investment property and intangible assets sold	(599)
(6,241)	Impairment and revaluations	(6,893)
(7,325)	Other non-cash movement	428
93	Increase/(Decrease) in Inventories	41
(10,630)	Increase/(Decrease) in Debtors	18,203
1,122	(Increase)/Decrease in Creditors	8,584
<b>(43,533)</b>	<b>Net non cash movements</b>	<b>(5,346)</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

The Debtors figure in the above table has been amended in the 2023/24 financial year for the NNDR debtor.

The cash flows for Operating Activities include the following items:

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(1,511)	Interest received	(1,534)
10,706	Interest paid	13,918

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
44	Proceeds from sale of non-current assets	1,109
24,414	Capital grants and contributions credited to income and expenditure	26,454
(1,642)	Revenue Expenditure Funded from Capital Under Statute	(423)
-	Finance lease liability	-
<b>22,816</b>	<b>Net cash flow from investing activities</b>	<b>27,140</b>

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
43,276	Purchase of property, plant and equipment, investment property and intangible assets	39,381
554,921	Purchase of short –term and long-term investments	567,692
(44)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,109)
(554,895)	Proceeds from short-term and long-term investments	(567,665)
(16,148)	Other receipts from investing activities	(36,626)
<b>27,110</b>	<b>Net cash flow from investing activities</b>	<b>1,673</b>

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

<b>Restated 2023/24 £'000</b>		<b>2024/25 £'000</b>
(80,435)	Cash receipts of short-term and long-term borrowing	(148,451)
-	Other receipts from financing activities	-
2,504	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,949
83,500	Repayments of short- term and long- term borrowing	120,280
<b>5,569</b>	<b>Net cash flow from financing activities</b>	<b>(25,222)</b>

The “Other payments for financing activities” row in Note 22 above has been deleted reflecting moving the NNDR debtor to Debtor Movement in Note 19 in the 2023/24 financial year.

## 23. Agency Services

The Council has entered into an agreement under which it carries out tasks on behalf of another organisation for which it is fully reimbursed. The agreement relates to Trunk Road Maintenance and Improvement Works on behalf of the Welsh Government. Expenditure for 2024/25 was £5,867k (£6,065k in 2023/24).

## 24. Pooled Budgets

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, an informal 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 for 2024/25. Income and expenditure for these pooled budget arrangements are included for information only and have not been accrued in each partners' accounts.

The transactions for Conwy County Borough Council only are included in the Social Services line of the Comprehensive Income and Expenditure statement.

	<b>Restated 2023/24 £000</b>	<b>2024/25 £000</b>
	<b>Care Homes for Older People</b>	<b>Care Homes for Older People</b>
<b>Expenditure</b>		
Care Home costs	124,041	136,047
<b>Total Expenditure</b>	<b>124,041</b>	<b>136,047</b>
<b>Funding</b>		
Denbighshire County Council	(11,914)	(12,423)
Conwy County Borough Council *	(15,301)	(18,090)
Flintshire County Council	(13,578)	(14,980)
Wrexham County Borough Council	(14,957)	(16,470)
Gwynedd Council	(12,044)	(13,084)
Isle of Anglesey County Council	(7,214)	(7,126)
Betsi Cadwaladr University Health Board	(49,033)	(53,874)
<b>Total Funding</b>	<b>(124,041)</b>	<b>(136,047)</b>
<b>(Surplus) / Deficit transferred to Reserve</b>	<b>0</b>	<b>0</b>

\* Conwy County Borough Council's 23/24 Care Home Funding has been restated to reflect a £2.881m reduction from -£18.182m to -£15.301m; the Care Home costs have also been restated to mirror this reduction from £126.922m to £124.041m.

## 25. Members' Allowances

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

	2023/24 £000	2024/25 £000
Basic Salary	983	1,025
Senior Salary	281	290
Expenses	7	9
<b>Total</b>	<b>1,271</b>	<b>1,324</b>

## 26. Officers' Remuneration

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

2023/24			Post Title	Note	2024/25		
Salary and other	Employer's Pension Contributions	Total			Salary and other	Employer's Pension Contributions	Total
136,638	26,781	163,419	Chief Executive		142,815	27,991	170,806
110,860	21,728	132,588	Strategic Director of Social Care and Education		113,632	22,272	135,904
110,182	21,595	131,777	Strategic Director Finance & Resources		113,632	22,272	135,904
68,737	13,473	82,210	Head of Law and Governance	1	82,590	16,187	98,777
93,286	18,284	111,570	Statutory Head of Education Services		95,619	18,741	114,360
93,286	18,284	111,570	Head of Environment, Roads and Facilities		95,619	18,741	114,360
81,432	15,961	97,393	Head of Regulatory		83,058	16,279	99,337
73,895	14,483	88,378	Head of People and Performance		79,619	15,605	95,224
7,684	1,506	9,190	Head of Strategic Housing	2	83,058	16,279	99,337

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.

1 The new Head of Law and Governance commenced on 08/05/2023.

2 The Head of Strategic Housing commenced on 26/02/2024.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions and salary sacrifice schemes but including termination benefits) are outlined in the table below.

Band	2024/25 Number		2023/24 Restated Number		2023/24 - Originally stated Number	
	Non-Schools	Schools	Non-Schools	Schools	Non-Schools	Schools
£60,000 - £64,999	10	33	12	31	11	32
£65,000 - £69,999	7	28	9	26	10	25
£70,000 - £74,999	7	21	8	14	7	13
£75,000 - £79,999	2	8	0	8	0	6
£80,000 - £84,999	2	4	4	4	3	4
£85,000 - £89,999	2	4	0	1	0	0
£90,000 - £94,999	0	0	0	0	0	0
£95,000 - £99,999	0	1	0	1	0	1
£100,000 - £104,999	0	0	0	2	0	1
£105,000 - £109,999	0	2	0	2	0	3
£110,000 - £114,999	0	0	0	1	0	1
£115,000 - £119,999	0	2	0	1	0	0
£120,000 - £124,999	0	0	0	0	0	0
<b>Total</b>	<b>30</b>	<b>103</b>	<b>33</b>	<b>91</b>	<b>31</b>	<b>86</b>

Information from 2023/24 has been restated to include termination benefits and exclude salary sacrifice schemes.

Voluntary aided school teachers are included in the table above.

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

	2024/25	2023/24
	Scale Point	Scale Point
Chief Executive	£144,640	£138,384
Median	£27,269	£25,979
Ratio	5.30	5.33

## 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	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
							£	£
£0 - £19,999	9	9	28	28	37	37	260,454	263,643
£20,000 - £99,999	1	1	7	12	8	13	323,455	426,944
<b>Total</b>	<b>10</b>	<b>10</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>50</b>	<b>583,909</b>	<b>690,587</b>

## 27. External Audit Costs

	2024/25	2023/24
	£'000	£'000
Fees payable to Audit Wales relating to the audit of the financial statements.	238	246
Fees payable to Audit Wales relating to Performance audit work	116	114
Fees payable for the certification of grant claims and returns for the year and other financial audit work.	43	35
<b>Total</b>	<b>397</b>	<b>395</b>

## 28. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25:

	2024/25	Restated 2023/24
	£'000	£'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	161,068	160,071
Government contributions towards pressures	7,967	-
<b>Sub Total</b>	<b>169,035</b>	<b>160,071</b>
<b>Capital Grants:</b>		
General Capital Grant	3,385	3,128
Transforming Towns	638	223
Housing with Care Fund	3,534	1,898
Brilliant Basics Fund	86	349
Housing Development	725	554
Shared Prosperity Fund	1,125	564
Coastal Risk Management Programme / Coastal Defence	247	758
Resilient Roads Fund	-	2,296
Local Plan for Nature/Access Improvement	515	480
Levelling Up Fund	8,920	1,346
Community Focused Schools / Sustainable Communities for Learning	3,316	1,912
Flood Alleviation Schemes	200	507
ULEV Transformation Fund	287	-
Transport / Network Grants	925	2,550
Other Welsh Government Grants	300	1,005
Other Various Grants	1,832	229
<b>Sub Total</b>	<b>26,035</b>	<b>17,799</b>
<b>Grand Total</b>	<b>195,070</b>	<b>177,870</b>



<b>Credited to Services:</b>		
Various capital grants applied (REFCUS)	7,628	1,935
Grants DWP Housing Benefit Admin	362	357
Grants DWP Rent Allowances	22,811	23,659
Grants DWP Rent Rebates	1,128	950
Grants NDR Cost of Collection	314	313
Grants DWP Discretionary Housing Payments	176	176
Grants WG No One Left Out, Discretionary Homelessness Fund etc.	1,448	1,392
Grants SPF (Shared Prosperity Fund)	8,137	3,014
Grants CRMP Funding	-	1,011
Grants WG Post 16	6,129	6,233
Grants WG Education Improvement	-	3,448
WG Local Authority Education Grant	16,246	10,511
Grants WG Professional Development	-	455
Youth Revenue Grant	410	402
WG Grant	989	937
Grants WG Social Care Workforce Development Partnership	361	326
Grants WG Youth Homelessness Innovation LAC	254	254
Grants Youth Justice Board	457	452
Grants WG Regional Inegration Fund (RIF)	4,651	3,859
Grants WG Flying Start	3,382	2,968
Grants WG Well Being Activity	138	133
Grants WG SP Risk of Offending	281	278
Grants WG Social Care Workforce Development Programme	1,683	1,734
Grants WG Eliminating Profit from Care	862	386
Grants WG Radical Reform of Service	-	219
Grants WG Bus Services Support Grant	645	1,547
Grants WG Concessionary Fares	2,617	2,263
Grants WG Sustainable Waste Management	555	568
Grants Wales Council Voluntary Action - Local Nature Partner	-	168
Grants WG EFAS	113	679
Grants WG Bus Network Grant	904	-
Grants WG Housing Support Grant	9,479	8,726
Grants HMP & Probation Homelessness Taskforce	253	-
Grants WG Homes for Ukraine	73	1,311
Grants Public Health Wales Exercise Referral Scheme	165	160
Grants Sports Wales	273	300
Grant WG Families First	1,523	1,453
WLGA	425	-
Other Grants	2,297	2,855
<b>Grand Total</b>	<b>97,169</b>	<b>85,432</b>

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24 – see Note 41 for details.

