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# NARRATIVE REPORT

## 1. INTRODUCTION

Neath Port Talbot County Borough covers over 170 square miles. It is home to around 141,000 people living and working in more than 64,000 households in communities across the County Borough. The Council provides many different services to residents and business. We are responsible for maintaining approximately 860 Kilometres of roads, 940 Kilometres of footpaths and over 19,000 street lights within the borough.

### **Our Services and the Way We Work**

The Council provides a variety of services on a daily basis, a number of which are shown below:

Education, Leisure & Lifelong Learning	Social Services, Health & Housing
<ul style="list-style-type: none"> <li>• Primary, Secondary &amp; Special Schools</li> <li>• School Catering</li> <li>• Adult Education</li> <li>• Youth Services</li> <li>• Libraries</li> <li>• Theatres and Leisure</li> </ul>	<ul style="list-style-type: none"> <li>• Homecare</li> <li>• Residential Care</li> <li>• Supporting Children &amp; Vulnerable Adults with Disabilities</li> <li>• Homelessness</li> <li>• Disabled Facility Grants</li> </ul>
Environment	Corporate Services
<ul style="list-style-type: none"> <li>• Highways Maintenance</li> <li>• Street Lighting</li> <li>• Building Control</li> <li>• Planning and Economic Development</li> <li>• Waste Management</li> <li>• Food Hygiene and Trading Standards</li> <li>• Pest Control</li> <li>• Cemeteries &amp; Crematoria</li> <li>• Waste Collection, Recycling &amp; Disposal</li> </ul>	<ul style="list-style-type: none"> <li>• Council Tax Support &amp; administration</li> <li>• Licencing</li> <li>• Finance and Human resources</li> <li>• ICT, Customer and Digital Services</li> <li>• Legal Services</li> </ul>
Other Housing Services	Other Corporate Services
<ul style="list-style-type: none"> <li>• Housing Benefit Support and Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Precepts, Levies and Contributions</li> <li>• Other Corporate Initiatives</li> </ul>

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The Council is made up of 60 locally elected councillors who represent 34 divisions of Neath Port Talbot. The constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure decision are efficient, transparent and accountable to local people. Council appoint a leader of the Council who appoints Cabinet Members, each with a responsibility for a specific portfolio of services.

The role of Cabinet is:

- to be responsible for most major decisions;
- provide leadership;
- propose the budget framework and subsequent budget.

Scrutiny Committees support the work of the Cabinet and Council by:

- Monitoring decisions of the Cabinet
- Allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council
- Producing reports and recommendations to support development of policies and decision
- Having the ability to review a decision that has been made but not yet implemented

Regulatory and other committees support delivery of Council services. Council has given Governance & Audit Committee the responsibility to review and approve the Financial Statements of the Council. The Councils Management Team is led by the Chief Executive and includes Corporate Directors and the Chief Finance officer (including the monitoring Officer and Section 151 Officer). They are responsible for:

- providing impartial advice on policy and implementing decisions of the Cabinet and Council; and
- delivery of services and performance

## 2. ACCOUNTING STATEMENTS

The statement of accounts is made up of a number of statements that are accompanied by explanatory notes. The following paragraphs provide an explanation of the purpose of the information included within these statements.

### **Statement of Responsibilities**

This sets out the respective responsibilities of the Authority and the Section 151 officer for the preparation and approval of the Statement of Accounts.

### **Expenditure and Funding Analysis**

The expenditure and funding analysis starts by showing how annual expenditure is used and funded from resources, such as government grants, council tax and business rates. It then updates this position to show those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between directorates, which reflect the Council's management structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

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## **Comprehensive Income and Expenditure Statement**

This 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 and this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

## **Movement in Reserves Statement**

This shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves, that is, those that can be applied to fund expenditure or reduce local taxation and other unusable 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 general fund balance.

## **Balance Sheet**

This shows a snapshot of the Authority's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

## **Cash Flow Statement**

This 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. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital borrowing to the Authority.

## NARRATIVE REPORT

### 3. REVENUE SPENDING IN 2022/23

The Authority's budget requirement for 2022/23 was set at £338.020m Actual spending compared to the budget was as follows:

Neath Port Talbot Management Accounts	Revised Budget £000	Actual £000
<b>Expenditure</b>		
Directly Controlled Expenditure	286,186	288,730
Capital Financing	20,514	20,514
Levies, Contributions and Miscellaneous Funds	8,773	8,845
Council Tax Support	19,621	18,291
Contingencies and Reserves	2,926	3,298
<b>Net expenditure</b>	<b>338,020</b>	<b>339,678</b>
<b>Income</b>		
Revenue Support Grant / NNDR	(258,073)	(258,073)
Council Tax	(80,334)	(81,834)
Less Discretionary Rate Relief	387	229
<b>Total Income/Budget Requirement</b>	<b>(338,020)</b>	<b>(339,678)</b>
<b>NET BUDGET (SURPLUS)/DEFICIT TO BALANCES</b>	<b>0</b>	<b>0</b>
<b>General Fund Working Balance</b>		
Opening Working Balance 1st April		(20,151)
Movement in Working Balance		0
<b>Closing Working Balance 31st March</b>		<b>(20,151)</b>

### 4. CAPITAL SPENDING IN 2022/23

	Actual £000
<b>Capital Investment</b>	<b>44,097</b>
<b>The expenditure was financed by:</b>	
Government Grants and Other Contributions	(21,196)
Loans	(16,147)
Capital Receipts	(3,416)
Direct Revenue Contributions and Reserves	(3,338)
	<b>(44,097)</b>

The capital investment figure of £44.097 includes £43.642m incurred directly by the Council and £455k incurred on behalf of the Council by Caerphilly CBC. Caerphilly CBC are acting on behalf of all Welsh Authorities in purchasing schools ICT infrastructure as part of the Welsh Governments HWB Programme. Whilst the expenditure is being incurred by Caerphilly, for accounting purposes each Authority is required to reflect their element within their Statement of Accounts.

# NARRATIVE REPORT

## 5. EXTERNAL DEBT

At the year end, the Authority's total external debt was £295.195m which excludes accrued interest of £2.628m that is included within debt in the balance sheet. Sources of borrowing include the Public Works Loan Board and banks for long term borrowing and other financial institutions for short term borrowing.

## 6. RESERVES AND BALANCES AT 31<sup>ST</sup> MARCH 2023

The Authority holds both General and Earmarked Reserves. Earmarked reserves are set aside to support specified future revenue expenditure while the General Reserve is available to support the Authority against unexpected events and emergencies. Reserves held by the authority are as follows:

	<b>Actual £000</b>
Earmarked Reserves to Support Revenue Expenditure	70,799
General Reserve Working Balances	20,151
<b>Total General Reserve Balance</b>	<b>90,950</b>

## 7. REVALUATION OF ASSETS

The net book value of assets increased during 2022/23 by £39.290m There was a £41.520m gain relating to the revaluation of assets undertaken by the Director of Environment / Strategic Property and Valuation Manager.

The Authority's property, plant and equipment are valued on a five year rolling programme by the Director of Environment / Strategic Property and Valuation Manager in accordance with the Royal Institute of Chartered Surveyors Statements of Asset Valuation Practice.

The significant assumption applied when estimating the fair value of property, plant and equipment is that the asset will continue in its existing use. Where there is a market value for the asset, its value will be determined with reference to the market, but in instances where no market exists for an asset, depreciated replacement cost, which is the current cost of replacing an asset with the modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, will be used as the basis of valuation.

During 2022/23, the following categories of assets were revalued:

- Residential Home, Day & Other Centres were valued as at 1<sup>st</sup> February 2023 on a Current Value Depreciated Replacement Cost and a Current Value Existing Use Valuation basis;
- Industrial Workshops and Sites were valued as at 1<sup>st</sup> December 2022 on a Current Value Existing Use Valuation basis ;
- Cemeteries & Crematoriums were valued as at 1<sup>st</sup> December 2022 and 1<sup>st</sup> February 2023 on a Current Value Depreciated Replacement Cost and Historic Cost basis;
- Country Parks were valued as at 1<sup>st</sup> January 2023 on a Current Value Depreciated Replacement Cost basis;
- Sports Centres and Pools were valued as at 1<sup>st</sup> March 2023 on a Current Value Depreciated Replacement Cost basis;

## NARRATIVE REPORT

During 2022-23 not all assets valued under the Depreciated Replacement Cost basis have been fully revalued, only those in the current cycle were revalued in line with our accounting policy, whilst those assets not within the current cycle were only partially revalued. This partial revaluation exercise was undertaken to more accurately reflect the current economic climate and the increase in construction costs relating to these asset valuations.

Assets held for sale are valued annually and six assets with a value of £1.980m were valued at 31st March 2023.

### 8. INTERNATIONAL ACCOUNTING STANDARD 19 - PENSIONS

The accounts comply with the requirements of the above standard with the revenue accounts reflecting the current year cost of pension provision to employees as advised by the pension fund actuary. The balance sheet contains the actuary's assessment of the Authority's share of the pension fund liability at 31<sup>st</sup> March.

The pension fund liability disclosed in the balance sheet is the total projected deficit that exists over the expected life of the fund. This deficit changes 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 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2022/23 relates to the valuation undertaken on 31st March 2022.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation. The Department for Communities and Local Government legislated for a new scheme which commenced in April 2014 which was designed to have a material and beneficial effect on the projected cost of the scheme over future years.

The Pension Fund Deficit at 31st March 2023 is £51.62m.

### 9. SIGNIFICANT PROVISIONS

The Authority holds three significant provisions:

- An insurance provision of £3.043m to cover the likely cost of settling outstanding insurance liabilities. This is made up of a long term provision of £2.033m and a short term provision of £1.010m.
- A provision of £0.923m for housing warranties following the transfer of the Housing stock to Tai Tarian in March 2011.
- A provision of £0.073m to provide the costs of early retirements and redundancies which have been agreed by 31<sup>st</sup> March 2023, with leaving dates during 2023/24.



# NARRATIVE REPORT

## 10. IMPACT OF CURRENT ECONOMIC CLIMATE ON THE AUTHORITY

2022/23 has been another extraordinary year for the Council following the Covid-19 pandemic and brexit, with the past 36 months having had an extensive impact on communities, our local economy and the way in which the Council works. This together with a sustained period of reductions in funding the Public Sector has received in real terms, with Neath Port Talbot securing reductions in the revenue budget of circa £90m since 2008. As well as finding genuine efficiencies and economies in the cost of services and functions, as has been the case in other councils, the scale of austerity measures imposed by the UK Government has also seen deep cuts in services and jobs, particularly in those services delivered under discretionary powers.

The Corporate plan for 2022-2027 set out how we will approach recovery in the short, medium and longer term and has been informed by many residents, employees, elected members, community organisations, business and other partners. A considerable amount of evidence has also been used to understand how things have changed as a result of the pandemic including wider influences, like climate change, digital disruption and government policy. All of this information has been brought together to reset and renew the Councils wellbeing objectives, priorities vision values and relationships. These priorities have been reflected in the Councils revenue and capital budgets.

When the Council set its budget for 2022/23, it appeared that the immediate future looked more settled. An increase in funding through the Local Government Settlement of 8.8% for 2022/23 followed by indicative allocations of 3.5% for 2023/24 and 2.4% for 2024/25 meant that for the first time in a long time, the Council had an idea of the resources available to it for a three year period and could plan with a greater degree of certainty.

As a result of the 8.8% settlement, the Council was able to target investment at the recovery plans that were developed in 2021-22 and did not consider it necessary to increase council tax in 2022-23 to fund Council services. The Council was also able to allocate £2 million into a specific reserve to address the developing concerns at the time around cost of living.

However, within weeks of agreeing the 2022/23 budget, Russia invaded Ukraine and what has unfolded since has materially changed our operating environment. Energy prices and energy security are having major impacts across Europe and more widely. We estimate energy costs for the Council to rise by 150% from April 2023 (circa. £8million if maintained for the entire financial year). Inflation has already reached levels not seen since the 1980's which is feeding through in terms of contract and other costs as well as contributing to a cost of living crisis across all of our communities. The UK Government has increased the National Living Wage (NLW) by 10% and is set to increase the NLW by a similar degree in 2023-24. The Welsh Government has, additionally, committed to providing funding to enable at least the Real Living Wage to be paid to care workers across Wales. The combined impact of the pandemic and Brexit has also had a mixed impact across our local economy. Ongoing supply chain disruptions are adding to cost pressures.

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Income levels have been impacted by the pandemic too with many residents having made significant changes to their lifestyles during the pandemic period – this is particularly affecting theatres, car parks and leisure services where the number of paying customers is yet to return to pre-pandemic levels.

Furthermore, the labour market is far more competitive with post pandemic unemployment rates at very low levels and more employers seeking to fill jobs than there are people looking for work. This is placing pressure on recruitment and retention with consequential implications for pay and our wider employment offer.

On a positive note, the county borough is also seeing an unprecedented level of investor interest from existing and new investors. Whilst the level of investor interest is very welcome, this is placing considerable pressure on Planning, Economic Development and other regulatory services.