## 29. Related Parties

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

### Central Government

Detailed information on Revenue Grants, Capital Grants, Revenue Support Grant and NNDR pool transactions during the year is disclosed in Notes 28 and 40 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:

	2024/25 £'000	2023/24 £'000
North Wales Fire and Rescue Authority	8,063	7,478
North Wales Police and Crime Commissioner	18,337	17,114
Snowdonia National Park Authority	314	314

### Charitable and Voluntary Organisations

The Council appoints Members, Strategic Directors, Heads of Service, and other Officers to certain charitable and voluntary bodies. Other Officers are not included in the disclosure of transactions with related parties as it is not considered that these Officers are in a position to exert the same level of influence within the Council as Members, Strategic Directors and Heads of Service.

During 2024/25 a total of £1,256,901 (including year-end creditors of £25,854) (2023/24: £503,485) was paid to these bodies by way of grants and the purchasing of services. In 2024/25 the Council received income of £588,372 (including year-end debtors of £9,436) (£1,629,787 in 2023/24 including year-end debtors of £67,008) 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 £143,133 (no year-end creditors) were paid in 2024/25 (£105,847 in 2023/24), and from which the Council received income of £976,460 (including year-end debtors of £273,859) (£435,363 in 2023/24, including year-end debtors of £66,895).

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

The Chief Executive, Heads of Service and Strategic Directors completed a declaration of interest return for the year 2024/25.

No income or expenditure was incurred or received by the Council in 2024/25 with any bodies or organisations disclosed in the declarations (nothing in 2023/24).

### **Members**

Members were sent a declaration of interest with related parties return for the year 2024/25 and declarations were made in respect of interests in companies or businesses which may have dealings with the Council.

A total of £4,470,999 (including year-end creditors of £164,975) was paid by the Council in 2024/25 under such dealings (2023/24: £1,895,810), and a total of £1,249,187 (including a year-end debtor of £112,924) was received by the Council (£853,764 in 2023/24 (including a year-end debtor of £11,201)).

The companies include a hall where a Member is a trustee and director, a community centre where the Member's wife is honorary treasurer, a transport company where a Member has relatives with a controlling interest, and a removal company owned by a Member's relatives.

One Conwy Member 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.

### **Other**

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

### 30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

	2024/25	2023/24
	£'000	£'000
Opening Capital Financing Requirement	267,450	248,203
<b>Capital Investment</b>		
Property, Plant & Equipment	31,728	41,869
Investment	102	-
Intangible Assets	271	-
Revenue Expenditure funded from Capital under Statute	8,051	2,610
Reverse PFI lifecycle timing		
RoU Assets	15,581	-
<b>Sources of Finance</b>		
Capital Receipts	(247)	10
Government Grants & Other Contributions	(26,528)	(18,666)
Sums set aside from revenue:		
Direct Revenue Contributions	(461)	(41)
MRP	(7,456)	(6,535)
<b>Closing Capital Financing Requirement</b>	<b>288,491</b>	<b>267,450</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow	6,589	20,143
Finance Leases (excluding Coed Pella and PFI)	(14)	(13)
PFI/Coed Pella and IFRS16 contracts	(1,168)	(893)
Costs of disposal movement in CAA	53	10
IFRS16 Lease Liability increase	15,581	-
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>21,041</b>	<b>19,247</b>

## 31. Leases

In 2024/25, the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.5%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet:

- £6.022m Property, plant and equipment – land and buildings (right-of-use assets)
- £5.502m Non-current creditors (lease liabilities)
- £0.282m Current creditors (lease liabilities)

The newly recognised lease liabilities of £6.022m compare with the operating lease commitments of £11.260m at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £5.359m (using the incremental borrowing rate at 1 April 2024), there is a difference of £663k from the newly recognised lease liabilities. This is explained primarily by the introduction of new right of use assets.

The Authority already held PFI and Coed Pella leases which transitioned to IFRS16. Further details are shown separately below.

### Authority as Lessee

Previously, operating leases were accounted for without recognising the leased item as an asset and future rents as a liability. The impact of the new IFRS 16 requirements means that a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024.

The Council has decided to apply recognition exemptions and has elected not to recognise right-of-use assets and lease liabilities for short term leases and leases of low value assets.

Right-Of-Use Assets	2024/25	
	Land and Buildings £'000	Total £'000
Balance at 1 April 2024	42,757	42,757
Adjustment to Opening Balances – IFRS16 RoU Assets	11,920	11,920
Restated at 1 April 2024	54,677	54,677
Additions	28	28
Revaluations	2,718	2,718
Depreciation and amortisation	(1,271)	(1,271)
Disposals	0	0
<b>Balance at 31 March 2025</b>	<b>56,152</b>	<b>56,152</b>

Transactions Under Leases	2024/25	
	Land and Buildings £'000	Total £'000
<b>Comprehensive income and expenditure statement</b>		
Interest expense on lease liabilities	1,393	1,393
Expense relating to short-term leases	569	569
Expense relating to exempt leases of low-value items	0	0
Variable lease payments not included in the measure of lease liabilities	0	0
Income from subletting right-of-use assets	0	0
Gains or losses arising from sale and leaseback transactions	0	0
<b>Cash flow statement</b>		
Minimum lease payments	2,326	2,326

2023/24 £'000		2024/25 £'000
570	ROU asset liabilities (net present value of minimum lease payments) - current	967
31,131	ROU asset liabilities (net present value of minimum lease payments) – non-current	41,721
18,474	Finance costs payable in future years	28,073
<b>50,175</b>	<b>Total</b>	<b>70,761</b>

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

	Minimum Lease Payments		Finance Lease Liabilities/ROU Asset Liabilities	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
No later than one year	2,326	1,471	967	570
Later than one year and no later than five years	8,762	5,882	3,668	2,450
Later than five years	59,673	42,822	38,052	28,681
<b>Total</b>	<b>70,761</b>	<b>50,175</b>	<b>42,687</b>	<b>31,701</b>

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

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

	2024/25 £'000	2023/24 £'000
Minimum lease payments	2,326	1,079
Payments receivable in respect of properties occupied by homeless families	(569)	(634)
<b>Total</b>	<b>1,757</b>	<b>445</b>

### **Coed Pella**

Office Accommodation was constructed in Colwyn Bay in 2018 to provide much needed modern office provision for our staff. The cost of construction is being borne by the developer and the Council has entered into a lease type arrangement with the developer. The Council will rent the offices for a period of 40 years from the developer. The annual rental has been set at £1.451m (payable quarterly in advance) and will be uplifted each year by reference to the Retail Price Index published by the Office for National Statistics. The initial rent became payable on 30<sup>th</sup> October 2018 when the offices became operational and were handed over for use by the Council. The lease has been determined to be a Right of Use asset and the offices are included in the Council's Balance Sheet at £48.914m at 31<sup>st</sup> March 2025, together with a finance lease liability of £36.827m.

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.

## Authority as Lessor

### Finance Leases

The Authority has leased out several properties on finance leases with remaining terms of up to 114 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 2025 £'000	31 March 2024 £'000
Finance lease debtor (NPV of minimum lease payments)		
▪ Current	118	120
▪ Non-Current	980	1,098
Unearned finance income	257	315
Unguaranteed residual value of property	(263)	(263)
<b>Gross Investment in the lease</b>	<b>1,092</b>	<b>1,270</b>

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

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
No later than one year	171	178	171	178
Later than one year and not later than 5 years	570	673	570	673
Later than 5 years	352	419	352	419
<b>Total</b>	<b>1,093</b>	<b>1,270</b>	<b>1,093</b>	<b>1,270</b>

### Operating Leases

The Authority leases out property for various purposes including:

- for the provision of community services, such as sports facilities, tourism services and community centres



- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31 March 2025 £'000	31 March 2024 £'000
No later than 1 year	1,234	1,230
Later than 1 year and not later than 5 years	1,720	2,065
Later than 5 years	10,000	10,122
<b>Total</b>	<b>12,954</b>	<b>13,417</b>

The minimum lease payments receivable do not include rent that is contingent on turnover. In 2024/25 contingent rents received amounted to £528,696. In 2023/24 this figure was £524,051.

## 32. Private Finance Initiatives and Similar Contracts

### Three Schools PFI Project

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

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

Contracts were signed on 12 March 2003, and construction started at the end of March 2003. The Unitary Charges (the monthly payment made by the Council to the private sector for the 3 fully serviced schools) were payable from 1 August 2004 for a contract period of 25 years. The Unitary Charge in the financial year 2024/25 was £8.3m (availability and performance deductions of £249) for the period April 2024 to March 2025 inclusive. (Unitary Charge in the financial year 2023/24 was £8.1m with availability and performance deductions of £1,831). The full year charge in 2025/26 is estimated to be approximately £8.4m at a price base of 1 April 2025.

The outstanding undischarged obligation arising from the PFI transaction is approximately £37.4m (£45.5m in 2023/24), 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.

At the end of the contract the Council may retender the provision of the services, or the Contractor will transfer all of its rights, title and interest (if any) in and to the assets to the Council. The Council has rights under the PFI agreement to terminate the agreement if the Contractor defaults as stipulated within the agreement.

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

	<b>2024/25 £'000</b>	<b>2023/24 £'000</b>
Value at 1 April	67,808	67,812
Adjustment to Opening Balances – IFRS16	3,661	-
Restated at 1 April 2024	71,469	-
Additions	1,494	1,218
Revaluations	13,819	622
Reclassifications	-	-
Depreciation	(1,899)	(1,844)
Value at 31 March	84,883	67,808

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

	<b>2024/25 £'000</b>	<b>2023/24 £'000</b>
Balance outstanding at 1 April	(9,971)	(11,921)
IFRS16 Revaluation	(3,661)	-
Payments/adjustments during the year	2,017	1,950
Balance outstanding at 31 March	(11,615)	(9,971)

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

	<b>Service Charges £'000</b>	<b>Repayments of Liability £'000</b>	<b>Interest £'000</b>	<b>Total £'000</b>
Within one year	5,431	2,016	983	8,430
Within two to five years	17,373	9,599	1,995	28,967
Within six to ten years	-	-	-	-

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

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority

is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes.

For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. In 2024/25, the Council paid an employer contribution of £13.701m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2023/24 were £11.227m and 23.68% of pensionable pay. There were no contributions remaining payable at the year end (31 March 2024 – Nil).

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

### **34. Defined Benefit Pension Schemes**

#### **Participation in Pension Schemes**

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

The Authority participates in two post employment schemes:

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

The employer's contribution rate for the Gwynedd scheme in 2024/25 was 19.6% (2023/24 19.6%). The rate will be 19.6% in 2025/26. The total amount paid to the Gwynedd scheme in 2024/25 was £18.070m in respect of standard pension contributions (£17.123m in 2023/24).

#### **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.

Transactions relating to Retirement benefits recognised in Accounts:

	Funded		Unfunded	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<b>Net Cost of services:</b>				
▪ Current service cost	16,853	17,787	-	-
▪ Past service cost	280	328	3	4
▪ Settlements	-	-	-	-
<b>Financing &amp; Investment Income &amp; Expenditure</b>				
▪ Net Interest	(249)	(3,365)	515	545
<b>Total Defined Benefit Charged to Provision of Services</b>	<b>16,884</b>	<b>14,750</b>	<b>518</b>	<b>549</b>
<b>Other Pension Costs Charged to the Comprehensive Income &amp; Expenditure Statement</b>				
▪ Return on assets (excluding interest)	4,158	(42,172)		
▪ Remeasurements on liabilities:				
Actuarial gains and losses arising on changes in demographic assumptions	(1,068)	(3,632)	(3)	(52)
Actuarial gains and losses arising on changes in financial assumptions	(99,391)	(37,132)	(528)	(126)
Other actuarial gains and losses	(5,908)	18,685	(26)	78
Other - change in the asset ceiling adjustment	104,792	134,652		
<b>Total Pension Costs Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>19,467</b>	<b>85,151</b>	<b>(39)</b>	<b>449</b>
<b>Movement in Reserves Statement</b>				
▪ Reversal of charges in accordance with the Code	16,884	14,750	518	549
<b>Actual amounts charged to the General Fund in year:</b>				
▪ Employer contributions	19,114	18,157		
▪ Less prepayment adjustment				-
	19,114	18,157		
▪ Discretionary payments			1,278	1,247

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	
	2024/25	2023/24	2024/25	2023/24
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(527,589)	(602,118)	(9,492)	(10,809)
Fair value of assets	801,515	772,875	-	-
Asset Ceiling Adjustment	(273,926)	(169,134)		
Sub total	-	1,623	(9,492)	(10,809)
<b>Net liability</b>	<b>-</b>	<b>1,623</b>	<b>(9,492)</b>	<b>(10,809)</b>

## 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 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Opening balance	602,118	594,253	10,809	11,607
Current service cost	16,853	17,787	-	-
Interest cost	29,217	28,247	515	545
Contributions by plan participants	5,615	5,298	-	-
Remeasurements	(106,099)	(22,079)	(557)	(100)
Benefits paid	(20,395)	(21,716)	(1,278)	(1,247)
Past service costs/(credit)	280	328	3	4
<b>Closing Balance</b>	<b>527,589</b>	<b>602,118</b>	<b>9,492</b>	<b>10,809</b>

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

Assets	Local Government Pension Scheme	
	31 March 2025 £'000	31 March 2024 £'000
Brought forward balance 31 March	772,875	696,049
Adjustment	-	2,497
Opening balance at 1 April	772,875	698,546
Remeasurements	(4,158)	42,172
Asset Interest	29,466	31,612
Employer contributions	18,112	16,963
Contributions by scheme participants	5,615	5,298
Benefits paid	(20,395)	(21,716)
Unfunded Benefits Paid	(1,278)	(1,247)
Unfunded Benefits Contributions	1,278	1,247
<b>Closing balance</b>	<b>801,515</b>	<b>772,875</b>

## Local Government Pension Scheme Assets

	2024/25				2023/24			
Asset Category	Quoted Prices in Active Markets	Prices Not Quoted in Active Markets	Total	%	Quoted Prices in Active Markets	Prices Not Quoted in Active Markets	Total	%
	£'000	£'000	£'000		£'000	£'000	£'000	
<b>Equity Securities</b>								
Consumer		-	-	0.0		-	-	0.0
Manufacturing		-	-	0.0		-	-	0.0
Energy and Utilities		-	-	0.0		-	-	0.0
Financial Institutions		-	-	0.0		-	-	0.0
Health and Care		-	-	0.0		-	-	0.0
Information Technology		-	-	0.0		-	-	0.0
Other		-	-	0.0		-	-	0.0
<b>Debt Securities</b>								
Other		-	-	0.0		-	-	0.0
<b>Private Equity</b>								
All		43,806	43,806	5.4		40,268	40,268	5.2
<b>Real Estate</b>								
UK Property		51,618	51,618	6.4		53,939	53,939	7.0
Overseas Property			-	0.0			-	0.0
<b>Investment Funds &amp; Unit Trusts</b>								
Equities		448,029	448,029	55.2		430,984	430,984	55.6
Bonds		238,412	238,412	29.4			-	0.0
Infrastructure		23,943	23,943	3.0			-	0.0
Other			-	0.0		220,182	220,182	28.4
<b>Derivatives</b>								
Inflation			-	-		19,102	19,102	2.5
<b>Cash &amp; Cash Equivalents</b>								
All		5,439	5,439	0.7		9,982	9,982	1.3
<b>Totals</b>	-	<b>811,247</b>	<b>811,247</b>	<b>100</b>	-	<b>774,457</b>	<b>774,457</b>	<b>100</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
<b>Mortality Assumptions:</b>				
<b>Longevity at 65 for current pensioners</b>				
▪ Men	20.8	20.8	20.8	20.8
▪ Women	23.8	23.9	23.8	23.9
<b>Longevity at 65 for future pensioners</b>				
▪ Men	21.6	21.7	21.6	21.7
▪ Women	25.4	25.5	25.4	25.5
Rate of Inflation	3.05%	3.10%	3.05%	3.10%
Rate of Increase in salaries	3.25%	3.25%	3.25%	3.25%
Rate of Increase in pensions	2.75%	2.75%	2.75%	2.75%
Rate for discounting scheme liabilities	5.80%	4.85%	5.80%	4.85%
Take-up of option to convert annual pension into retirement lump sum				
- pre April 2008 service	65%	65%	-	-
- post April 2008 service	65%	65%	-	-

### 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 2025:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	9,571
1 year increase in member life expectancy	4%	20,826
0.1% increase in the Salary Increase Rate	0%	481
0.1% increase in the Pension Increase Rate (CPI)	2%	9,355

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).

To quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities at the accounting date on varying bases have been calculated and compared. The approach taken is consistent with that adopted to derive the accounting figures provided in the actuarial report, based on the profile (average member ages, retirement ages, etc) of the Employer as at the date of the most recent valuation.

## Risks

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

## Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The contributions paid by the employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2022), or at any other time as instructed to do so by the Administering Authority.

It is estimated that the Employer's contribution for the period to 31 March 2026 will be approximately £17.198m for the Conwy element.

## IAS19 remeasurements of plan amendments, curtailments and settlements

On 7 February 2018, the IASB issued amendments to IAS19 on accounting for plan amendments, curtailments and settlements ('special events'). As set out in IAS19 and CIPFA guidance, it is our understanding that where an event is considered 'significant', the profit and loss account should be remeasured at the date of the event.

Where the event is not deemed to be significant, we have not remeasured the profit and loss account in this year's disclosures. In the absence of any instruction or statutory guidance, we have measured significance based on 5% of the active membership being affected (for curtailments) or more than 2% of the liability (for settlements and plan amendments). If an alternative measure of significance were to apply, changes may be required to our calculations and disclosures, however the closing balance sheet position would remain unchanged.

The details of all plan amendments, curtailments and settlements that have occurred over the accounting period are noted below.

Event	Date of assumptions	% of active members affected	(Net) discount rate at event date	Extent to which assumptions differ	Significant event?
Early retirements (April)	30 April 2024	0.1% (4 out of 3,647)	2.4%	0.3%	No
Early retirements (September)	30 September 2024	0.2% (8 out of 3,647)	2.3%	0.3%	No
Early retirements (December)	31 December 2024	0.0% (1 out of 3,647)	2.8%	0.7%	No



## **Virgin Media Court Case**

In June 2023, the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993 and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of scheme members. The judgement was appealed in June 2024 but the appeal was dismissed. For the Local Government Pension Scheme, the Government Actuary's Department do not believe that there are any absent actuarial confirmations. Therefore, they do not expect any liability changes to arise following this judgement. The Government Actuary's Department will confirm that actuarial confirmations are available in due course

### **35. Contingent Liabilities**

There is ongoing litigation relating to a Council asset where there are potential financial implications, which cannot be reasonably estimated at this time.