In setting the budget, Members consider the requirement of delivering its statutory services, as well as those other services that the public and users have come to expect. The challenge is to set a budget at activity levels that are sustainable and equitable. Members also have to consider the demand for services and changes to these services in light of the impact on:

- Service users
- Employees
- Legislation including the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 considerations
- Income generation
- Council tax level

The Council has set a budget of £360.972m for 2023/24. This includes increased funding from the Welsh Government of 7.1%, an increase of 4.5% in council tax and the use of £3.5m from the Council's general reserve balance to underpin the budget.

The medium term financial outlook over the next five years is challenging. With inflation currently running at 10.1% (CPI January 2023) and the national living wage rising by 9.7% in 2023/24 there looks to be no let-up in the cost increases facing the Council

The current medium term financial plan (MTFP) to 2027/28 includes pay and inflationary pressures over the five year period amounting to £85m; unavoidable service pressures of £17m and local growth pressures arising from changing demographics of £16m.

After taking account of assumed Welsh Government funding of £47m over the period 2023-2028 there still remains a funding gap of £48m which represents 20% of the Council's overall net revenue budget (excluding schools). Work is already ongoing in developing a number of strategies to close this gap.

During 2022/23 the Council acted on behalf of the Welsh Government and Central Government Departments as an agent with regard to various Covid 19 and cost of living grants. The Council received £20.502m from Government departments to cover these payments to recipients. The Council also received £2.130m from Welsh Government to cover increased service costs for administering these grants. Further details can be found in note 24.

# NARRATIVE REPORT

## 11. GROUP ACCOUNTS

There is a requirement for local authorities to produce group accounts to recognise material financial or controlling interests in companies, voluntary organisations, public bodies, etc. An assessment was made of all such interests and this did not identify any relationship which is considered material, therefore, group accounts have not been prepared.

## 12. CHANGE IN ACCOUNTING POLICIES

Changes in accounting policies are 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.

## 13. FURTHER INFORMATION

Further information relating to the accounts can be obtained from the Chief Finance Officer, Neath Port Talbot County Borough Council, Civic Centre, Port Talbot, SA13 1PJ.

# THE AUTHORITY'S RESPONSIBILITIES

## The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

## CHIEF FINANCE OFFICER RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that the accounts show a true and fair view of the financial position of the Authority as at the date of preparation and of its expenditure and income for the year ended 31<sup>st</sup> March 2023.



**Chief Finance Officer (Section 151 Officer)**

**26<sup>th</sup> May 2023**

## EXPENDITURE AND FUNDING ANALYSIS

2021/22			2022/23			
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
113,731	(13,798)	99,933	Education, Leisure & Lifelong Learning	133,137	20,073	153,210
78,041	8,084	86,125	Social Services, Health & Housing	100,092	8,489	108,581
41,039	18,945	59,984	Environment	47,660	28,871	76,531
19,009	3,698	22,707	Corporate Services	21,794	2,756	24,550
(100)	145	45	Other Housing Services	(377)	86	(291)
25,411	(9,730)	15,681	Other Central Services	33,658	(11,774)	21,884
<b>277,131</b>	<b>7,344</b>	<b>284,475</b>	<b>Net Cost of Services</b>	<b>335,964</b>	<b>48,501</b>	<b>384,465</b>
(302,853)	(36,942)	(339,795)	Other Income & Expenditure	(322,140)	(767)	(322,907)
<b>(25,722)</b>	<b>(29,598)</b>	<b>(55,320)</b>	<b>(Surplus) or Deficit</b>	<b>13,824</b>	<b>47,734</b>	<b>61,558</b>
<b>79,052</b>			<b>Opening General Fund Balance</b>	<b>104,774</b>		
25,722			In year movement Surplus / (Deficit)	(13,824)		
<b>104,774</b>			<b>Closing General Fund Balance</b>	<b>90,950</b>		

Further information in relation to the adjustments column in the expenditure and funding analysis can be found in note 4.

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure	2021/22		Note	2022/23			
	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
	£000	£000		£000	£000	£000	
160,292	(60,359)	99,933	Education, Leisure & Lifelong Learning	210,768	(57,558)	153,210	
142,832	(56,707)	86,125	Social Services, Health & Housing	154,994	(46,413)	108,581	
89,778	(29,794)	59,984	Environment	106,456	(29,925)	76,531	
25,751	(3,044)	22,707	Corporate Services	27,811	(3,261)	24,550	
41,495	(41,450)	45	Other Housing Services	40,771	(41,062)	(291)	
23,483	(7,802)	15,681	Other Central Services	25,505	(3,621)	21,884	
<b>483,631</b>	<b>(199,156)</b>	<b>284,475</b>	<b>Cost of Services</b>	<b>566,305</b>	<b>(181,840)</b>	<b>384,465</b>	
24,200	-	24,200	Other Operating Expenditure	8	25,448	-	25,448
22,336	(167)	22,169	Financing & Investment Income & Expenditure	9	22,871	(1,523)	21,348
-	(386,164)	(386,164)	Taxation and Non-specific Grant Income	10	-	(369,703)	(369,703)
<b>530,167</b>	<b>(585,487)</b>	<b>(55,320)</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>614,624</b>	<b>(553,066)</b>	<b>61,558</b>
		(86,017)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	20			(46,329)
		(165,493)	Actuarial (Gains)/Losses on Pension Assets/Liabilities	20			(426,869)
		(251,510)	<b>Other Comprehensive (Income) &amp; Expenditure</b>				<b>(473,198)</b>
		(306,830)	<b>Total Comprehensive (Income) &amp; Expenditure</b>				<b>(411,640)</b>

## MOVEMENTS IN RESERVES STATEMENT

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2021</b>	<b>79,052</b>	<b>8,883</b>	<b>14,434</b>	<b>102,369</b>	<b>(202,174)</b>	<b>(99,805)</b>
<b>Movement in reserves during 2021/22</b>						
Total Comprehensive Income and Expenditure	55,320	-	-	<b>55,320</b>	251,510	<b>306,830</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	(29,598)	(181)	6,423	<b>(23,356)</b>	23,356	-
<b>Increase/(Decrease) in Year</b>	<b>25,722</b>	<b>(181)</b>	<b>6,423</b>	<b>31,964</b>	<b>274,866</b>	<b>306,830</b>
<b>Balance at 31st March 2022</b>	<b>104,774</b>	<b>8,702</b>	<b>20,857</b>	<b>134,333</b>	<b>72,692</b>	<b>207,025</b>
<b>Movement in reserves during 2022/23</b>						
Total Comprehensive Income and Expenditure	(61,558)	-	-	<b>(61,558)</b>	473,198	<b>411,640</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 6)	47,734	(3,062)	(3,509)	<b>41,163</b>	(41,163)	-
<b>Increase/(Decrease) in Year</b>	<b>(13,824)</b>	<b>(3,062)</b>	<b>(3,509)</b>	<b>(20,395)</b>	<b>432,035</b>	<b>411,640</b>
<b>Balance at 31st March 2023</b>	<b>90,950</b>	<b>5,640</b>	<b>17,348</b>	<b>113,938</b>	<b>504,727</b>	<b>618,665</b>

## BALANCE SHEET

31st Mar 2022 £000		Note	31st Mar 2023 £000
874,796	Property, Plant and Equipment	11	914,274
1,183	Heritage Assets		995
5,086	Long Term Investments	12	10,086
828	Long Term Debtors	12	589
<b>881,893</b>	<b>Long Term Assets</b>		<b>925,944</b>
68,347	Short Term Investments	12	43,900
1,980	Assets Held for Sale	16	1,980
805	Inventories		802
82,331	Short Term Debtors	13	60,894
4,338	Cash and Cash Equivalents	15	6,792
<b>157,801</b>	<b>Current Assets</b>		<b>114,368</b>
(31,046)	Short Term Borrowing	12	(22,869)
(49,648)	Short Term Creditors	17	(51,598)
(1,257)	Short Term Provisions	18	(1,083)
<b>(81,951)</b>	<b>Current Liabilities</b>		<b>(75,550)</b>
(16,027)	Long Term Creditors	12	(16,567)
(282,292)	Long Term Borrowing	12	(274,954)
(449,770)	Other Long Term Liabilities	35	(51,620)
(2,629)	Long Term Provisions	18	(2,956)
<b>(750,718)</b>	<b>Long Term liabilities</b>		<b>(346,097)</b>
<b>207,025</b>	<b>Net Assets</b>		<b>618,665</b>
(134,333)	Usable Reserves	19	(113,938)
(72,692)	Unusable Reserves	20	(504,727)
<b>(207,025)</b>	<b>Total Reserves</b>		<b>(618,665)</b>



## CASH FLOW STATEMENT

2021/22 £000		Note	2022/23 £000
55,320	Net Surplus or (Deficit) on the Provision of Services		(61,558)
21,078	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	21a	97,054
(50,132)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	21b	(17,967)
26,266	Net Cash Flows from Operating Activities	*	17,529
(34,644)	Investing Activities	22	247
8,905	Financing Activities	23	(15,322)
527	Net Increase or Decrease in Cash and Cash Equivalents		2,454
3,811	Cash and Cash Equivalents at the Beginning of the Reporting Period		4,338
<b>4,338</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>15</b>	<b>6,792</b>

\* The cash flows for operating activities include the following items:

2021/22 £000		2022/23 £000
(145)	Interest Received	(1,269)
10,243	Interest Paid	10,450

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### i. General Principles

The statement of accounts summarises the Council's financial transactions for 2022/23 and its position at 31<sup>st</sup> March 2023. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended by The Accounts and Audit (Wales) (Amendment) Regulations 2018), in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS). The accounts are prepared on a going concern basis.

### ii. Recognition of Income and Expenditure

Activity is accounted for in the year that it takes place, not 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 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.
- services received (including employees services) are recorded as expenditure when the services are received, rather than when payments are made.
- interest receivable on investments and payable on borrowing 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.
- Government grants and third party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the balance sheet as creditors (receipts in advance) until the conditions have been satisfied.
- where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts are not considered collectable, the balance is reduced by a provision for doubtful debts.

### iii. Changes in accounting policies and prior period adjustments

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 Council'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.

## NOTES TO THE ACCOUNTS

### iv. 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.

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis subject to a de-minimus limit of £10,000, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council 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, such as repairs and maintenance, is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising of the purchase price and any costs attributable to bringing the asset to an operational condition. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, that is estimated at highest and best use from a market participant's perspective. Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are carried in the balance sheet using the following measurement basis:

<b>Asset type</b>	<b>Measurement basis</b>	<b>Latest Full Revaluation year</b>	<b>Depreciation basis (straight line unless not finite usable life)</b>
Other operational land and buildings	Existing use value or depreciated replacement cost if no market based evidence.	Rolling programme across five years	Land n/a Buildings 3 to 40 years
Vehicles, Plant, Furniture and Equipment	Existing use value or depreciated historical cost if of low value or short life.	n/a	5 to 20 years
Infrastructure assets	Depreciated historical cost.	n/a	40 years
Community assets	Depreciated historical cost.	2019/20	5 to 40 years
Surplus assets	Fair value.	2020/21	5 to 40 years
Assets under construction	Depreciated historical cost	n/a	n/a
Assets held for sale	Revalued immediately before reclassification.	Annually	n/a
School assets	Depreciated replacement cost (modern equivalent asset).	2021/22	Land n/a Buildings usually 50 years, though varied for agreed closures
Service Concession	Existing use value or depreciated replacement cost if no market based evidence.	2022/23	Land n/a Buildings 3 to 40 years

# NOTES TO THE ACCOUNTS

## Revaluations

The Council's internal valuer undertake this exercise in accordance with the professional standards of the Royal Institution of Chartered Surveyors. Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. The Council must balance the requirement to include asset values at their fair or current value each year end with the costs involved in providing valuations. To ensure the information is materially correct, the Council valuer undertake an annual review to identify any significant impairments or change in the usage of assets.

The revaluation reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

## Impairment and Downward Revaluation

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired in value because of a change in service potential or significant and permanent changes to the market value.

- 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, the carrying amount of the asset is written down against the relevant service lines in the comprehensive income and expenditure statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the comprehensive income and expenditure statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet is written off to the other operating expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal. If more than £10,000 is received at disposal, this is treated as a capital receipt and kept in a reserve that can only be used for capital purposes.

## Componentisation

Where a single asset may have a number of different components, each having a different useful life, three factors are taken into account to determine whether a separate valuation of components is to be recognised in the accounts in order to provide an accurate figure for depreciation.

These factors are:

- materiality with regards to the Council's financial statements. Componentisation will only be considered for individual non land assets that have a net book value of more than £2.5m or 0.5% of total net book value.

## NOTES TO THE ACCOUNTS

- significance of component. For individual assets meeting the above threshold, where services within a building, such as boilers, heating, lighting, ventilation, etc., are a material component of the cost of that asset, i.e. greater than 30%, then those services will be valued separately on a component basis.
- difference in rate or method of depreciation compared to the overall asset. Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that do not meet the test above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatements in the accounts.

### v. Charges to Revenue for Non-Current Assets

Services are charged the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off.

### vi. Financial Instruments

These are recognised in the balance sheet when the Council becomes a party to the contractual provisions and are initially measured at fair value.

Financial liabilities are carried at their amortised cost. For most of the Council's borrowing, it means that the amount presented in the balance sheet is the outstanding principal repayable, plus accrued interest. Annual interest, which is the amount payable for the year according to the loan agreement, is charged to the financing and investment income and expenditure line within the comprehensive income and expenditure statement. The Council has spread the cost of historical premiums and discounts arising from debt rescheduling over the term of the replacement loan. The reconciliation of amounts charged to the comprehensive income and expenditure statement to the net charge required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the movement in reserves statement.

Financial assets are classified to reflect the business model for holding the financial assets and their cash flow characteristics and are held at fair value. The Council's investments at 31<sup>st</sup> March 2023 had no impairment allowance included for these financial assets, as the risk is immaterial. The Council's debtor position, excluding council tax, is included within the financial assets statement. These debts have been reviewed and although there is no significant financing component, funds are set aside for any potential impairment based on a collective assessment of the value and age of the outstanding debt.

# NOTES TO THE ACCOUNTS

## **vii. Heritage Assets**

Heritage assets are defined as assets that have historical, artistic, scientific, technological, geographical or environmental qualities, which are held and maintained principally for their contribution to knowledge and culture.

The Council holds heritage assets on the balance sheet in relation to works of art. Assets are included when an insurance valuation has been undertaken and the valuation for the individual asset is £5,000 or more. In the absence of historic cost, the insurable sum is deemed as an appropriate and relevant method of valuation, with the last valuation undertaken by Sotheby's in 2022. These items are considered to have indeterminate lives and a high residual value, consequently the Council does not consider it appropriate to charge depreciation.

## **viii. Leases**

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

The Council holds one finance lease, as a lessee, for other land and buildings, which is recognised on the balance sheet. This is matched by a liability for the obligation to pay the lessor.

Where the Council grants an operating lease as a lessor for property or land, the asset is retained in the balance sheet and rental income is credited to the comprehensive income and expenditure statement.

## **ix. Service Concessions**

These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant and equipment.

Further details of service concession costs and liabilities can be found in note 32.

## **x. Revenue Expenditure Funded from Capital Under Statute**

Legislation requires defined items of revenue expenditure charged to services within the comprehensive income and expenditure statement to be treated as capital expenditure. This is transferred from the general fund balance via the movement in reserves statement to the capital adjustment account and is included in the capital expenditure and financing disclosure at note 31.

# NOTES TO THE ACCOUNTS

## **xi. Cash and Cash Equivalents**

Cash includes cash in hand, overnight deposits and bank overdrafts. Cash equivalents can be quickly converted to known amounts of cash with low risk of change in value. Cash equivalents held as part of treasury management operations are included as short term investments.

## **xii. Employee Benefits**

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure on an accruals basis in the relevant service line in the comprehensive income and expenditure statement.

Termination benefits are amounts payable as a result of a decision by the Council 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 to the comprehensive income and expenditure statement.

## **xiii. Retirement Benefits**

The Council participates in two formal pension schemes, the Local Government Pensions Scheme, which is administered by the City and County of Swansea Pension Fund and the Teachers' Pension Scheme, administered by the Teachers Pension Agency. Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The nature of the teachers' scheme prevents the Council's individual share of the pension liability from being separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme.

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

- i. The assets attributable to the Council are measured at fair value at the balance sheet date, after deducting accrued expenses. The attributable liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. Net pension assets are recognised only to the extent that the Council is able to recover a surplus, either through reduced contributions in the future or through refunds from the scheme. Unpaid contributions to the schemes are recorded as creditors due within one year.
- ii. For pension charges, the change in defined benefit asset or liability is analysed and charged to the comprehensive income and expenditure statement as follows:
  - Current service cost, past service cost and gains / losses on curtailments and settlements are included within Cost of Services;
  - Net interest on the net defined benefit liability is included within financing and investment income and expenditure; and
  - Actuarial gains / losses are incorporated within other comprehensive income and expenditure.

Further details for pensions can be found in notes 34 and 35.

# NOTES TO THE ACCOUNTS

## **xiv. Interest in Companies and Other Entities**

The Council holds no material value interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and therefore there is no requirement to prepare group accounts. Transactions for the Council's companies are included within the Council's own single entity accounts.

## **xv. Inventories**

Inventories are included in the balance sheet at average purchase price or latest purchase price, which is a departure from normal practice which values stock at the lower of cost or net realisable value. The effect of this departure is not material.

## **xvi. Overhead and Support Costs**

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

## **xvii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are based on the Council's obligations arising from a past event, the probability that a transfer of economic benefit will take place and when a reliable estimate can be made of the value of the obligation. They are charged to the appropriate service revenue account in the year the obligation becomes known and are reviewed at each balance sheet date.

Contingent liabilities and assets are included where an event has taken place that gives a possible obligation or asset arising from past events, which will only materialise if certain events not wholly within the control of the Council take place. They are not recognised in the balance sheet, but disclosed in a note to the accounts when material.

## **xviii. Reserves**

Usable reserves are set aside for future policy purposes or contingencies. Unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council.

## **xix. Schools**

Schools assets, liabilities, reserves, transactions and cash flows are included in the Council's financial statements, which complies with the accounting Code.

## **xx. Value Added Tax (VAT)**

VAT payable is excluded from spend except when it cannot be recovered from HMRC. VAT receivable is excluded from income.



# NOTES TO THE ACCOUNTS

## 2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice requires that the Council disclose information relating to the anticipated impact of any accounting change required by a new standard that has been issued but not yet adopted by the Code. This requirement applies to the adoption of the following new or amended standards.

The 2023/24 Code introduces changes arising from the accounting guidance in relation to:

- Definition of Accounting Estimates (Amendments to IAS 18)
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)
- Updating a reference to the Conceptual Framework (Amendments to IFRS 3)

None of the matters covered in the annual improvements and IFRS amendments are expected to materially affect this Council.

The Code requires implementation after 1<sup>st</sup> April 2023, there is therefore no impact on the 2022/23 statement of accounts.

## 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 Council 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 Council's balance sheet at 31<sup>st</sup> March 2023, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

### **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 was engaged to provide the Council with expert advice and assumptions and the various costings and disclosures necessary to comply with the code of practice. If any of the assumptions change as a result of actual experience then the net liability of the Council would increase or decrease as a result.

## NOTES TO THE ACCOUNTS

### Provisions – Insurance Claims

The Council has a provision of £3.043m as at 31<sup>st</sup> March 2023 to meet the potential cost of insurance liabilities. The number and value of potential claims includes actuarial assumptions particularly in respect of the most recent financial years, as these are immature in terms of insurance experience. Any significant change in assumptions and/or number and value of claims could significantly alter the value of the provision. The Council holds insurance reserves to mitigate any risk.

#### 4. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

These adjustments are made to present the Council's accounts on an accounting and funding basis in accordance with generally accepted accounting practices. Further details in relation to these adjustments can be found in the note on "Adjustments between accounting basis and funding basis under regulations".

	2022/23			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	13,379	5,910	784	20,073
Social Services, Health & Housing Environment	3,898	4,883	(292)	8,489
Corporate Services	24,857	3,873	141	28,871
Other Housing Services	402	2,266	88	2,756
Other Central Services	-	-	86	86
	(11,655)	118	(237)	(11,774)
<b>Net Cost of Services</b>	<b>30,881</b>	<b>17,050</b>	<b>570</b>	<b>48,501</b>
Other Income & Expenditure	(13,091)	11,670	654	(767)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>17,790</b>	<b>28,720</b>	<b>1,224</b>	<b>47,734</b>

	2021/22			
	Adjustments for Capital Purposes	Net Charge for Pensions	Other Differences	Total Adjustments
	£000	£000	£000	£000
Education, Leisure & Lifelong Learning	(22,771)	8,471	502	(13,798)
Social Services, Health & Housing Environment	2,512	6,948	(1,375)	8,085
Corporate Services	14,178	5,614	(848)	18,944
Other Housing Services	917	3,273	(492)	3,698
Other Central Services	-	-	145	145
	(10,354)	744	(120)	(9,730)
<b>Net Cost of Services</b>	<b>(15,518)</b>	<b>25,050</b>	<b>(2,188)</b>	<b>7,344</b>
Other Income & Expenditure	(48,954)	11,810	202	(36,942)
<b>Difference Between General Fund and CIES Surplus/Deficit</b>	<b>(64,472)</b>	<b>36,860</b>	<b>(1,986)</b>	<b>(29,598)</b>

## NOTES TO THE ACCOUNTS

### 5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The following table discloses the nature of expenses and income, analysing the comprehensive income and expenditure on a subjective basis. These figures include the expenditure and income for all schools, which follows the reporting requirements stipulated by the Code of Practice.

2021/22 £000		2022/23 £000
	<b>Expenditure</b>	
245,723	Employee Benefits	266,903
251,927	Other Service Expenses	265,907
(13,817)	Depreciation, Amortisation and Impairment	34,149
22,134	Interest Payable	22,217
24,368	Precepts and Levies	25,539
(168)	Gain on the Disposal of Assets	(91)
<b>530,167</b>	<b>Total Expenditure</b>	<b>614,624</b>
	<b>Income</b>	
(64,546)	Fees, Charges and Other Service Income	(66,339)
(167)	Interest and Investment Income	(1,523)
(145,661)	Income from Council Tax, National Non Domestic Rates	(150,551)
(375,113)	Government Grants and Contributions	(334,653)
<b>(585,487)</b>	<b>Total Income</b>	<b>(553,066)</b>
<b>(55,320)</b>	<b>(Surplus) / Deficit for Year</b>	<b>61,558</b>

The total income for fees, charges and other service income identified in the table above is collected from the following service segments, which reflect the Council's management structure:

2021/22 £000		2022/23 £000
	<b>Income</b>	
(10,335)	Education, Leisure & Lifelong Learning	(11,624)
(28,028)	Social Services, Health & Housing	(27,598)
(17,120)	Environment	(19,533)
(2,152)	Corporate Services	(2,347)
(6,911)	Other Central Services	(5,237)
<b>(64,546)</b>	<b>Fees, Charges and Other Service Income</b>	<b>(66,339)</b>

# NOTES TO THE ACCOUNTS

## 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

### **General Fund Balance**

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2022/23	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>				
Charges for depreciation and impairment of non current assets	29,340	-	-	(29,340)
Revaluation (gains) / losses on property, plant and equipment	4,809	-	-	(4,809)
Capital grants and contributions applied	(17,613)	-	-	17,613
Revenue expenditure funded from capital under statute	16,725	-	-	(16,725)
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	263	-	-	(263)
<b>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</b>				
Statutory provision for the financing of capital investment	(10,647)	-	-	10,647
Capital expenditure charged against the general fund	(3,338)	-	-	3,338
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(74)	-	74	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(3,583)	3,583
<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	(354)	354	-	0
Use of the capital receipts reserve to finance new capital expenditure	-	(3,416)	-	3,416
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	-	0
<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	-	-	-	0
<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	(1,321)	-	-	1,321
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	64,680	-	-	(64,680)
Employer's pension contributions and direct payments to pensioners payable in the year	(35,960)	-	-	35,960
<b>Adjustments 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	1,224	-	-	(1,224)
<b>Total adjustments</b>	<b>47,734</b>	<b>(3,062)</b>	<b>(3,509)</b>	<b>(41,163)</b>

## NOTES TO THE ACCOUNTS

	Usable reserves			
	General fund balance	Capital receipts reserve	Capital grants unapplied	Movement in unusable reserves
2021/22	£000	£000	£000	£000
<b>Adjustments primarily involving the capital adjustment account</b>				
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>				
Charges for depreciation and impairment of non current assets	26,128	-	-	(26,128)
Revaluation (gains) / losses on property, plant and equipment	(39,945)	-	-	39,945
Capital grants and contributions applied	(47,620)	-	-	47,620
Revenue expenditure funded from capital under statute	17,515	-	-	(17,515)
Amounts of non current assets written off on disposal or sale as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	2,344	-	-	(2,344)
<b>Insertion of items not debited or credited to the comprehensive income and expenditure statement:</b>				
Statutory provision for the financing of capital investment	(10,498)	-	-	10,498
Capital expenditure charged against the general fund	(2,810)	-	-	2,810
<b>Adjustments primarily involving the capital grants unapplied account:</b>				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(6,907)	-	6,907	0
Application of grants to capital financing transferred to the capital adjustment account	-	-	(484)	484
<b>Adjustments primarily involving the capital receipts reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain) / loss on disposal to the comprehensive income and expenditure statement	(2,512)	2,512	-	0
Use of the capital receipts reserve to finance new capital expenditure	-	(2,693)	-	2,693
Transfer from deferred capital receipts reserve upon receipt of cash	-	-	-	0
<b>Adjustments primarily involving the deferred capital receipts reserve:</b>				
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	-	-	-	0
<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	(168)	-	-	168
<b>Adjustments primarily involving the pensions reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure account	68,660	-	-	(68,660)
Employer's pension contributions and direct payments to pensioners payable in the year	(31,800)	-	-	31,800
<b>Adjustments 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	(1,985)	-	-	1,985
<b>Total adjustments</b>	<b>(29,598)</b>	<b>(181)</b>	<b>6,423</b>	<b>23,356</b>

## NOTES TO THE ACCOUNTS

### 7. MOVEMENT IN RESERVES

This note sets out the amounts set aside from the general fund into reserves to provide financing for future expenditure plans.