### **36. Joint Arrangements & Joint Committees**

Conwy County Borough Council is currently involved with the two following joint arrangements with neighbouring North Wales Authorities.

- There is one 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 2024/25 was £609,921 (£666,666 in 2023/24).
- A second 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 2024/25 was £97,880 (£127,120 in 2023/24). The NWEAB reserves balance at 31 March 2025 was £964,809.

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>

### **37. 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 2025 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 2025  £'000	Historical Experience of Default  %	Historical experience adjusted for market conditions at 31 March 2025 %	Estimated Maximum Exposure to Default & Uncollectability at 31 March 2025  £'000	Estimated Maximum Exposure at 31 March 2025  £'000
Customers	16,488	2.08	2.08	343	343

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

	31 March 2025 £000	31 March 2024 £000
0-30 Days	7,599	5,937
31-60 Days	1,107	872
61-90 Days	1,976	1,270
90+ Days	5,806	4,713
<b>Total</b>	<b>16,488</b>	<b>12,792</b>

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

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

	31 March 2025 £000	31 March 2024 £000
Banks (A+)	5,890	3,590
Debt Management Office (AA-)	19,760	8,480
Local authorities (Unrated)	15,000	15,500
<b>Total</b>	<b>40,650</b>	<b>27,570</b>

### Liquidity Risk

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

	31 March 2025 £'000	31 March 2024 £'000
< 1 Year	75,865	75,802
1 – 2 Years	17,663	4,516
2 – 5 Years	25,681	12,196
5 – 10 Years	26,372	21,694
10 – 25 Years	8,218	11,371
> 25 Years	77,741	77,741
<b>Total</b>	<b>231,540</b>	<b>203,320</b>

The above analysis does not include Invest to Save loans.

## **Market Risk**

### **Interest Rate Risk**

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

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

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

The Council has taken seven PWLB loans during the financial year to take advantage of rate volatility and to provide interest rate certainty.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2025, 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	(4)
Impact on Other Comprehensive Income & Expenditure	(4)
Decrease in fair value of fixed rate borrowings liabilities (£15k impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	(12,775)

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.

### 38. 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 2025 amounted to £129,561 and the income for the year was £6,447 (Fund Balances at 31 March 2024 amounted to £123,114 and income for the year 2023/24 was £6,118).

2. In addition, the Council is also responsible for the Welsh Church Act Fund with a fund balance of £436,412 at 31 March 2025. This scheme provides income which is to be applied to charitable, educational, recreational and social purposes at the discretion of the Council. The Fund is not an asset of the Council and is not, therefore, included within the Balance Sheet.
3. A Trust Fund was set up for the benefit of scholars in Llanrwst for ancillary education with a fund balance of £836,031 at 31 March 2025.
4. There are a small number of other Trust Funds which have been received. The Fund balances at 31<sup>st</sup> March 2025 amounted to £254,632 (Fund balances at 31<sup>st</sup> March 2024 amounted to £235,927).

### 39. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands 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 2024/25 was calculated as follows: -

Band	Equivalent Number of Dwellings after Discount	Band D Adjustment	Band D Equivalent
A*	9	5/9	4.72
A	4,296	6/9	2,863.67
B	6,985	7/9	5,432.58
C	13,523	8/9	12,020.22
D	10,537	1	10,536.50
E	8,295	11/9	10,138.03
F	4,628	13/9	6,684.53
G	1,780	15/9	2,966.25
H	389	18/9	778.00
I	129	21/9	300.42
<b>Council Tax Base after allowing for losses on collection</b>			<b>51,724.92</b>

The Band D Council Tax for 2024/25 was £2,135.86.

The total amount raised by the Council Tax (including the precepts) is as follows: -

	2024/25	2023/24
	£'000	£'000
Council Tax raised	112,642	101,025

#### 40. 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 2024/25 the rate set by the Welsh Government was 0.562p per £1 of rateable value of the non-domestic properties (2023/24: 0.535p).

At 31 March 2025 there were 5,952 properties on the local valuation list in Conwy, representing a rateable value of £86,652,128 (2023/24: £86,977,257). The net income accruing to the Council from the NNDR is as follows:-

	2024/25	2023/24
	£'000	£'000
National Non-Domestic Rate raised	35,559	30,736
Less Cost of Collection Allowance	(314)	(313)
Less sum paid to the National Pool	(35,245)	(30,423)
	-	-
Receipts from the National Pool	42,458	38,527
<b>Net Income from the National Non-Domestic Rates</b>	<b>42,458</b>	<b>38,527</b>

#### 41. Prior Period Adjustments

There has been a prior period adjustment for a receipt in advance of £6.615m from the NWEAB which was treated as a capital grant unapplied in 2023/24. The prior period adjustment has had the following effects:

Core Statement/Note	Original Figure £m	Restated Figure £m
Comprehensive Income and Expenditure Statement – the (surplus)/deficit	- 3.521	3.094
Movement in Reserves Statement and Note 10 – the capital grants unapplied balance	9.784	3.169
Balance Sheet – short term creditors	40.542	47.157
Balance Sheet – usable reserves	57.739	51.124
Cash Flow Statement and Note 19 – (increase)/decrease in creditors has changed	7.737	1.122
Note 5 – other income and expenditure	29.997	36.612
Note 6 – grants and contributions	269.916	263.301
Note 9 and Note 28 – grants and contributions	24.414	17.799
Note 17 – Creditors	40.542	47.157

## **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 superseded by IFRS.

**USEFUL ECONOMIC LIFE (UEL)**

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



**WORK IN PROGRESS**

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

# Annual Governance Statement

## 2024 to 2025

This document presents our Annual Governance Statement for the period 2024 to 2025, highlighting our commitment to transparency, accountability, and effective governance.

**Mae'r ddogfen hon ar gael yn Gymraeg. This document is available in Welsh. We are also happy to provide this document in large print, audio, and braille, please contact the Corporate Improvement and Development Team.**



**Conwy - Sir flaengar sy'n creu cyfleoedd**

**Conwy - a progressive County creating opportunity**

## **We want to hear your views!**

We value the rich diversity of Conwy and believe it's essential for all voices to be heard and acknowledged. We want to hear from you about the things that affect you. Are our long-term goals right for your community, and are we doing the right things? For more information or to share your thoughts on anything in our Corporate Plan, please contact us.

**By email:** [countyconversation@conwy.gov.uk](mailto:countyconversation@conwy.gov.uk)

**By telephone:** 01492 57 4000

Rydym yn croesawu galwadau ffôn yn Gymraeg a Saesneg. We welcome telephone calls in English and Welsh.

BT Relay Service Customers with hearing or speech impairments can contact any Council service by dialling **18001** before the number they require.

**By Sign:** British Sign Language users can contact us using a Sign Language interpreter through the InterpretersLive! service, provided by Sign Solutions – visit [www.conwy.gov.uk/signing](http://www.conwy.gov.uk/signing)

**By post:** People and Performance Service  
Performance and Improvement Team  
Conwy County Borough Council  
PO Box 1  
Colwyn Bay  
LL29 0GG

We welcome correspondence in both English and Welsh. There will be no delay in responding to correspondence received in either language.

## **Young People**

Young people are the future and we want to hear your views. Services working with young people want to listen and give you the chance to speak up. Conwy Youth Council is all about giving you a voice and a choice in decisions that affect you.

If you want to get involved, visit the [Youth Council Facebook page](#), or go to our [Youth Service website](#), or contact us:

**By email:** [youthservice@conwy.gov.uk](mailto:youthservice@conwy.gov.uk)

**By telephone:** 01492 575100

Rydym yn croesawu galwadau ffôn yn Gymraeg a Saesneg. We welcome telephone calls in English and Welsh. BT Relay Service Customers with hearing or speech impairments can contact any Council service by dialling **18001** before the number they require.

**Through Facebook and Instagram:** @GIConwyYS

### **To keep up-to-date:**

Like us on [Facebook](#)

Visit [our website](#) for information on the Corporate Plan

Visit our [‘Have your Say’](#) webpage

Set up an account on [My Conwy](#) to tailor updates from us, as well as make and manage your service requests online.

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# 1. Introduction

As a council, we are responsible for ensuring that our business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. There is an expectation under the Local Government and Election (Wales) Act 2021 that we exercise our functions economically, efficiency and effectively. In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of our affairs, facilitating the effective exercise of our functions, which includes arrangements for the management of risk.

The new performance and governance regime set out under the Local Government and Elections (Wales) Act 2021 (repealing the earlier Local Government (Wales) Measure 2009) requires councils to undertake an annual Self-Assessment of Performance, and answer the questions:

- 1) Is the Council exercising its functions effectively?
- 2) Is the Council using its resources economically, efficiently, and effectively?
- 3) Does the Council have effective governance in place for securing the above?

Our third Self-Assessment covering 2023 to 2024 has been approved and published on the council website and is available [here](#). Our Self-Assessment for 2024 to 2025 has also been drafted alongside this Annual Governance Statement, bringing forward our democratic reporting timescales to the summer rather than the autumn for more timely monitoring of performance.

The third question, 'Does the Council have effective governance in place?' is answered by our assessment in this Annual Governance Statement.

The Council has a **Local Code of Corporate Governance** that is consistent with the principles of the CIPFA/SOLACE framework for Delivering Good Governance in Local Government; and a **Governance Framework** that comprises of the policies, procedures, behaviours, and values by which the council is controlled and governed. This statement is an evaluation of compliance with the Local Code and whether our governance arrangements effectively support the delivery of our objectives. The Statement also meets the requirements of Accounts and Audit (Wales) Regulations 2014, which requires all relevant bodies to prepare an Annual Governance Statement.

## **2. What is Governance?**

Corporate governance is the system by which an organisation is directed and controlled. A good governance structure will include as a minimum:

- Clear governance standards by which an organisation will be governed.
- Governance roles and responsibilities.
- A mechanism for measuring an organisation's performance against its governance standards.

To be successful, an organisation must have a solid foundation of good governance and sound financial management.

## **3. Corporate Governance Arrangements**

As a council, we are committed to ensuring that good governance principles and management practices are adopted in all business activities to ensure public trust.

### **3.1. The Local Code of Governance**

The Local Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.

### **3.2. The Governance Framework**

The Local Code is underpinned by a Governance Framework that comprises of the policies, procedures, behaviours, and values by which the council is controlled and governed.

### **3.3. The Annual Governance Statement**

The Annual Governance Statement provides assurances over our Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which we comply with our local code of governance. It identifies those areas that have been identified as needing improvement following self-assessment.

### 3.4. Annual Governance Statement Action Plan

We continue to review areas for improvement and they are monitored through the Annual Governance Statement Action plan.

## 4. Sources of Assurance

<b>Assurance Area</b>	<b>Assurance Mechanism</b>	<b>Assurance Output</b>
<b>Delivery of strategic goals and objectives.</b>	There are a number of strategic document and service plans, e.g. Corporate Plan; Inclusive Conwy (Strategic Equality Plan); Ein Llais Cymraeg, etc.	Self-Assessment Performance Reports (six-monthly).  Inclusive Conwy (Strategic Equality Plan) Annual Report.  Welsh Language Strategy Annual Report.
<b>Services are delivered economically, efficiently, and effectively.</b>	Self-Assessment Process. Service Performance Reviews.  Engagement forward work programme.  Complaints Policy and procedures.  Challenge from External Regulators.  Challenge by Scrutiny and the Governance and Audit Committee  Panel Performance Assessment (once every administration).	Self-Assessment Performance Reports (six-monthly).  Service Performance Review documents and outputs.  Survey outputs.  Complaints / compliments reporting.  External regulatory reports  Committee recommendations.  Panel Performance Assessment Report (once every administration).
<b>Management of risks and issues.</b>	Risk and Issue Management Framework. Service Performance Reviews.  Challenge from External Regulators.  Challenge by Scrutiny and the Governance and Audit Committee.	Corporate and service risk and issue registers.  Service Performance Review documents and outputs.  External regulatory reports.  Committee recommendations.



<b>Financial planning and performance.</b>	<p>Business Planning Framework.</p> <p>Medium term financial strategy.</p> <p>Financial regulations and procedures.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Budget setting reports.</p> <p>Financial performance monitoring reports.</p> <p>Annual Statement of Accounts.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>
<b>Effectiveness of internal controls.</b>	<p>Constitution (including statutory officers, scheme of delegation, financial management and procurement rules).</p> <p>Council, Cabinet, committees, boards, and panels.</p> <p>Strategic Leadership Team and Senior Management Team.</p> <p>Internal Audit.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p> <p>Staff engagement and Conwy Conversation.</p>	<p>Regular reviews of the Constitution.</p> <p>Meeting documentation (published on moder.gov)</p> <p>Internal audit reports.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p> <p>Staff engagement and Conwy Conversation records.</p>
<b>Community engagement and public accountability.</b>	<p>Public Participation Strategy.</p> <p>Engagement forward work programme.</p> <p>Complaints Policy and procedures.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Feedback received through consultation and engagement.</p> <p>Lessons learned.</p> <p>Complaints / compliments reporting.</p> <p>Ombudsman reports.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>

<b>Project management and project delivery.</b>	<p>Programme and Project Management Framework.</p> <p>Monitoring structures, e.g. Senior Leadership Team, Senior Management Team, Cabinet, boards, project teams etc.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Self-Assessment Performance Reports (six-monthly).</p> <p>Benefits realisation plan outputs.</p> <p>Lessons learned report.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>
<b>Procurement processes</b>	<p>Contract Procedure Rules.</p> <p>Financial Regulations.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Business Cases.</p> <p>Contracts Register.</p> <p>External regulatory reports.</p> <p>Annual Procurement and Commissioning Report</p> <p>Committee recommendations.</p>
<b>Roles and responsibilities of Members and Officers.</b>	<p>Constitution (covering roles and responsibilities, scheme of delegation, etc.).</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Regular reviews of the Constitution.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>
<b>Standards of conduct and behaviour.</b>	<p>HR Policies and Procedures.</p> <p>Code of Conduct and Member/Officer Protocol.</p> <p>Chief Executive and Monitoring Officer.</p> <p>Standards Committee.</p> <p>Group Leaders.</p> <p>Conwy Conversation.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Complaints / compliments reporting.</p> <p>Standards Committee Annual Report.</p> <p>Conwy Conversation records.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>

<b>Training and development of Members and Officers.</b>	<p>Learning Academy Plan (Learning and Development Strategy).</p> <p>Member Development Plan.</p> <p>Staff engagement and Conwy Conversation.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Learning Academy monitoring / training records.</p> <p>Member Development monitoring / training records.</p> <p>Annual reports by councillors.</p> <p>Staff engagement and Conwy Conversation records.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>
<b>Compliance with laws and regulations, internal policies, and procedures.</b>	<p>Policy Framework.</p> <p>Information Management Strategy.</p> <p>Digital Strategy.</p> <p>Cyber Resilience Strategy.</p> <p>Welsh Language Standards.</p> <p>Ein Llais Cymraeg (Welsh Language Strategy).</p> <p>Health and Safety Policy.</p> <p>Internal Audit.</p> <p>Whistleblowing and other countering fraud arrangements.</p> <p>Challenge from External Regulators.</p> <p>Challenge by Scrutiny and the Governance and Audit Committee.</p>	<p>Senior Information Risk Owner Annual Report.</p> <p>Welsh Language Annual Report.</p> <p>Health and Safety Annual Report.</p> <p>Internal Audit.</p> <p>Records of investigations.</p> <p>External regulatory reports.</p> <p>Committee recommendations.</p>

#### 4.1. Assurance Provided by Internal and External Audit

The Head of Internal Audit stated in the 2024 to 2025 annual Audit Opinion that our internal control environment and systems of internal control provided satisfactory assurance over key business process and financial systems to manage the achievement of the organisation's objectives. Risk based audit planning through our assurance map has been used to ensure sufficient assurance is available to support the annual opinion.

Working practices have continued to evolve to improve the efficiency and effectiveness of internal audits, with increased focus on areas of risk identified within the assurance map, and a shift away from cyclical auditing processes. The Internal Audit Plan continues to provide the required flexibility, and alongside direct internal audit work, the Head of Internal Audit has also drawn on additional sources of assurance, which are summarised as follows:

- Results of all audits undertaken during the year ended 31 March 2025.
- Results of follow-up action taken in respect of audits performed during the previous year.
- Whether any major or critical category of recommendations have not been accepted by management and the consequent risks.
- The effects of any material changes in the organisation's objectives or activities.
- The service has in place a comprehensive assurance map to ensure that those areas of greatest priority are focused upon, assurance gaps are filled, and that there is no 'over assurance' in any activity.
- The work performed by Audit Wales and other external regulators.
- Matters arising from previous reports to the Governance and Audit Committee.
- The work of the Improvement and Audit Group to monitor corporate risks and issues to ensure all critical and major risks and corporate issues have been identified throughout the authority.
- Gaining assurance that external funding flows have been well managed and that appropriate governance and accountability for the use of public money was in place.
- Meetings with Strategic Directors and Heads of Service to identify new or emerging areas of risk, developments within their areas of responsibility, or the impact of new legislation.

The Annual Internal Audit Report for 2024 to 2025 was presented to the Governance and Audit Committee in May 2025. The report concludes that we have satisfactory internal control, risk management, and corporate governance processes in place to manage the achievement of our objectives for the 12 months ended 31 March 2025. 86% of the planned audits completed during the year were assessed as providing positive levels of assurance. 4 of the planned audits completed were assessed as providing a limited level of assurance and related to: Fleet Services (Stock Control & Fuel Management); Cartrefi

Conwy – Temporary Accommodation; Houses in Multiple Occupation; and Disabled Facilities Grant. The Fleet Services (Stock Control & Fuel Management) follow-up was undertaken in April 2025, with the audit opinion revised as Satisfactory Assurance. The other 3 follow-up audits are scheduled to be performed during 2025 to 2026 to ensure implementation of the recommendations.

The findings in respect of follow-up audits conducted during 2024 to 2025 were reported to the Governance and Audit Committee on a quarterly basis. There were 11 follow-ups performed during the year to ensure the implementation of 120 recommendations. 624 of the recommendations have been fully implemented; 9 recommendations remain outstanding; and 49 are considered to be work in progress. The respective audits contained 6 Major or Critical recommendations, 5 of which had been implemented (83%). All 5 recommendations in the Fleet Services (Stock Control & Fuel Management) audit had been implemented or were no longer applicable (computerised stock records). A Major recommendation made in the Welsh Rugby Union (WRU) and Rygbi Gogledd Cymru (RGC) audit was considered to be work in progress.

The draft 2023 to 2024 financial statements were prepared and provided to the auditor in June 2024. The audit of the financial statements was delayed as a result of resource issues in Audit Wales, and an unqualified audit opinion was issued on 29 November 2024. The Annual Audit Summary for 2024 is available [here](#).