	<b>Balance at 1st Apr 2021 £000</b>	Movement in 2021/22 £000	<b>Balance at 31st Mar 2022 £000</b>	Movement in 2022/23 £000	<b>Balance at 31st Mar 2023 £000</b>
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<b>DELEGATED SCHOOLS CASH</b>					
Under Local Government Management of Schools, schools are able to carry forward surpluses and deficits. These reserves are ring fenced for each individual school.					
Primary Schools Reserves	(4,372)	(2,516)	(6,888)	3,641	(3,247)
Secondary Schools Reserves	(2,049)	(1,477)	(3,526)	1,142	(2,384)
Special Schools Reserves	(354)	(380)	(734)	(92)	(826)
Middle Schools Reserves	(440)	(1,032)	(1,472)	1,373	(99)
<b>ER/VR SCHEME FOR PRIMARY SCHOOLS</b>					
This is set aside for Teachers and Staff that have agreements approved to take early retirement or voluntary redundancy during the following year.					
	(6)	(2)	(8)	(2)	(10)
<b>REPAIR &amp; MAINTENANCE</b>					
This includes funding to meet the cost of repairs and maintenance in schools.					
	(161)	-	(161)	0	(161)
<b>TOTAL DELEGATED SCHOOL</b>	<b>(7,382)</b>	<b>(5,407)</b>	<b>(12,789)</b>	<b>6,062</b>	<b>(6,727)</b>
<b>ADDITIONAL LEARNING NEEDS (ALN)</b>					
This reserve is to support children with ALN and the implementation of the Additional Learning Needs reform act.					
	-	(1,051)	(1,051)	(1,203)	(2,254)
<b>EQUALISATION ACCOUNT EDUCATION</b>					
To provide year on year equalisation support for the ELLL directorate.					
	(1,893)	(516)	(2,409)	598	(1,811)
<b>HOME TO SCHOOL TRANSPORT</b>					
This reserve was created to manage the variation between academic and financial years.					
	(111)	(180)	(291)	291	-
<b>TOTAL EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>	<b>(9,386)</b>	<b>(7,154)</b>	<b>(16,540)</b>	<b>5,748</b>	<b>(10,792)</b>

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING</b>					
<b>HEMOCARE ECM EQUIPMENT</b>					
Equipment reserve to replace mobile phones.	(87)	(10)	(97)	0	(97)
<b>COMMUNITY CARE TRANSFORMATION</b>					
To fund support and expertise needed to drive forward change required to achieve savings put forward in the Financial Plan.	(456)	(3,751)	(4,207)	1,693	(2,514)
<b>CHILDREN RESIDENTIAL PLACEMENTS</b>					
To fund the cost of delays in young people stepping down or a surge in unexpected placements.	(275)	-	(275)	275	-
<b>SSH IT RENEWALS FUND</b>					
To replace IT equipment, systems and telephony when required.	(700)	(1,200)	(1,900)	0	(1,900)
<b>EQUALIATION SOCIAL SERVICES</b>					
To meet high cost cases - must make placements.	(2,000)	(3,700)	(5,700)	2,330	(3,370)
<b>COMMUNITY RESILIENCE FUND</b>					
To support the development of community activity and volunteering opportunities.	(2,000)	250	(1,750)	0	(1,750)
<b>HOUSING WARRANTIES</b>					
This reserve has been set aside in recognition of the warranties to potential liabilities following the transfer of Housing Services.	(220)	-	(220)	0	(220)
<b>HILLSIDE GENERAL RESERVE</b>					
The depreciation charge recovered through fees is set aside for capital renewal.	(431)	(150)	(581)	150	(431)
<b>RING FENCED HOMECARE FUNDING</b>					
To support driving test and electric vehicle provision for Homecare workers.	-	(450)	(450)	216	(234)
<b>YOUTH OFFENDING SERVICE (YOS)</b>					
To meet the costs of providing Therapeutic Remand placements for young offenders, and also to meet the costs of YOS Managers Cymru and South Wales YOS Training.	(168)	-	(168)	0	(168)
<b>ADOPTION SERVICE</b>					
To fund the additional contribution to the regional adoption service if NPT adoption placements are higher than expected.	(500)	-	(500)	(380)	(880)
<b>TOTAL SOCIAL SERVICES, HEALTH &amp; HOUSING</b>	<b>(6,837)</b>	<b>(9,011)</b>	<b>(15,848)</b>	<b>4,284</b>	<b>(11,564)</b>



## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>ENVIRONMENT</b>					
<b>TRANSPORT</b>					
To fund a cost effective transport and plant renewal programme.	(152)	(130)	(282)	(33)	(315)
<b>ASSET RECOVER INCENTIVE SCHEME</b>					
To smooth timing of expenditure.	(126)	-	(126)	81	(45)
<b>SWANSEA BAY CITY DEAL</b>					
To cover future expenditure as part of the five year plan.	(113)	(221)	(334)	113	(221)
<b>LOCAL DEVELOPMENT PLAN</b>					
Statutory obligation to develop a local development plan by all unitary authorities in Wales in line with Welsh Government guidance.	(290)	(75)	(365)	2	(363)
<b>PARKING IMPROVEMENT</b>					
Car park maintenance and up keep.	-	(190)	(190)	102	(88)
<b>DECARBONISATION AND RENEWABLE ENERGY (DARE)</b>					
To cover the cost of ongoing Capital & Revenue de-carbonisation Schemes.	(2,000)	-	(2,000)	-	(2,000)
<b>WASTE</b>					
To provide funding to ensure that an efficient and economical waste service can be provided.	(393)	(505)	(898)	(638)	(1,536)
<b>WINTER MAINTENANCE</b>					
To aid in event of severe flooding / gritting.	(744)	140	(604)	36	(568)
<b>NEATH MARKET</b>					
To fund future repairs at Neath Market.	(228)	(25)	(253)	-	(253)
<b>BAGLAN BAY INNOVATION CENTRE, DILAPIDATION</b>					
Funding from Welsh Government for outstanding maintenance works including future essential repairs & upgrades.	(78)	(100)	(178)	100	(78)
<b>RENEWABLE ENERGY</b>					
Feeding tariff income to fund future schemes.	(16)	(2)	(18)	-	(18)
<b>EQUALISATION ACCOUNT ENVIRONMENTAL HEALTH, HOUSING</b>					
To smooth timing of expenditure for inspections delayed due to COVID.	(137)	7	(130)	35	(95)
<b>LAWDC CCONTINGENCY</b>					
This is held for aftercare obligations at the Giants Grave site.	(1,013)	198	(815)	-	(815)
<b>WORKWAYS NPT</b>					
Funding from Welsh European Funding Office ring fenced for scheme.	(252)	(38)	(290)	(36)	(326)
<b>EQUALISATION ACCOUNT ENVIRONMENT</b>					
To fund Directorate one off pressures.	(763)	(302)	(1,065)	(32)	(1,097)
<b>METAL BOX</b>					
To smooth maintenance costs until building has been fully leased.	(356)	(574)	(930)	150	(780)

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>ENVIRONMENT CONTINUED</b>					
<b>AIR QUALITY MONITORING</b>					
To fund the purchase of future air quality	(85)	85	-	-	-
<b>PANTTEG LANDSLIP</b>					
The reserve is set up to fund ongoing costs.	(500)	-	(500)	-	(500)
<b>TRADING ACCOUNTS</b>					
<b>EQUALISATION ACCOUNT OPERATING</b>					
Smooth timing of expenditure.	(36)	-	(36)	-	(36)
<b>VEHICLE TRACKING</b>					
To provide funds for the vehicle tracking initiative.	(92)	-	(92)	-	(92)
<b>VEHICLE RENEWALS</b>					
To fund a cost effective transport & plant programme to meet service requirements and enhancements.	(2,322)	(9)	(2,331)	(1,141)	(3,472)
<b>TOTAL ENVIRONMENT</b>	<b>(9,696)</b>	<b>(1,741)</b>	<b>(11,437)</b>	<b>(1,261)</b>	<b>(12,698)</b>
<b>CHIEF EXECUTIVES</b>					
<b>EQUALISATION ACCOUNT ELECTIONS FUND</b>					
To meet cost of 4 year cycle of elections.	(335)	(15)	(350)	199	(151)
<b>HEALTH &amp; SAFETY / OCCUPATIONAL HEALTH</b>					
Equalisation of spend.	(41)	-	(41)	-	(41)
<b>DIGITAL TRANSFORMATION</b>					
To support the Council's Digital Transformation Programme.	(1,170)	-	(1,170)	-	(1,170)
<b>EQUALISATION ACCOUNT SCHOOLS IT (HWB)</b>					
This reserve is to fund schools IT costs.	(400)	(200)	(600)	130	(470)
<b>DEVELOPMENT FUND FOR MODERNISATION</b>					
Funding for Members IT renewals, training and development.	(168)	92	(76)	-	(76)
<b>DIGITAL RENEWAL FUND</b>					
To spread the cost of major investment in the Council's IT.	(933)	(300)	(1,233)	(521)	(1,754)
<b>CHIEF EXECUTIVE EQUALISATION</b>					
To fund one off pressures arising across the directorate.	(597)	433	(164)	(196)	(360)
<b>ORGANISATIONAL DEVELOPMENT</b>					
To support the organisational development programme.	(4,407)	137	(4,270)	(366)	(4,636)
<b>BUILDING CAPACITY</b>					
This relates to developing capacity in relation to transformational projects across the Council.	(197)	42	(155)	(86)	(241)
<b>VOLUNTARY ORGANISATIONS</b>					
This reserve is to be used towards Voluntary Organisation payments.	(34)	(53)	(87)	(3)	(90)
<b>TOTAL CHIEF EXECUTIVES</b>	<b>(8,282)</b>	<b>136</b>	<b>(8,146)</b>	<b>(843)</b>	<b>(8,989)</b>

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>CORPORATE OTHER RESERVES</b>					
<b>INSURANCE</b>					
This reserve is generated from insurance settlements and surpluses from claims handling arrangements. It will be used to fund future insurance related projects and claims.	(5,999)	(2,277)	(8,276)	3,831	(4,445)
<b>COVID RECOVERY</b>					
To help NPT services after two years of COVID with one off posts and works.	-	-	-	(1,407)	(1,407)
<b>INCOME GENERATION</b>					
This reserve is to support income generation ideas.	(1,120)	(593)	(1,713)	50	(1,663)
<b>MEMBERS COMMUNITY FUND</b>					
The reserve is set up to enable members to invest in activities and projects that improve outcomes within their local wards.	(662)	148	(514)	162	(352)
<b>CAPITAL SUPPORT</b>					
To fund future capital expenditure.	(683)	-	(683)	-	(683)
<b>HARDSHIP RELIEF SCHEME</b>					
To develop a range of measures to support the cost of living crisis.	-	(2,000)	(2,000)	275	(1,725)
<b>SERVICE RESILIENCE</b>					
To meet short term service staffing issues.	-	(2,000)	(2,000)	1,126	(874)
<b>DISCRETIONARY FUND</b>					
Funds set aside to support Welsh Government discretionary cost of living support scheme .	-	(1,402)	(1,402)	1,066	(336)
<b>CORPORATE CONTINGENCY</b>					
To fund unforeseen future pressures in delivering the forward financial plan.	(4,741)	174	(4,567)	2,074	(2,493)
<b>EQUALISATION ACCOUNT TREASURY MANAGEMENT</b>					
This reserve will be used to equalise the impact of fluctuations in Treasury Management returns and fund future borrowing decisions.	(8,902)	308	(8,594)	186	(8,408)
<b>ACCOMODATION STRATEGY</b>					
This reserve will be used to support the Authority's Accommodation Strategy and other property costs.	(2,274)	-	(2,274)	-	(2,274)
<b>STRATEGIC REGENERATION CAPACITY BUILDING</b>					
To assist with capacity building.	-	-	-	(1,500)	(1,500)
<b>TOTAL CORPORATE OTHER RESERVES</b>	<b>(24,381)</b>	<b>(7,642)</b>	<b>(32,023)</b>	<b>5,863</b>	<b>(26,160)</b>