## **5. Review of Effectiveness – How do we know our arrangements are working?**

This statement builds upon the CIPFA ‘Good Governance in Local Government 2020 Practitioner Update’. Conwy County Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team within the council, who have responsibility for the development and maintenance of the governance environment; the Head of Internal Audit’s Annual Report; and by comments made by the external auditors and other review agencies and inspectorates. The effectiveness of the governance framework has been evaluated through review by key officers with responsibility for governance functions as well as the Improvement and Audit Group, prior to receiving input from the Governance and Audit Committee.

## 5.1. Definition of Assurance Ratings

We have recently reviewed and aligned our assurance ratings with the common definitions set by the Chartered Institute of Public Finance and Accountancy (CIPFA) for Internal Audit Engagement Opinions. The following assurance rating matrix will be used to self-assess our governance controls:

1. **Substantial Assurance:** A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
2. **Reasonable Assurance:** There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
3. **Limited Assurance:** Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
4. **No Assurance:** Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## 5.2. Three Lines of Defence Evaluation

The Three Lines of Defence Assurance Model is central to the evaluation of effectiveness.

The Authority has in place well established processes to ensure it exercises its functions effectively. The Service Performance Review and Self-Assessment processes are effective in monitoring and evaluating the delivery of our strategic and regulatory commitments; how well we manage issues and risks; and whether financial and non-financial resources are being used economically, effectively, and efficiently.

These evaluation mechanisms are underpinned by a sound performance management framework embedded at every level of the organisation, to drive improvement and ensure compliance. The process for strategic and service planning ensures priorities at a service level are directly aligned to corporate goals, and resources are identified and allocated appropriately. The process for risk and issue management ensures that risks and issues both at a service and corporate level are controlled. The process for performance measurement ensures progress is closely tracked and timely interventions applied where appropriate. The effectiveness of these processes is tested through robust external and internal audit, scrutiny, and challenge.

### **5.2.1. First Line of Defence**

Under the first line of defence, operational managers have ownership, responsibility, and accountability for directly assessing, controlling, and mitigating risks. Heads of Service are required to assist the preparation of the Annual Governance Statement for the council by providing an assurance statement for the internal control framework within their service. Each Head of Service is responsible for delivering the outcomes set out in their Service Plan. They are responsible for identifying and managing the risks and issues that may affect service delivery. This work includes monitoring the effectiveness of controls put in place to mitigate the risks and issues, and carrying out remedial action where controls are weak or not in place.

Service Performance Reviews (SPRs) provide assurance that services have sound governance arrangements. The reviews held during 2024 provided assurance that services were making progress in delivering Corporate and service objectives; that risks and issues were being managed; and that regulatory compliance was being achieved. However, the significant financial and resource challenges faced by every service continued to be the main focus of discussions. Budget reductions, cost increases, recruitment and retention challenges and staff absence, compounded by increasing service demand, continue to place considerable pressure on our ability to sustain performance. There is agreement generally between officers and members that the current levels of service provision cannot be sustained with such resource difficulties and without negatively impacting staff wellbeing. These conclusions have been echoed in our Performance Self-Assessment Report – [www.conwy.gov.uk/performance](http://www.conwy.gov.uk/performance).

Conwy has a sound track record of controlling and managing its revenue budget but this is becoming increasingly difficult because of both increasing service demands, particularly in social care, education and housing, and continued pay and price inflation. Given the significant financial challenges being faced, we further strengthened our spending controls to ensure that any spend was absolutely essential and value for money was obtained. During the year, Welsh Government distributed additional funding and we also benefited from some additional one-off income from the re-financing of a regional waste solution. In addition, we gained from reduced treasury management and energy costs. The final outturn position resulted in spend being contained within our total income, which was better than had been anticipated in our third quarter budget monitoring report. The vast majority of the planned savings were successfully delivered by services.

Given the continued financial pressure, we continue to take active steps to plan and manage our financial position for future years, including the use of benchmarking to provide budget challenge, assessing service levels in the context of statutory duties, and member-led budget working groups to consider the future shape of service delivery.

**Assurance Rating:** Reasonable Assurance

We have given this rating because we believe that our arrangements could be strengthened further, which we have recognised in our improvement actions below.

### **5.2.2. Second Line of Defence**

The second line of defence consists of an oversight and monitoring of activities covered by several components of internal governance (audit compliance, risk and issue management, performance, financial control etc.). This line of defence monitors and facilitates the implementation of effective governance practices by operational management, and assists in reporting information up and down the organisation. A series of reports are written throughout the year – including our six-monthly Performance Self-Assessment Report, financial reports, equality reports, information governance, scrutiny reports, Welsh language reports – all of which are listed in the Governance Framework.

The CIPFA Financial Management Code sets financial management standards that are designed to support good practice and assist local authorities in demonstrating their financial sustainability. Local government bodies face continued challenge to their financial resilience as a result of the significant pressure and demand on services. The economic



instability has only served to exacerbate these pressures resulting in new and significant financial challenges over the coming years. In December 2024, we refreshed our Medium-Term Financial Plan, which sets out our anticipated budget requirement for the next 2 financial years and how we will manage the resource requirement within the funds available. The plan covers a two-year period, rather than three to five years, due to the very significant financial and economic uncertainty that we face. Despite the comparatively short period of the plan, its aim is to help put our finances on a sustainable footing for the longer-term. At our request, our Treasury Advisors have also assessed the treasury management implications of the council's current capital programme. They reported that the revenue impact is manageable, provided rising costs are included in the budget and interest rate risks are managed carefully.

All reports requiring political approval have been presented to either Cabinet or Council for approval, and where appropriate to one of the four Scrutiny and Overview Committees for review and challenge. The reports in the main identify that we are making good progress to meet corporate objectives and other supporting strategies, but there are significant challenges relating to resources and capacity. The reports are balanced and identify areas for improvement where needed. A forward work programme is in place to ensure reports are presented in a timely manner and are regularly reviewed by the chairs of scrutiny with governance officers.

**Assurance Rating:** Reasonable Assurance

We have given this rating because we believe that our arrangements could be strengthened further, which we have recognised in our improvement actions below.

### **5.2.3. Third Line of Defence**

Internal audit forms the organisation's third line of defence. An independent internal audit function with a risk-based approach to its work, provides assurance to senior management. This assurance covers how effectively the organisation assesses and manages governance and includes assurance on the effectiveness of the first and second lines of defence. In total, in 2024 to 2025 Internal Audit gave 29 audit opinions, of which 18 were high assurance, 7 were satisfactory assurance and 4 were limited assurance. There were no audit conclusions of no assurance.

Audit Wales provides an opinion on the statement of the accounts and the governance of the authority. Estyn and Care Inspectorate Wales provide an opinion on the governance and management of Social Care and Education. The audit reports from the 3 regulators overall conclude that there are generally good governance arrangements in place within the authority.

Corrective actions arising from internal and external audit recommendations are closely monitored to ensure they are implemented and effective in addressing the area(s) of risk identified, further enhancing the authority's governance arrangements.

To view the publications of our external regulators, please follow the links below:

- [Audit Wales](#)
- [Estyn](#)
- [Care Inspectorate Wales](#)
- [Healthcare Inspectorate Wales](#)
- [Health and Safety Executive](#)
- [Public Services Ombudsman for Wales](#)
- [HM Inspectorate of Prisons](#)
- Commissioner Reports (including [Welsh Language](#), [Older People](#), [Children's](#), [Well-being of Future Generations](#), etc.).

Internal Audit External Quality Assessments are undertaken every 5 years. Our latest assessment may be viewed [here](#). Our next assessment is due in 2027.

**Assurance Rating:** Substantial Assurance

## 6. Key Governance Questions

### 6.1. Are Governance Arrangements effective in supporting delivery?

This year's Annual Governance Statement covers a period of time when we were continuing to deal with the impact of ongoing inflationary pressures and cost increases, resulting in significant financial pressures and challenges.

### 6.1.1. Stakeholder Engagement

We are required under engagement provisions within the Local Government and Elections (Wales) Act 2021 to seek the views of a prescribed list of statutory consultees on how it is performing against its functions, including with local businesses, community councils, trade unions, partners, as well as residents and staff. Seeking the views and input of those who use our services, and those who help to deliver our services, remains an integral part of our governance processes and in helping us to assess whether we are delivering our functions economically, efficiently, and effectively.

We fully recognise the importance of community and stakeholder feedback in helping us to shape and improve services for future generations, delivering what people need in their communities. We have a lot of good examples of ongoing community engagement taking place through our services, and during 2024 to 2025 we have begun work to develop a new annual process to collate user perspectives as to how we are performing against our functions (i.e. our Well-being Objectives and key governance areas). We hope to have this new process up and running by the summer, providing us with valuable user data by the autumn. This information will support our Self-Assessment process.

Our revised Corporate Plan emphasises the importance of [working with communities](#) as a fundamental principle that underpins all of our work as a council. Making sure that people feel informed, included, and listened to remains important to us, as does providing a variety of ways for people to communicate, collaborate and engage with our services.

During 2024 to 2025 we ran a further public consultation on our budget, explaining the very challenging financial situation that we are in, and asking people for their views on how we should prioritise and allocate our very limited financial resources. The survey asked respondents for their views on which services are important to them and their local community. As part of our engagement and feedback to respondents, we also developed some [Frequently Asked Questions](#) to help address misunderstandings about what in our budget we can and can't control as a council. There was a good response to the survey overall, and the feedback was and continues to be used to inform our decision-making and help design and build financial and service resilience. The results of our budget survey was included within our [draft budget proposals](#), which were approved by Cabinet in February 2025.