## NOTES TO THE ACCOUNTS

	<b>Balance at 1st Apr 2021 £000</b>	<b>Movement in 2021/22 £000</b>	<b>Balance at 31st Mar 2022 £000</b>	<b>Movement in 2022/23 £000</b>	<b>Balance at 31st Mar 2023 £000</b>
<b>HELD ON BEHALF OF THIRD PARTY AGENCIES</b>					
<b><i>MARGAM DISCOVERY CENTRE, BUILDING MAINTENANCE</i></b>					
To build up a renewal fund that can be used to help fund large building maintenance recharges in the future.	(48)	(12)	(60)	(57)	(117)
<b><i>WORKWAYS, REGIONAL RESERVE</i></b>					
Funding from WEFO ring fenced for scheme.	(155)	(14)	(169)	(1)	(170)
<b><i>ENVIRONMENT LEGACY (SWTRA)</i></b>					
Financial assistance to help ensure contract success.	(60)	-	(60)	-	(60)
<b><i>SUBSTANCE MISUSE AREA PLANNING BOARD</i></b>					
To fund the service across the Western Bay area.	(35)	-	(35)	(119)	(154)
<b><i>WESTERN BAY SAFEGUARDING BOARD</i></b>					
Transfer of partner's surplus contributions to fund future safeguarding work across Western Bay.	(108)	(5)	(113)	18	(95)
<b><i>INTERMEDIATE CARE POOLED FUND</i></b>					
Transfer of partner's surplus contributions, to safeguard against future deficits or to fund additional capacity.	(28)	(164)	(192)	192	-
<b>TOTAL HELD ON BEHALF OF THIRD PARTY AGENCIES</b>	<b>(434)</b>	<b>(195)</b>	<b>(629)</b>	<b>33</b>	<b>(596)</b>
<b>TOTAL REVENUE EARMARKED RESERVES</b>	<b>(59,016)</b>	<b>(25,607)</b>	<b>(84,623)</b>	<b>13,824</b>	<b>(70,799)</b>
<b>GENERAL RESERVE WORKING BALANCES</b>					
Revenue reserve to fund non-specific future expenditure.	(20,036)	(115)	(20,151)	-	(20,151)
<b>GENERAL FUND TOTAL</b>	<b>(79,052)</b>	<b>(25,722)</b>	<b>(104,774)</b>	<b>13,824</b>	<b>(90,950)</b>

## NOTES TO THE ACCOUNTS

### 8. OTHER OPERATING EXPENDITURE

2021/22 £000		2022/23 £000
2,331	Community Council Precepts	2,406
22,037	Precepts and Levies (Police and Fire)	23,133
(168)	(Gains)/Losses on the Disposal of Non Current Assets	(91)
<b>24,200</b>	<b>Total</b>	<b>25,448</b>

### 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22 £000		2022/23 £000
10,324	Interest Payable and Similar Charges	10,547
11,810	Pension Interest Cost and Expected Return on Pension Assets	11,670
202	Changes in Impairment Loss Allowance	654
(167)	Interest Receivable and Similar Income	(1,523)
<b>22,169</b>	<b>Total</b>	<b>21,348</b>

### 10. TAXATION AND NON SPECIFIC GRANT

2021/22 £000		2022/23 £000
(98,103)	Council Tax Income	(98,859)
(47,558)	Non Domestic Rates	(51,692)
(191,718)	Non Ring Fenced Government Grants	(206,151)
(48,785)	Capital Grants and Contributions	(13,001)
<b>(386,164)</b>	<b>Total</b>	<b>(369,703)</b>

### 11. PROPERTY, PLANT AND EQUIPMENT

In accordance with the Temporary Relief offered by the Update to the 2021/22 Code of Practice 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.

## NOTES TO THE ACCOUNTS

2022/23	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Service Concession in PPE
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000
At 1st April 2022	539,810	28,340	651	12,482	56,160	<b>637,443</b>	21,943
Additions	10,034	3,442	4	-	12,572	<b>26,052</b>	-
Revaluation	33,814	-	-	160	-	<b>33,974</b>	1,212
Increases/(Decreases) Recognised in the Revaluation							
Revaluation	(7,268)	-	222	(157)	-	<b>(7,203)</b>	-
Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision							
Derecognition - Disposals	(149)	(850)	-	-	-	<b>(999)</b>	-
Derecognition - Other	(10,034)	(2,882)	(4)	-	-	<b>(12,920)</b>	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	-	<b>0</b>	-
Change in Asset Classification	58,201	-	-	697	(62,631)	<b>(3,733)</b>	-
<b>At 31st March 2023</b>	<b>624,408</b>	<b>28,050</b>	<b>873</b>	<b>13,182</b>	<b>6,101</b>	<b>672,614</b>	<b>23,155</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2022	(25,761)	(15,912)	-	(87)	(4)	<b>(41,764)</b>	1
Depreciation Charge	(15,119)	(3,595)	-	(71)	-	<b>(18,785)</b>	(1,713)
Depreciation Written Out to the Revaluation Reserve	12,422	-	-	121	-	<b>12,543</b>	1,713
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	2,309	-	-	85	-	<b>2,394</b>	-
Derecognition - Disposals	11	726	-	-	-	<b>737</b>	-
Derecognition - Other	-	2,882	-	-	-	<b>2,882</b>	-
Change in Asset Classification	175	-	-	(175)	-	<b>0</b>	-
<b>At 31st March 2023</b>	<b>(25,963)</b>	<b>(15,899)</b>	<b>0</b>	<b>(127)</b>	<b>(4)</b>	<b>(41,993)</b>	<b>1</b>
<b>Net Book Value</b>							
At 31st March 2023	598,445	12,151	873	13,055	6,097	<b>630,621</b>	23,156
At 31st March 2022	514,049	12,428	651	12,395	56,156	<b>595,679</b>	21,944

Service Concessions - These are agreements for services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council is deemed to control the services provided under the contract and as ownership of the assets will pass to them at the end of the contract period, the Council carries the assets on its balance sheet as part of property, plant and equipment.

Further details of service concession costs and liabilities can be found in note 32.

## NOTES TO THE ACCOUNTS

2021/22	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total PPE	Restated Service Concession in PPE
<b>Cost or Valuation</b>	£000	£000	£000	£000	£000	£000	£000
At 1st April 2021	432,307	27,295	647	13,759	41,475	515,483	18,563
Additions	10,976	3,707	4	-	40,527	55,214	-
Revaluation Increases/(Decreases) Recognised in the Revaluation Reserve	52,632	-	-	1,239	-	53,871	3,428
Revaluation Increases/(Decreases) Recognised in the Surplus/Deficit on the Provision of Services	26,961	-	4	(257)	-	26,708	-
Derecognition - Disposals	(149)	(1,130)	-	(182)	-	(1,461)	(48)
Derecognition - Other	(10,836)	(1,532)	(4)	-	-	(12,372)	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	-	0	-
Change in Asset Classification	27,919	-	-	(2,077)	(25,842)	0	-
<b>At 31st March 2022</b>	<b>539,810</b>	<b>28,340</b>	<b>651</b>	<b>12,482</b>	<b>56,160</b>	<b>637,443</b>	<b>21,943</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1st April 2021	(58,814)	(15,157)	-	(23)	(4)	(73,998)	(2,741)
Depreciation Charge	(12,324)	(3,405)	-	(69)	-	(15,798)	(852)
Depreciation Written Out to the Revaluation Reserve	32,141	-	-	4	-	32,145	3,594
Depreciation Written Out to the Surplus/Deficit on the Provision of Services	13,218	-	-	19	-	13,237	-
Derecognition - Disposals	-	1,118	-	-	-	1,118	-
Derecognition - Other	-	1,532	-	-	-	1,532	-
Change in Asset Classification	18	-	-	(18)	-	0	-
<b>At 31st March 2022</b>	<b>(25,761)</b>	<b>(15,912)</b>	<b>0</b>	<b>(87)</b>	<b>(4)</b>	<b>(41,764)</b>	<b>1</b>
<b>Net Book Value</b>							
At 31st March 2022	514,049	12,428	651	12,395	56,156	595,679	21,944
At 31st March 2021	373,493	12,138	647	13,736	41,471	441,485	15,822

### Depreciation

The following useful lives have been used in the calculation of depreciation:

Land	Depreciation not applicable
Buildings	At least 20 years
Vehicles, plant, furniture and equipment	3 - 20 years
Infrastructure	40 years

## NOTES TO THE ACCOUNTS

### Effects of Changes in Estimates

During 2022/23, there have been no material changes made to the accounting estimates for property, plant and equipment.

### Infrastructure Assets

2021/22 £000		2022/23 £000
280,714	Net Book Value 1st April	279,117
8,762	Additions	11,368
(29)	Derecognition	(10)
0	Change in Asset Classification	3,733
(10,330)	Depreciation	(10,555)
<b>279,117</b>	<b>Total</b>	<b>283,653</b>

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.

2021/22 £000		2022/23 £000
279,117	Infrastructure Assets	283,653
595,679	Other Property Plant & Equipment Assets	630,621
<b>874,796</b>	<b>Total Property Plant &amp; Equipment</b>	<b>914,274</b>

### Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out internally. Valuations of land and buildings is carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment is based on historic cost.

During 2022-23 not all assets valued under the Depreciated Replacement Cost basis have been fully revalued, only those in the current cycle were revalued in line with our accounting policy, whilst those assets not within the current cycle were only partially revalued. This partial revaluation exercise was undertaken to more accurately reflect the current economic climate and the increase in construction costs relating to these asset valuations.



## NOTES TO THE ACCOUNTS

### 12. FINANCIAL INSTRUMENTS

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at principal plus accrued interest. Accrued interest is included within the current values as it is effectively payable or receivable within one year.

The debtors position differs from that reported in the balance sheet as the debts relating to council taxation do not meet the definition of a financial instrument.

#### Categories of Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

2022/23	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000
	Amortised Cost	10,086	589	43,900
<b>Total Financial Assets</b>	<b>10,086</b>	<b>589</b>	<b>43,900</b>	<b>58,077</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000	31st Mar 2023 £000
	Amortised Cost	(274,954)	(16,567)	(22,869)
<b>Total Financial Liabilities</b>	<b>(274,954)</b>	<b>(16,567)</b>	<b>(22,869)</b>	<b>(51,598)</b>

2021/22	Long term (Non-current)		Short term (Current)	
	Investments	Debtors	Investments	Debtors
	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000
	Amortised Cost	5,086	828	68,347
<b>Total Financial Assets</b>	<b>5,086</b>	<b>828</b>	<b>68,347</b>	<b>79,705</b>

Financial Liabilities	Long term (Non-current)		Short term (Current)	
	Borrowings	Creditors	Borrowings	Creditors
	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000	31st Mar 2022 £000
	Amortised Cost	(282,292)	(16,027)	(31,046)
<b>Total Financial Liabilities</b>	<b>(282,292)</b>	<b>(16,027)</b>	<b>(31,046)</b>	<b>(49,648)</b>

## NOTES TO THE ACCOUNTS

### Income, Expenses, Gains and Losses

31st Mar 2022 £000	Surplus or Deficit on the Provision of Services	31st Mar 2023 £000
10,324	Financial Liabilities Measured at Amortised Cost	10,547
<b>10,324</b>	<b>Total Net Gains/Losses</b>	<b>10,547</b>
<b>(167)</b>	<b>Interest Expense</b>	<b>(1,523)</b>

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value of the loans and receivables and financial liabilities is determined by calculating the net present value (NPV) of future cash flows, which provides an estimate of the value of payments in the future as at 31<sup>st</sup> March 2023, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender and is the rate applicable in the market as at 31<sup>st</sup> March 2023, for an instrument with the same duration. Where it is difficult to obtain the rate for an instrument with identical features in an active market then the prevailing rate of a similar instrument with a published market rate has been used as the discount factor.

The values calculated are as follows:

31st Mar			31st Mar	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
(241,597)	(263,802)	PWLB Debt	(216,446)	(165,649)
(67,346)	(94,591)	Long Term Non-PWLB Debt	(67,152)	(60,760)
-	-	Short Term Non-PWLB Debt	(10,000)	(10,000)
(1,574)	(1,574)	Non-PWLB Debt Temporary	(1,597)	(1,597)
<b>(310,517)</b>	<b>(359,967)</b>	<b>Total Debt</b>	<b>(295,195)</b>	<b>(238,006)</b>
<b>(16,027)</b>	<b>(16,027)</b>	<b>Long Term Creditors</b>	<b>(16,567)</b>	<b>(16,567)</b>

## NOTES TO THE ACCOUNTS

### 31<sup>st</sup> March 2023 – Debt

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates available for similar loans in the market at the balance sheet date. This shows a notional future loss, based on economic conditions at 31<sup>st</sup> March 2023, arising from a commitment to pay interest to lenders above market rates.

Fair value of assets:

31st Mar 2022			31st Mar 2023	
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000
68,300	68,278	ST Loans and Receivables	43,600	43,600
5,000	4,897	LT Loans and Receivables	10,000	9,766
828	828	Long Term Debtors	589	589

### 13. DEBTORS

31st Mar 2022 £000		31st Mar 2023 £000
55,959	Central Government Bodies	40,148
3,987	Other Local Authorities	2,861
4,767	NHS Bodies	5,948
17,825	Other Entities and Individuals	13,334
5,043	Payments in Advance	4,543
(5,250)	Less Provision for Impairment Loss	(5,940)
<b>82,331</b>	<b>Total</b>	<b>60,894</b>

### 14. DEBTORS FOR LOCAL TAXATION

Included within the total debtors figure above are debts relating to the collection of local taxation, as adjusted for those that are unlikely to be collected.