We must, however, acknowledge where our engagement has not gone as well as we would have liked and where lessons have been learned. In July 2024, we updated the public on the planned closure of some public toilets, which prompted a Notice of Motion to be raised at Council. In respect of communication and dialogue, some members expressed disappointment at the failure to consult with local members and stakeholders appropriately. The Chief Executive presented a response this at the [Finance and Resources Overview and Scrutiny Committee in September](#), outlining the process that had been followed in respect of the proposed closure of public toilets, which included consultation on the Local Toilet Strategy. Though it was acknowledged that members should have been given more time to consider proposals and that important lessons would be learned from that, the time that was available to us was significantly curtailed by the two elections that were held during 2024. This gave officers only three weeks where there was no pre-election period to inform people that needed to know and to enable us to move swiftly on with the financial savings that we needed to secure as an authority. The Chief Executive also emphasised that there had been extensive discussions, consultations, and engagements since September 2023 with all members, town and community councils and local business, and that officers were always available to discuss concerns and answer questions at any time. Elected members had also been copied into all correspondence relating to the Community Toilet Scheme and the consultation informing of closure.

We feel that good officer and elected member relationships have been maintained during 2024 to 2025, and continue to support the gathering of community views through informal feedback. We also have a Community Development and Engagement Manager to help support our relationship with town and community councils. These mechanisms strengthen the relationships between the council and communities, providing us with vital feedback in order to continue to shape and deliver services people need. During 2025 to 2026 we will be looking to undertake a review of our community engagement mechanisms and activity across the authority, to help us understand what work routinely takes place, what intelligence we can gather from it, and look as far as is possible to bring some consistency and oversight to our approaches.

We have arrangements to regularly engage with the recognised trade unions. There are joint meetings between officers, members and the three unions, Unison, GMB and Unite, in the form of the Corporate Joint Consultative Committee and union consultation meetings, where there are opportunities to discuss the challenges facing us as an employer, discuss corporate decisions that may impact on the organisation's employees,

and share information about our performance in accordance with the Social Partnerships and Procurement Act. In addition, there are regular meetings with recognised Trade Unions who represent Education colleagues – National Association of Head Teachers (NAHT) Cymru, the National Education Union (NEU) Cymru, Voice, and Undeb Cenedlaethol Athrawon Cymru (UCAC). Understanding the importance of effective internal communications and of supporting staff well-being, during 2024 to 2025 we also convened a small working group to review how we engage with staff within the council. A number of key areas for improvement have been identified, and the group will be putting forward their recommendations to SMT in early 2025 to 2026.

### **6.1.2. Strategic Planning**

During 2024 to 2025 we have undertaken an in-depth review and revision of our Corporate Plan objectives. We have rationalised the number of goals set within our plan to five, recognising that the nine that were set previously were very ambitious and spread our focus too thinly. Crucially we have tried to strengthen the plan as a high-level strategic document, taking a step-back from overly operational detail, and giving a particular focus to the need to secure the council's financial resilience to sustain service delivery in the future. We have also taken particular care to review the wording of our commitments to make them more current, and being especially wary of potential future change owing to budgetary pressures. It is a difficult balance to achieve whilst still keeping an eye on what's really important. Our revised plan is available at [www.conwy.gov.uk/corporateplan](http://www.conwy.gov.uk/corporateplan).

Having in place strategic plans aligned to our wellbeing objectives is critical in ensuring national and local priorities are delivered effectively and statutory obligations are met. These plans underpin everything that we do and provide effective roadmaps to improve performance and operational efficiency, and ensure that we respond effectively to macro-environmental risks and opportunities. Our strategic plans are underpinned by sound research and data to inform decision-making.

Corporate strategies, finances, and service plans are aligned to our Corporate Plan's well-being objectives. The culture of outcome-based planning is embedded in our corporate and service planning processes. All key strategic plans and corporate risks and issues are aligned to the relevant well-being objective and all reports submitted for democratic approval must evidence how they support the Well-being of Future Generations Act, Corporate Plan, and / or risk and issue that they effect.

All strategic plans are produced after implementing community engagement processes and are supported with resource management. There are positive links between strategic and financial planning that continue to be built upon.

### **6.1.3. Key Decisions**

As a council, we are publicly accountable to our communities and are required to demonstrate openness and transparency in all decisions made. Providing opportunities for communities to access, scrutinise and challenge our decisions and having a clear audit trail of how decisions are made builds community trust and provides assurance that public resources are being used economically, effectively, efficiently, and ethically.

Key decisions are made with reflection on the impact on a number of factors, including equity and sustainability. We also continue to embed the Well-being of Future Generations (Wales) Act 2015 by ensuring that the Act has been considered in all key plans and all key decisions presented to democracy.

We continue to review our democratic and business processes to ensure that they are fit for purpose and lead to timely, informed decision-making. For example, a member / officer working group has during 2024 to 2025 been reviewing our scrutiny arrangements and will present its findings and recommendations for improvement to Council in early 2025 to 2026. Key routine reports that support performance and risk management have also been reviewed in this last year. During 2025 to 2026 we will be looking to review our approach to impact assessment, which will better help support informed decision-making.

### **6.1.4. Performance Management**

Effective performance management is crucial to ensuring that we deliver our statutory, national, and local priorities; use our resources in the most efficient and effective way; manage risks and challenges; and drive continuous improvement. Where there is evidence of performance in need of improvement, action plans are put in place and monitored. We have robust mechanisms in place to continually monitor performance, risk, and audit compliance information, with routine reports scheduled through democracy.

Our procurement policies include community benefits as an important part of our awarding criteria, as is value for money in itself. Contract procurement rules require that managers demonstrate value for money, which therefore may not always be the cheapest option, and have robust monitoring arrangements in place to monitor the success of any contract.

The Conwy Opportunities Board, our Service Performance Review process, programme, and project boards all provide opportunities for review, challenge, and discussions for improvement. The staff suggestion scheme also invites staff to put forward ideas for improvement. We have reviewed this scheme during 2024 to 2025 and will be looking at ways to promote this better to staff. The Chief Executive and Strategic Directors have also hosted staff engagement sessions twice during the year, which have been a particularly successful mechanism of gaining feedback. Staff can also raise ideas and performance issues through their regular Conwy Conversation check-ins. A small working group of officers has recently been reviewing other mechanisms to promote staff engagement, and will be putting their recommendations forward to the Senior Management Team.

Our six-monthly Performance Self-Assessment Reports have been reviewed during 2024 to 2025 to better meet accessible standards, and now include clear data tables with trend information, as well as qualitative narrative around key deliverables, news items and democratic activity. These reports are a single vehicle through which we can streamline what previously were separate reports, capturing all key performance information in one place. These reports, together with highlight reports from programme and projects, are evidence that in the main, our objectives are being delivered despite the current significant financial challenges.

Over recent years we have had to adjust targets and, in some areas, made the decision for managed decline in alignment with reduced budgets. This unfortunately is likely to continue to be the case for the foreseeable. Crucially, in February 2025, the Council approved its [revised Corporate Plan](#), responding to recommendations from the WLGA Peer Review in 2023 to rationalise our ambition and place a clearer focus on financial resilience. This has been a good opportunity for us to refocus the Performance Management Framework that supports the Corporate Plan, and will form the basis of our Self-Assessment reports going forward.

Relevant staff responsible for the implementation of the Local Government and Elections (Wales) Act 2021 have developed and implemented action plans. During 2024 to 2025 we have moved significantly forward with making arrangements for the Panel Performance Assessment, which has included drafting our Scope for the assessment. The assessment is anticipated to take place in December 2025.

Also during 2024 to 2025, we have done considerable work to review our approach to Corporate Risk and Issues. Our revised register will hopefully present a more streamlined

strategic set of corporate risks, meeting accessibility standards. It includes a summary dashboard that presents trend information to help evaluate the effectiveness of management controls and mitigating actions.

We have reviewed our Service Performance Review (SPRs) programme to ensure that it remains relevant and valuable during the current period of challenge. The terms of reference for the programme have been reviewed by the Senior Management and Cabinet, introducing a structured agenda to the meetings going forward, and more streamlined documentation to better support strategic discussions. Also recognising the considerable amount of work that goes into preparing for SPRs, it has now been agreed to move to an annual rolling programme, which is felt to be more proportionate, particularly in the context of other mechanisms that exist to regularly review service performance. Improvement actions arising from the SPRs will be fed into our six-monthly Performance Self-Assessment reports, supporting our approach to ongoing assessment as encouraged by the statutory performance guidance for the Local Government and Elections (Wales) Act 2021.

We have begun work to implement an annual process to survey stakeholder opinion as to how we are performing against our functions, which again is a requirement of the Local Government and Elections (Wales) Act 2021. This is, however, still in the early stages, and a proposal will be put forward to Senior Managers and Cabinet during the early summer, 2025. The results of the survey will again feed into our Performance Self-Assessment reports, helping us to better triangulate information as to how we are performing.

Considerable work has therefore taken place during the year to review and improve various aspects of both our performance and risk frameworks. Once these strands of work are complete, we will update our policies and guidance accordingly and provide training where needed.

## **6.2. Are there challenges to achievement?**

The most significant challenges to achievement in 2024 to 2025 included:

1. Budget availability.
2. Staff capacity and increasing workloads.
3. The sustainability of the social care sector.
4. Increasing demand for services.



5. Difficulties in recruiting to some key vacant posts in service areas.

Our latest Corporate Risk Register was presented to the [Governance and Audit Committee in June 2025](#).

Despite these challenges, our Performance Self-Assessment reports evidence that, despite the additional pressures, there has been really good work delivered by us in support of our Corporate Plan objectives.