31st Mar 2022 £000		31st Mar 2023 £000
1,644	Less than One Year	1,840
2,290	More than One Year	2,321
(1,308)	Less Provision for Impairment Loss	(1,344)
<b>2,626</b>	<b>Total</b>	<b>2,817</b>

## NOTES TO THE ACCOUNTS

### 15. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

31st Mar 2022 £000		31st Mar 2023 £000
116	Cash Held by the Authority	111
4,222	Bank Current Accounts	6,681
<b>4,338</b>	<b>Total</b>	<b>6,792</b>

### 16. ASSETS HELD FOR SALE

2021/22 Current Assets £000		2022/23 Current Assets £000
3,980	<b>Balance Outstanding at Start of Year</b>	1,980
(2,000)	Assets Sold	-
<b>1,980</b>	<b>Balance Outstanding at Year End</b>	<b>1,980</b>

### 17. CREDITORS

31st Mar 2022 £000		31st Mar 2023 £000
(7,263)	Central Government Bodies	(5,159)
(8,262)	Other Local Authorities	(8,594)
(833)	NHS Bodies	(562)
(28,108)	Other Entities and Individuals	(32,785)
(5,182)	Receipts in Advance	(4,498)
<b>(49,648)</b>	<b>Total</b>	<b>(51,598)</b>

### 18. PROVISIONS

	Balance at 31st March 2022 £000	Utilised / Released in year £000	Transfers to Provision £000	Balance at 31st March 2023 £000	Short Term £000	Long Term £000
Insurance & MMI	(2,815)	5	(233)	(3,043)	(1,010)	(2,033)
Housing Warranties	(923)	0	0	(923)	0	(923)
Redundancy	(148)	148	(73)	(73)	(73)	0
<b>Total</b>	<b>(3,886)</b>	<b>153</b>	<b>(306)</b>	<b>(4,039)</b>	<b>(1,083)</b>	<b>(2,956)</b>

# NOTES TO THE ACCOUNTS

## Insurance & MMI Scheme

This provision covers the estimated cost of settling all the outstanding insurance claims of the Council that existed at 31<sup>st</sup> March 2023.

## Housing Warranties

This provision has been set aside in recognition of the warranties and commitments relating to potential liabilities following the transfer of housing services in 2010/11. The provision reflects the costs likely to be incurred in future years.

## Redundancy

The Council undertook an exercise to seek volunteers for voluntary redundancy as part of the Council's savings strategy and in line with the Council's desire to avoid compulsory redundancy as far as is possible. Many of those who finished left the Council before the 31<sup>st</sup> March. However, there were some agreements to leave after this date and accounting regulations require the Council to account for the costs in the year that the agreement was made. A charge has been made to this year's individual revenue accounts, for the cost of these leaving during next year, with this provision being set up to meet the costs when the individuals actually leave.

## 19. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the movement in reserves statement and summarised below:

31st Mar 2022 £000		31st Mar 2023 £000
(104,774)	Earmarked and General Reserve Working Balance	(90,950)
(20,857)	Unapplied Grants	(17,348)
(8,702)	Usable Capital Receipts	(5,640)
<b>(134,333)</b>	<b>Total</b>	<b>(113,938)</b>

## 20. UNUSABLE RESERVES

31st Mar 2022 £000		31st Mar 2023 £000
(175,058)	Revaluation Reserve	(215,278)
(352,950)	Capital Adjustment Account	(346,519)
1,321	Financial Instruments Adjustment Account	-
449,770	Pensions Reserve	51,620
(3)	Deferred Capital Receipts Reserve	(2)
4,228	Accumulated Absences Account	5,452
<b>(72,692)</b>	<b>Total</b>	<b>(504,727)</b>

## NOTES TO THE ACCOUNTS

### Revaluation Reserve

The revaluation reserve contains the gains made by the Council 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<sup>st</sup> 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.

2021/22		Revaluation Reserve	2022/23	
£000	£000		£000	£000
	(93,285)	<b>Balance at 1st April</b>		(175,058)
(92,139)		Upward Revaluation of Assets	(54,299)	
6,122		Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services	7,970	
	(86,017)	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services		(46,329)
3,601		Difference Between Fair Value Depreciation and Historical Cost Depreciation	5,991	
643		Accumulated Gains on Assets Sold or Scrapped	118	
	4,244	Amount Written Off to the Capital Adjustment Account		6,109
	<b>(175,058)</b>	<b>Accumulated Gains on Assets Sold</b>		<b>(215,278)</b>

## NOTES TO THE ACCOUNTS

### 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 Council as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date that the revaluation reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2021/22		Capital Adjustment Account	2022/23	
£000	£000		£000	£000
	(290,643)	<b>Balance at 1st April</b>		(352,950)
		Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:		
26,128		Charges for Depreciation and Impairment of Non Current Assets	29,340	
(39,945)		Revaluation (Gains) / Losses on Property, Plant and Equipment	4,809	
17,515		Revenue Expenditure Funded from Capital Under Statute	16,725	
2,344		Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	263	
	6,042			51,137
	(4,244)	Adjusting Amounts Written Out of the Revaluation Reserve		(6,109)
	(288,845)	Net Written out Amount of the Cost of Non Current Assets Consumed in the Year		(307,922)
		Capital Financing Applied in the Year:		
(2,693)		Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(3,416)	
(48,104)		Application of Grants to Capital Financing from the Capital Grants Unapplied Account	(21,196)	
(10,498)		Statutory Provision for the Financing of Capital Investment Charged Against the General Fund	(10,647)	
(2,810)		Capital Expenditure Charged Against the General Fund	(3,338)	
	(64,105)			(38,597)
	<b>(352,950)</b>			<b>(346,519)</b>

## NOTES TO THE ACCOUNTS

### Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the account to release premiums and discounts paid which were received on the early redemption of loans. Over time, the premiums are posted back to the general fund balance in accordance with statutory arrangements for spreading the effect on council tax.

During 2022/23 the Council took the decision to charge the remaining balance to the General Fund.

2021/22		Financial Instruments Adjustment Account	2022/23	
£000	£000		£000	£000
(168)	1,489	<b>Balance at 1st April</b>		1,321
		Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance with Statutory Requirements	(1,321)	
	(168)			(1,321)
	<b>1,321</b>	<b>Balance at 31st March</b>		<b>0</b>

### Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council 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 Council 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 Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22	Pension Reserve	2022/23
£000		£000
578,403	<b>Balance at 1st April</b>	449,770
(165,493)	Actuarial (Gains) or Losses on Pensions Assets and Liabilities	(426,870)
68,660	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	64,680
(31,800)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(35,960)
<b>449,770</b>	<b>Balance at 31st March</b>	<b>51,620</b>



## NOTES TO THE ACCOUNTS

### 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 Council 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.

2021/22 £000	Deferred Capital Receipts Reserve	2022/23 £000
(3)	<b>Balance at 1st April</b>	(3)
-	Transfer of Deferred Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	1
(3)	<b>Balance at 31st March</b>	(2)

### Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, that is, annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

2021/22		Accumulated Absences Account	2022/23	
£000	£000		£000	£000
	6,213	<b>Balance at 1st April</b>		4,228
(6,213)		Settlement or Cancellation of Accrual made at the end of the Preceding Year	(4,228)	
4,228		Amounts Accrued at the end of the Current Year	5,452	
	(1,985)	Amount by which Officer Remuneration Charged to the CIES on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements		1,224
	4,228	<b>Balance at 31st March</b>		5,452

## NOTES TO THE ACCOUNTS

### 21. CASH FLOW STATEMENT – OPERATING ACTIVITIES

- a. Adjustments to net surplus or deficit on the provision of services for non-cash movements

2021/22 £000		2022/23 £000
26,128	Depreciation and Impairment on Non Current Assets	29,340
(39,945)	Revaluation (Gains) / Losses on Property, Plant and Equipment	4,809
190	(Increase)/Decrease in Long Term Debtors	239
(20,428)	(Increase)/Decrease in Short Term Debtors	21,437
(142)	(Increase)/Decrease in Inventories	3
8,277	Increase/(Decrease) in Short Term Creditors	1,950
(229)	Increase/(Decrease) in Long Term Creditors	540
(410)	Increase/(Decrease) in Short Term Provisions	(174)
(1,332)	Increase/(Decrease) in Long Term Provisions	327
(1,112)	Increase/(Decrease) in Grants Receipts in Advance	-
2,344	Amounts of Non Current Assets Written Off on Disposal or Sale as Part of the Gain/Loss on Disposal to the CIES	263
36,860	Increase/ (Decrease) in Pension Liability	28,720
(40)	Finance Lease Interest	(40)
10,868	Adjustment for Non Enhancing Spend Included in PPE Additions	10,048
49	Other Non-Cash Items Charged to Net Surplus/Deficit on the Provision of Services	(408)
<b>21,078</b>		<b>97,054</b>

- b. Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2021/22 £000		2022/23 £000
(2,512)	Proceeds from the Sale of Property, Plant and Equipment	(354)
(47,620)	Other Receipts from Investing Activities	(17,613)
<b>(50,132)</b>		<b>(17,967)</b>

### 22. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2021/22 £000		2022/23 £000
(63,976)	Purchase of Property, Plant and Equipment	(37,420)
(1,123,000)	Purchase of Short Term and Long Term Investments	(963,500)
2,512	Proceeds from the Sale of Property, Plant and Equipment	354
1,102,200	Proceeds from Short Term and Long Term Investments	983,200
47,620	Other Receipts from Investing Activities	17,613
<b>(34,644)</b>	<b>Net Cash Flows From Investing Activities</b>	<b>247</b>

## NOTES TO THE ACCOUNTS

### 23. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2021/22 £000		2022/23 £000
10,014	Cash Receipts of Short and Long Term Borrowing	14,040
(1,109)	Repayments of Short and Long Term Borrowing	(29,362)
<b>8,905</b>	<b>Net Cash Flows from Financing Activities</b>	<b>(15,322)</b>

The financing activities relate to non-cash changes. The financing cash flows can be further split between short and long term borrowing as follows:

	Long Term £000	Short Term £000	Total £000
Cash Receipts	-	14,040	14,040
Repayments	(25,345)	(4,017)	(29,362)
<b>Net Cash Flows from Financing Activities</b>	<b>(25,345)</b>	<b>10,023</b>	<b>(15,322)</b>

### 24. AGENCY SERVICES

#### South Wales Trunk Road Agency

The Council performs agency work on trunk roads in South and West Wales on behalf of the Welsh Government who fully reimburse the related expenditure. The financial activity relating to this contract is not included in the comprehensive income and expenditure statement.

#### COVID 19 & Cost of Living Agency Arrangements

During 2022-23 the Council have been acting on behalf of both the Welsh Government and Central Government Departments as an agent with regard to various COVID 19 and cost of living related grants.

The following table shows that the Council was reimbursed £2.13m by the Welsh Government and £1.876m from other local public bodies to cover increased service costs.

2022/23	Expenditure £000	Income £000	Income Other Public Bodies £000
Reimbursement of Additional Expenditure incurred	1,573	(1,511)	0
Business Grant Administration	0	(619)	0
Track Trace Protect (TTP)	1,916	0	(1,876)
	<b>3,489</b>	<b>(2,130)</b>	<b>(1,876)</b>

## NOTES TO THE ACCOUNTS

The Council also administered schemes on behalf of the Welsh Government and Central Government Departments as an Agency service to pay grants to businesses and individual recipients totalling £20.502m. These sums are not reflected within the Councils Income and Expenditure but any debtors or creditors relating to these sums are included in the Balance Sheet in accordance with the accounting arrangements in relation to Agency arrangements.

Details of the grants treated in this manner are set out below:

2022/23	Expenditure £000	Income £000
Cost of Living Main Scheme	8,199	(8,199)
Payment to Social Care Workers	5,744	(5,744)
Social Care Sick Pay Scheme	209	(209)
Carer Payments	1,497	(1,497)
Self Isolation Grant	549	(549)
Alternative Fuel Grant	12	(12)
Energy Bills Support Scheme	32	(32)
Winter Fuel Grant	4,260	(4,260)
	<b>20,502</b>	<b>(20,502)</b>

### 25. POOLED BUDGETS

#### **Community Equipment Store – Health, Neath Port Talbot Council and the City and Country of Swansea**

Neath Port Talbot Council is party to a pooled arrangement with the Swansea Bay University Health Board and the City and County of Swansea Council. This arrangement is led by the City and County of Swansea.

The agreement for this pool is that the host partner shall retain operational responsibility for any costs, expenses or liabilities in excess of the pooled fund at any time during its existence, other than where these have been incurred with the express agreement of the partners. Where this agreement has been made, the partners are jointly responsible in the proportions of their respective contributions to the pool.