Financial austerity and the reduced capacity of staff who are taking on more roles as staff are not replaced remains a significant barrier in some service areas. However, we are exploring digital solutions that may assist with capacity. We continue to deliver budget cuts to ensure we can balance the budget but this becomes more challenging every year, and as a result extremely difficult decisions have had to be taken to increase charges or reduce or stop some service provision.

We continue to explore and take advantage of other funding opportunities which have become available, including the UK Shared Prosperity Funding, which has been extended into 2025 to 2026, funding from the Welsh Government Energy Service for work to transition to net zero as well as a range of other grants. In addition, we continue look how we can transform services in order to streamline business process, and the use of technology to increase capacity.

### **6.3 Is governance supporting the delivery of objectives?**

We continue to review internal controls and make changes as required by legislation. Internal Audit regularly review their assurance map, which is used to inform the Internal Audit plan. The Governance and Audit Committee also completes an annual self-assessment of its performance to demonstrate it is discharging its responsibilities and its arrangements are effective. A corrective action plan is produced where areas for improvement are identified.

The Head of Audit and Procurement Service and the Audit Manager meet regularly with service management teams to discuss their latest risks, concerns, and requirements. This ensures that Internal Audit are up-to-date and aware of emerging issues and risks and will be able to focus resources in the greatest areas of priority and risk at the time.

There are twice yearly performance reports to democracy and senior management, and all managers can access performance data through our CAMMS system at any time, which stores our performance, risk, and regulatory information.

The corporate risk and issue registers are reviewed regularly with strong engagement by managers and members. During 2024 to 2025 we have undertaken a more in-depth review of our Risk and Issues registers and process and will be making recommendations to democracy for improvements to our framework.

There are routes for both the public and staff to feedback their views through community engagement exercises, e-petitions, staff appraisals and the staff suggestions portal. During 2025 to 2026 we will be looking at a new mechanism to capture stakeholder perspectives about performance against our functions. There are also feedback mechanisms in place through the social media, staff brief, staff engagement events, social media, and managers' forum.

All projects and programmes have benefits realisation plans in place and keep lessons learned logs, which are shared through the Programme and Project Management Forum.

There has been an ongoing programme of modernisation across the council to ensure that we meet the highly ambitious budget reductions and ensure that we are as efficient as possible. During 2024 to 2025 we have developed our draft Resilience Strategy and reviewed our Corporate Plan, which emphasise the importance of transformation to support our financial sustainability in the future.

Whilst we have an oversight of and attend all regional strategic partnerships, it is a complex landscape and careful management is needed to ensure that boards do not duplicate or conflict.

#### **6.4. What do we do well?**

There are clearly defined functions and roles to facilitate members and officers working together to achieve a common purpose, and to determine the interventions necessary to meet the Well-being of Future Generations (Wales) Act and our corporate goals. A comprehensive induction plan is in place to ensure that all newly elected members are supported to understand their roles and responsibilities and how the council works – particularly in relation to governance. A comprehensive induction plan is also in place for

new senior managers to ensure they have the knowledge and support they need to perform their role effectively, contributing to the effective governance of the organisation.

As well as Corporate Inductions, the 'onboarding' page helps to induct all new members of staff and provides a source of reference for them to refer to as they develop in their new role. We also now have a digitised approach to exit interviews, enabling us to draw anonymised data to help us improve.

All corporate priorities and corporate risks and issues are assigned to senior managers and cabinet members in order that they can be held to account for the effectiveness of implementation.

There are robust arrangements for effective financial control through our accounting procedures and financial regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing forecasts of revenue and capital expenditure to annual budgets and a business planning framework process that supports our resource allocation process.

Despite many years of austerity, we have a good track record of managing our spending plans within the approved budget, but this is becoming increasingly difficult as the funding available to us as a council is insufficient to keep pace with the growing demand for services, particularly in social care. In their National Report on the [Financial Sustainability of Local Government](#), Audit Wales conclude that 'the financial position of local government is unsustainable over the medium-term unless action is taken by those who support and interact with the sector as well as councils themselves'. Working to ensure our financial sustainability underpins everything that we do, but as recognised by Audit Wales, the success of local government relies on national, as well as local government.

Despite the barriers and challenges identified, we have delivered a number of achievements against our well-being objectives. These have been captured in detail within our twice-yearly Performance Self-Assessment Reports, which may be viewed on [www.conwy.gov.uk/performance](http://www.conwy.gov.uk/performance).

## **6.5. What do we need to keep a focus on?**

Our key areas of risks, as captured through our Corporate Risk Register, are as follows:

1. Insufficient funding will prevent us from balancing our budget, achieving our objectives, and delivering services.
2. We do not achieve the target to become net carbon zero.
3. A serious safeguarding incident where the council has responsibility.
4. We do not respond effectively to an unexpected serious event.
5. A health and safety incident results in serious injury or the loss of life.
6. We do not have sufficient staff resilience to fulfil our commitments.
7. Recruitment and retention challenges worsen in critical areas.
8. We are not an inclusive organisation.
9. Our infrastructure is not used effectively, prioritised, or upgraded appropriately.
10. Partners do not have aligned priorities, commitments, or available resources to make effective decisions and support the successful implementation of shared outcomes.
11. There is an information security incident.
12. There is legal action, fines or a judicial review ruling against the council.
13. Contracts will not deliver the expected outcomes.
14. The sustainability of the social care sector locally worsens.
15. We do not appropriately and responsibly utilise technology (including Artificial Intelligence).
16. Homelessness levels increase significantly.
17. We do not sufficiently consider demographic information in the design and delivery of our services.

The executive summary for our [Performance Self-Assessment](#) also summarises the key areas where there are challenges to our performance.

## **6.6. Have there been any governance issues?**

The review of the effectiveness of the governance framework has concluded that our arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Below are our actions in support of improved governance.

### **6.6.1. Improvement Actions 2024 to 2025**

Our previous review identified 4 key improvement actions, for which an update is provided below:

**A1 Review Outcome 9 of the Corporate Plan to build short, medium, and longer-term resilience.**

**Update:** Council approved its revised Corporate Plan at its [meeting in February 2025](#). The new Plan places a clear focus on the need of the organisation as a whole to work towards improved financial resilience. This action is now complete, however, there is still work to do to finalise our supporting Resilience Strategy (see A1 below).

**A2 Further develop medium term financial planning, seeking to maximise on the benefit of extending our Medium-Term Financial Plan beyond two years, and identifying actions to build financial resilience.**

**Update:** The Medium-Term Financial Plan has been updated and now covers the period to 2027 to 2028. The focus of our work during 2024 to 2025 has been to implement a range of actions following on from a WLGA Peer Review in 2023 and working with the Chartered Institute of Public Finance and Accountancy during 2024. These actions were set out in a Resilience Action Plan approved by Cabinet in September 2024. A key action was the development of a draft Resilience Strategy, which is supported by the Medium-Term Financial Plan. This will continue to be developed in 2025 to 2026.

**A3 Review the approach to procurement to increase capacity and improve coordination of procurement activities.**

**Update:** Corporate Procurement have completed a mini-restructure within the team, increasing capacity from 2.4 FTE to 4.4 FTE staff. As part of phase 2 implementation of the new Corporate Financial System, the team are developing a new Corporate Contracts Register that will provide improved oversight of existing contracts and will assist with the future planning of procurement activity. This will support the requirement to publish a pipeline of procurement activity under the Procurement Act 2023. The team are also reviewing the Contract Procedure Rules to bring them in line with the new Act and the transparency requirements. A Procurement Board has been established to pre-approve any new procurement activity over £50,000 before any activity is commenced.

**A4 Streamline decision-making processes to remove bureaucratic barriers and improve the timeliness of decisions, maximising their effectiveness.**

**Update:** We have undertaken considerable work in this last year to review our corporate performance, risk, and regulatory management processes, integrating reports where possible to avoid duplication and maximise capacity. We have also brought forward our six-monthly Performance Self-assessment reports so that they are more timely. There is also an ongoing review of scrutiny currently. We will continue with this action into 2025 to 2026 (see A3 below).

**6.6.2. Improvement Actions 2025 to 2026**

The areas identified within this review to be specifically addressed with new actions planned are outlined below:

- A1 Support the long-term financial sustainability of the council by implementing our Resilience Action Plan and Resilience Strategy.
- A2 Renew our Asset Management Strategy.
- A3 Continue our efforts to streamline decision-making.
- A4 Improve our approach to engagement and data intelligence.
- A5 Implement revised civil contingencies governance structures.
- A6 Actively support each service to develop and implement their workforce plan.
- A7 Work with all services to progress the aims of the Inclusive Conwy Strategy.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. These actions will be included within our Performance Self-Assessment Reports and monitored there.

**7. Conclusion**

Our decision-making process is transparent, supported by well-documented public meetings. Through officer and member induction everyone has been made aware of their roles and responsibilities. Decisions are subject to effective external and internal scrutiny, and where improvements are needed, action plans are put in place and monitored.

Governance arrangements have effectively supported us through a period of continuing challenge, whilst allowing us to adapt and deliver services without any continuity issues. Based on this assessment, therefore, the overall conclusion is that our governance arrangements for the period 2024 to 2025 were fit for purpose and effectively supported the delivery of our objectives.

We cannot yet say what the long-term consequences will be for public finance and public services, but elected members are working hard to lobby for changes for a fair national funding formula. Whatever the future brings, however, we will ensure that our Governance Framework continues to be relevant and fit for purpose.

**Signed:**



**Rhun ap Gareth, Chief Executive**

**Date:** 8 December 2025

**Signed:**



**Cllr Julie Fallon, Leader**

**Date:** 8 December 2025