2021/22			2022/23	
£000	£000		£000	£000
		Funding Provided to the Pooled Budget:		
(356)		Grant	(432)	
(635)		City and County of Swansea	(634)	
(357)		Neath and Port Talbot Council	(357)	
(1,308)		Swansea Bay University Health Board	(1,309)	
	(2,656)	Total In Year Contributions		(2,732)
	0	In Year Reserve Utilisation		(200)
	(2,656)	Total Income		(2,932)
	3,102	Expenditure Met from the Pooled Budget:		3,420
	446	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		488
	<b>0</b>	<b>Authority Share of the Net (Surplus) / Deficit Arising on the Pooled Budget</b>		<b>0</b>

## NOTES TO THE ACCOUNTS

### Intermediate Care – Neath Port Talbot Council and Health

Neath Port Talbot Council is host to a pooled arrangement with the Health Board, which covers arrangements to plan and arrange provision of adult and older people's services.

The arrangement for this pool is that the partners shall be jointly responsible, in accordance with the funding agreement for any costs, claims, expenses or liabilities incurred in accordance with the terms of the pool agreement. Also, any underspend will be put into a ring-fenced reserve or distributed to partners as agreed by the partnership board. The surplus has been distributed and NPT share was £30,000.

2021/22			2022/23	
£000	£000		£000	£000
(2,480)		Funding Provided to the Pooled Budget:		
(2,995)		Neath and Port Talbot Council	(2,892)	
		The Health Board	(3,162)	
	(5,475)	Total Income		(6,054)
	5,311	Expenditure Met from the Pooled Budget:		5,861
	(164)	Net (Surplus)/Deficit Arising on the Pooled Budget During the Year		(193)
	<b>(164)</b>	<b>Authority Share of the Net (Surplus) / Deficit Arising on the Pooled Budget</b>		<b>0</b>

### 26. MEMBERS REMUNERATION

The Council paid the following amounts to members of the Council during the year, including on-costs for national insurance and pensions.

2021/22		2022/23
£000		£000
1,371	Basic and Senior Salaries	1,601
-	Expenses	1
<b>1,371</b>	<b>Total</b>	<b>1,602</b>

### 27. OFFICERS REMUNERATION

The Council is required to provide details on a range of remuneration issues, such as the median remuneration for all employees compared to the Chief Executive, the amounts earned by senior officers, salary costs greater than £60,000 and the cost and number of any exit packages. As the effect of including voluntary aided schools is not material, the information prepared for the remuneration notes includes the staff employed at the voluntary aided faith schools in the area, which are:

- Alderman Davies Church in Wales Primary
- Bryncoch Church in Wales Primary
- St Therese's Catholic Primary
- St Joseph's Catholic Primary, Infants and Junior schools
- St Joseph's Comprehensive.

The Accounts and Audit Regulations (Wales) 2014 introduced the requirement for the statement of accounts to disclose the organisations pay multiple. This is the ratio of the highest paid employee, the Chief Executive and the median earnings across the organisation. In 2022/23 this ratio is 5.36 times the median remuneration of the organisation which is £26,845.

## NOTES TO THE ACCOUNTS

The remuneration paid to the Council's senior employees is as follows:

	2022/23			
	Salary, Fees and Allowances	Expenses Allowances	Employers Pension Contribution	Total
	£	£	£	£
<b>Chief Executive Karen Jones</b>	143,770	-	-	143,770
<b>Director of Education, Leisure &amp; Lifelong Learning</b>	113,954	-	23,133	137,087
<b>Director of Environment</b>	119,416	-	24,241	143,657
<b>Director of Social Services, Health &amp; Housing</b>	122,149	-	24,796	146,945
<b>Chief Finance Officer</b>	94,503	-	19,184	113,687
<b>Chief Digital Officer</b>	86,916	-	17,644	104,560
<b>Head of People &amp; Organisational Development</b>	86,916	-	17,644	104,560
<b>Head of Legal Services</b>	86,916	-	17,644	104,560

	2021/22			
	Salary, Fees and Allowances	Expenses Allowances	Employers Pension Contribution	Total
	£	£	£	£
<b>Chief Executive Karen Jones</b>	137,623	-	23,281	160,904
<b>Director of Education, Leisure &amp; Lifelong Learning</b>	111,485	-	22,631	134,116
<b>Director of Environment</b>	114,759	-	23,296	138,055
<b>Director of Social Services, Health &amp; Housing</b>	120,959	-	24,555	145,514
<b>Director of Finance and Corporate Services</b>	70,131	-	-	70,131
<b>Chief Finance Officer</b>	38,404	-	7,796	46,200
<b>Head of Finance</b>	47,736	-	16,225	63,961
<b>Chief Digital Officer</b>	64,451	-	13,084	77,535
<b>Head of People &amp; Organisational Development</b>	84,339	-	17,121	101,460
<b>Head of Legal Services</b>	83,060	-	16,861	99,921

The Employers pension contribution of 20.3% (20.3% in 2021/22) excludes any deficit contribution to the Fund and represents the normal contribution required for the year. No contribution cost is included when an officer has left the employers pension scheme.

The Chief Executive opted out of the pension scheme on 31<sup>st</sup> January 2022, therefore the above figures only include pension contributions for a 10 month period for 2021/22.

## NOTES TO THE ACCOUNTS

The figures do not include any remuneration for the Chief Executive in her role as returning officer. The amount paid to the Chief Executive in 2022/23 was £6,980 (2021/22 was £8,794) which is based on rates defined by the respective election bodies and no election expenses were reimbursed for 2022/23 (2021/22 £82).

The Director of Finance and Corporate Services retired on 31<sup>st</sup> October 2021. This post has been deleted from the structure along with the Head of Finance and replaced by the Chief Finance Officer post.

The Chief Digital Officer Post was created as part of the restructure of the Senior Management Team and was filled on 28<sup>th</sup> June 2021.

The number of other staff employed by the Council, including teachers, receiving more than £60,000 remuneration for the year, excluding employer's pension contributions, is listed below, in bands of £5,000. The number being included is increasing each year due to annual pay awards.

Number of Employees 2021/22				Number of Employees 2022/23
58	£60,000	-	£64,999	65
24	£65,000	-	£69,999	37
19	£70,000	-	£74,999	18
6	£75,000	-	£79,999	18
5	£80,000	-	£84,999	6
5	£85,000	-	£89,999	7
6	£90,000	-	£94,999	3
-	£95,000	-	£99,999	3
-	£100,000	-	£104,999	2
1	£105,000	-	£109,999	1
1	£110,000	-	£114,999	1
<b>125</b>				<b>161</b>

As a result of a voluntary redundancy scheme in 2022/23, three employees received remuneration above £60,000. These individuals were paid the following amount:

Number of Employees 2021/22				Number of Employees 2022/23
-	£60,000	-	£64,999	2
1	£65,000	-	£69,999	-
-	£70,000	-	£74,999	1
<b>1</b>				<b>3</b>

## NOTES TO THE ACCOUNTS

The Council continues to minimise compulsory redundancy as far as is possible by using alternatives such as voluntary redundancy and redeployment to alternative employment. Those who left under either voluntary or compulsory redundancy received redundancy payments in line with the Council's scheme and where eligible, accessed their pensions.

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	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £000	2022/23 £000
£0 - £20,000	9	5	13	10	22	15	168	118
£20,001 - £40,000	-	1	3	4	3	5	85	132
£40,001 - £60,000	-	-	1	1	1	1	50	50
£60,001 - £80,000	-	-	3	-	3	-	202	-
<b>Total</b>	<b>9</b>	<b>6</b>	<b>20</b>	<b>15</b>	<b>29</b>	<b>21</b>	<b>505</b>	<b>300</b>

### 28. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

2021/22 £000		2022/23 £000
181	Fees Payable to Audit Wales for External Audit Services Carried Out by the Appointed Auditor for the Year	208
103	Fees Payable to Audit Wales for Statutory Work Carried Out Under the Local Government Measure	118
50	Fees Payable to Audit Wales for the Certification of Grant Claims and Returns for the Year	58
<b>334</b>	<b>Total</b>	<b>384</b>

### 29. GRANT INCOME

The Council credited the following grants and contributions to the comprehensive income and expenditure statement:



## NOTES TO THE ACCOUNTS

2021/22 £000	Grant Income	2022/23 £000
	<b>Credited to Services</b>	
2,250	Post 16	2,164
576	Youth	502
2,514	Childcare Offer	2,794
9,281	Children & Communities	8,892
8,453	Regional Consortia School Improvement Grant (RCSIG)	6,864
8,164	LA Education Grant	7,707
6,275	Pupil Deprivation Grant	6,241
-	Other Schools Grants	351
-	Young person guarantee	497
-	Early years integration transformation	718
4,157	Other Education Grants	4,035
2,583	Concessionary Bus Fares	1,898
-	Community Renewal Fund grant	1,841
-	Enabling natural resources and Well being	538
313	Other Highways Grants	1,718
1,059	Social Care Workforce Development	1,337
241	Youth Justice Board	-
2,970	Substance Misuse	4,115
-	Homes for Ukraine	1,384
-	Homelessness Phase 2 Funding	842
2,486	Sustainable Social Services	2,234
2,715	Other Social Services Grants	1,916
3,264	Social Services Recovery Fund	-
2,486	Social Care Pressures	-
662	Housing Benefit Admin	561
40,167	Mandatory Rent Allowances	38,069
1,797	General Capital Grant for Housing Expenditure	3,055
435	Housing Energy Efficiency Grant	341
6,466	Housing Support Grant	6,693
3,588	Workways	3,194
994	Sustainable Waste	713
1,402	Discretionary Fund	-
3,841	Other Services Grants	1,602
6,789	COVID19 - LA Hardship Fund	-
360	COVID19 - Other	9
3,547	COVID19 - Loss of Income	-
2,068	COVID19 - Social Services voids	-
1,894	COVID19 - Social Services rate increase	-
-	COVID19 - Homelessness	546
488	COVID19 - Grants to business	-
-	COVID19 - Admin	619
325	COVID19 - Care Home Testing	-
-	COVID19 - Free School meal payments	1,511
<b>134,610</b>	<b>Total Grants Credited to Services</b>	<b>115,501</b>

## NOTES TO THE ACCOUNTS

2021/22 £000	Grant Income	2022/23 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
191,718	Revenue Support Grant	206,151
16,613	Regeneration and Town Centre Redevelopments	366
17,109	21st Century Schools	651
290	Local Transport Fund	601
998	Safe Routes / Accident Reduction Measures	1,308
797	Active Travel	623
1,054	Additional Infrastructure Funding	-
243	Flood Prevention Grants	-
3,510	Additional General Capital Grant	-
126	Flying Start	1
951	Childcare Offer Capital Grant	68
-	Additional Schools Funding	5,500
480	Hillside	-
660	HWB - Education Technology Grant	455
1,740	Drainage	2,479
4,214	Other Capital Grants	949
<b>240,503</b>	<b>Total Grants Credited to Taxation and Non Specific Grant Income</b>	<b>219,152</b>
<b>375,113</b>	<b>Total Grant Income</b>	<b>334,653</b>

### 30. RELATED PARTIES

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

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total paid to members in 2022/23, including on-costs, is shown in note 26.

Under the code of conduct incorporated in the Council's Constitution, members are required to record in the register of members interests any financial and other personal interests, together with any gift, hospitality, material interest or advantage. The register is open to inspection by the public and is available on an individual member basis on the Council Website.

Members of the Council serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. These payments are made with proper consideration of declarations of interest and relevant members do not take part in any discussion or decision relating to the grants.

# NOTES TO THE ACCOUNTS

## Officers

The Chief Executive and the Head of Legal Services are both unpaid shareholder representatives on behalf of the Council with Neath Port Talbot Waste Management Ltd. The role does not involve any decision making on the day to day running of the Company.

The Chief Executive is the Chief Executive for South West Wales Corporate Joint Committee (CJC) and the Head of Legal Services is the Monitoring Officer, the Council is reimbursed by the CJC for costs.

## Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, such as council tax bills and housing benefits. Grants and contributions received from government departments are set out in the notes 5 and 29.

## Entities Significantly Influenced by the Council

### *Waste*

The Council owns a waste management company (Neath Port Talbot Waste Management Company Ltd) which ceased trading on 31<sup>st</sup> March 2023. The waste management company has a 100% shareholding in the operating company for the materials recycling plant (Neath Port Talbot Recycling Ltd), which ceased trading on 30<sup>th</sup> September 2019. Both companies are in the process of being dissolved.

Neath Port Talbot Waste Management Ltd (the Company) operated the landfill site at Giants Grave until the 31<sup>st</sup> March 2023 when the landfill licence was transferred to the Council.

The site is in aftercare phase and the Company is in receipt of both the closure report and aftercare plan which has been agreed by Natural Resources Wales. The Company has a cash backed provision of £0.750m to deal with any unforeseen residual restoration work, which will be transferred to the Council. The Council holds an additional reserve of £0.815m to meet any future landfill obligations. The on-going annual monitoring and income generated from the site has been included in the Councils base budget.

The Council provides the provision of waste management services of residual waste for Bridgend County Borough Council for which the Council received income of £3.2m in 2022/23 (£3.3m 2021/22).

## NOTES TO THE ACCOUNTS

### ***Swansea Bay City Deal***

The Swansea Bay City Deal is a £1.3bn investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The Swansea Bay City Deal is being led by the four regional local authorities through a Joint Committee Agreement, together with non-voting partners - Swansea Bay and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David.

Within the Joint Committee Agreement there is acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the programme, as well as 1.5% “Top Slice” being applied to programme/project City Deal grant awards. Neath Port Talbot County Borough Council’s partnership contribution is fully paid up to the 31<sup>st</sup> March 2023.

The two projects for NPT are Supporting Innovation and Low Carbon Growth and Homes as Power Stations.

Under the agreement of the Joint Committee (JC – 9<sup>th</sup> July 2020) costs in respect of the provision of support services by Local Authorities to the Swansea Bay City Deal were included within the Joint Committee budget allowing for the recharge of those functions by Authorities. As such expenditure was recharged during the financial year by City and County of Swansea for Legal and democratic services in respect of the Joint Committee, Carmarthenshire County Council for the Accountable Body function’ Pembrokeshire County Council for the provision of Internal Audit services and Neath Port Talbot CBC for Democratic Services in respect of the Joint Scrutiny Committee. Neath Port Talbot recharge costs were £21,000 for 2022/23.

As agreed by the Joint Committee (JC-11<sup>th</sup> June 2020) interest accumulated on Swansea Bay City Deal cash balances will be distributed to Authorities on a programme/project basis aligned to their allocated grant.

### ***Celtic Leisure***

The Council has a contract with Celtic Leisure (a company limited by guarantee) to manage its indoor leisure activities and the Gwyn Hall. Following negotiations with the Council the Trustees have agreed to surrender the contract prior to the Trust commencing liquidation procedures. The Council has agreed to provide the Trust with funding to meet its obligations until the date of the completion of the contract and in respect of the planned liquidation.

A decision was taken by Cabinet on 1<sup>st</sup> February 2022 to insource indoor leisure activities and arrangements will continue to develop in that regard. The indemnity agreement that the Council has with Celtic Leisure remains in place until the insourcing is complete.

The Council pays Celtic Leisure an annual management fee to run the service (excluding the structural maintenance of buildings) which for 2022/23 was £2.839m (£1.558m in 2021/22). There was £93,000 (£238,000 in 2021/22) balance owed by Celtic Leisure to the Council on 31<sup>st</sup> March 2023.

## NOTES TO THE ACCOUNTS

### **South West Wales Corporate Joint Committee**

Formally constituted in January 2022, the Corporate Joint Committee for South West Wales covers the local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea. The Committee will improve the regional planning, co-ordination and delivery of transport, land use planning, economic development and energy.

The Corporate Joint Committee has been created by the Local Government and Elections (Wales) Act 2021 and is made up of representatives from the four Councils as well as Bannau Bryncheniog and the Pembrokeshire Coast National Park Authority.

Neath Port Talbot Council commits a sum by way of a levy, £117,384 for 2022/23, and are reimbursed for officer time associated with the governance arrangements of the Corporate Joint Committee. Service Level Agreements are in place between the Corporate Joint Committee and the respective public bodies for service delivery.

### **31. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2021/22 £000		2022/23 £000
	<b>Capital Investment</b>	
63,976	Property, Plant and Equipment	37,420
6,647	Revenue Expenditure Funded from Capital Under Statute	6,677
<b>70,623</b>		<b>44,097</b>
	<b>Sources of Finance</b>	
(2,693)	Capital Receipts	(3,416)
(48,104)	Government Grants and Other Contributions: Sums Set Aside from Revenue:	(21,196)
(2,810)	Direct Revenue Contributions and Reserves	(3,338)
(17,016)	Loans	(16,147)
<b>(70,623)</b>		<b>(44,097)</b>

As at 31<sup>st</sup> March 2023, the Authority has entered into a number of contracts for the construction of Property, Plant and Equipment. The budgeted cost of these commitments for 2023/24 and future years are shown in the table below.

The major commitments are:

<b>Major Capital Commitments</b>	<b>2023/24 £000</b>	<b>Future £000</b>	<b>Total £000</b>
Crymlyn Burrows Transfer Station Site Improvements	1,003	-	1,003
Rock Street Construction	763	-	763
	<b>1,766</b>	<b>0</b>	<b>1,766</b>

## NOTES TO THE ACCOUNTS

Where Capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2021/22 £000		2022/23 £000
<b>(343,055)</b>	<b>Opening Capital Financing Requirement</b>	<b>(349,573)</b>
(4,433)	Increase in Underlying Need to Borrow (Supported by Government Financial Assistance)	(4,433)
(12,583)	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	(11,714)
10,498	Minimum Revenue Provision and Prudential Borrowing	10,647
<b>(349,573)</b>	<b>Closing Capital Financing Requirement</b>	<b>(355,073)</b>

### 32. SERVICE CONCESSION

On 1<sup>st</sup> April 2012, the Council entered into a service concession arrangement with Tai Gwalia CYF to take over and operate the Council's long term care and short term respite care homes. As part of this arrangement, the Council transferred its existing care homes to Tai Gwalia CYF who have constructed two new residential care homes, Plas Bryn Rhosyn in Neath and Llys Y Seren in Port Talbot, on land owned by the Council. This arrangement is in place until 2037.

The agreement included the construction of two residential care homes with a commitment that the Council will purchase a guaranteed number of beds for the duration of the contract. The contract includes a series of events which could trigger termination of the contract. At the end of the contract the assets transfer into the ownership of the Council for no additional charge. The Council carries the non-current assets used under the contract on the balance sheet as service concession assets.

The following table shows the payments to be made under the service concession:

	Payment for Services £000	Reimburse Capital Expenditure £000	Interest £000	Total £000
Payable:				
Within 1 year	4,300	108	144	4,552
Within 2 to 5 years	16,104	504	506	17,114
Within 6 to 10 years	16,022	829	433	17,284
Within 11 to 15 years	12,818	869	140	13,827
<b>Total</b>	<b>49,244</b>	<b>2,310</b>	<b>1,223</b>	<b>52,777</b>

## NOTES TO THE ACCOUNTS

The future service liability for reimbursing capital expenditure is:

2021/22 £000		2022/23 £000
2,507	Balance Outstanding at 1st April	2,412
(95)	Payments During the Year	(102)
<b>2,412</b>	<b>Balance outstanding at 31st March</b>	<b>2,310</b>

### 33. LEASES

#### Council as Lessee

##### Finance Leases

The Council has one finance lease recognised in its balance sheet.

31st Mar 2022 £000		31st Mar 2023 £000
3,462	Other Land and Buildings - Asset Value	3,744

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

31st Mar 2022 £000		31st Mar 2023 £000
	<b>Finance Lease Liabilities</b>	
12	Current	13
831	Non Current	819
754	Finance Lease Costs Payable in Future Years	714
<b>1,597</b>	<b>Minimum Lease Payments</b>	<b>1,546</b>

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

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
31st Mar 2022 £000	31st Mar 2022 £000		31st Mar 2023 £000	31st Mar 2023 £000
52	12	Not Later than One Year	52	13
206	54	Between 1 and 5 Years	206	57
1,339	777	Later than 5 Years	1,288	762
<b>1,597</b>	<b>843</b>		<b>1,546</b>	<b>832</b>

# NOTES TO THE ACCOUNTS

## Council as Lessor

### Operating Lease

The Council currently leases out property under operating lease agreements ranging from indoor market units to shops, clubs, land, etc.

The lease income received in 2022/23 was £1.299m and in 2021/22 was £1.224m. The leases are short term by nature and future income streams will be affected by external factors, most noticeably economic conditions and therefore cannot be estimated with certainty.

## 34. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

The Scheme is a multi-employer defined benefit scheme. 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. Valuations of the notional fund are undertaken every four years.

The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the Council paid £12.7m (£12m in 2021/22) to Teachers' Pensions in respect of teachers' retirement benefits, based on a 23.68% which has been the effective rate from 1<sup>st</sup> September 2019.

The Council 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 discretionary basis within the defined benefit detailed in note 36.

The Council is not liable to the scheme for any other entities' obligations under the plan.



# NOTES TO THE ACCOUNTS

## 35. DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- the Local Government Pension Scheme, administered locally by the City and County of Swansea. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.
- 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 is no investment assets built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The City and County of Swansea Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of the City and County of Swansea Council. Policy is determined in accordance with the pension fund regulations. The investment managers of the fund are appointed by the committee and the committee consist of the Director of Finance, Council members and independent investment advisers.

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

### Discretionary Post–Retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

# NOTES TO THE ACCOUNTS

## Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is 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 we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

## McCloud

The LGPS Regulations covering the McCloud remedy have not yet been laid. The way in which the McCloud remedy was allowed for in the HMT cost management valuation was subject to Judicial Review following a legal challenge from unions but was dismissed on all grounds on 10<sup>th</sup> March 2023. The net pension liability reported in the accounts includes a potential liability related to the McCloud judgement. If the unions are granted permission to appeal there remains a possibility that the 2016 costs management process will need to be revisited and ultimately, additional employer costs may arise.

## Actuarial Valuation

The pension fund liability disclosed in the balance sheet is the total projected deficit that exists over the expected life of the fund. This deficit changes 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 3 yearly actuarial valuation which assesses the then state of the pension fund and advises the various admitted bodies on the appropriate rate of employers' contributions that needs to be made in order to restore the fund to a balanced position over a period of time. The contribution rate used in 2022/23 relates to the valuation undertaken on 31st March 2022.

The effect of allowing for this is shown in the 'Actuarial (gains) / losses due to liability experience' and the 'Return on plan assets (in excess of)/below that recognised in net interest' and is reflected in the balance sheet position. The demographic assumptions have also been updated to reflect those of the 2022 valuation. These changes have had a positive effect on the balance sheet position.

## NOTES TO THE ACCOUNTS

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year.

Local Government Pension Scheme	Discretionary Benefits Arrangements		Local Government Pension Scheme	Discretionary Benefits Arrangements
2021/22			2022/23	
£m	£m		£m	£m
		<b>Comprehensive Income and Expenditure Statement (CIES)</b>		
		<b>Cost of Services:</b>		
56.55	-	Current Service Cost	52.99	-
0.30	-	Past Service Costs	0.02	-
		<b>Financing and Investment Income and Expenditure</b>		
11.14	0.67	Net Interest Expense	10.88	0.79
<b>67.99</b>	<b>0.67</b>	<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>63.89</b>	<b>0.79</b>
		<b>Other Post-Employed Benefit Charged to the CIES</b>		
		<b>Remeasurement of the Net Defined Benefit Liability Comprising:</b>		
(77.64)	-	Return on Plan Assets (excluding the amount included in the net interest expense)	12.24	-
(13.31)	(0.47)	Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	13.71	(0.33)
(90.16)	(0.72)	Actuarial Gains and Losses Arising on Changes in Financial Assumptions	(521.52)	(4.71)
16.69	0.12	Actuarial Gains and Losses due to Liability Experience	71.10	2.64
<b>(164.42)</b>	<b>(1.07)</b>	<b>Total Amount Recognised in Other Comprehensive Income</b>	<b>(424.47)</b>	<b>(2.40)</b>
<b>(96.43)</b>	<b>(0.40)</b>	<b>Total Post Employment Benefit Charged to the CIES</b>	<b>(360.58)</b>	<b>(1.61)</b>
		<b>Movement in Reserves Statement</b>		
<b>96.43</b>	<b>0.40</b>	Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in Accordance with the Code	<b>360.58</b>	<b>1.61</b>
		<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year</b>		
29.33	-	Employers' Contributions Payable to Scheme	33.55	-
-	2.47	Retirement Benefit Payable to Pensioners	-	2.41

## NOTES TO THE ACCOUNTS

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefits plan is as follows:

Local Government Pension Scheme	Discretionary Benefits Arrangement		Local Government Pension Scheme	Discretionary Benefits Arrangement
2021/22 £m	2021/22 £m		2022/23 £m	2022/23 £m
(1,330.69)	(30.48)	Present Value of the Defined Benefit Obligation	(960.14)	(26.46)
911.40		Fair Value of Plan Assets	934.98	
<b>(419.29)</b>	<b>(30.48)</b>	<b>Total</b>	<b>(25.16)</b>	<b>(26.46)</b>

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

Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits		Funded Liabilities: Local Government Pension	Unfunded Liabilities: Discretionary Benefits
2021/22 £m	2021/22 £m		2022/23 £m	2022/23 £m
(1,355.71)	(33.35)	Opening Balance at 1st April	(1,330.69)	(30.48)
(56.55)	-	Current Service Cost	(52.99)	-
(28.23)	(0.67)	Interest cost	(35.64)	(0.79)
(6.87)	-	Contributions from Scheme	(8.04)	-
13.31	0.47	Remeasurement Gains and (Losses): Actuarial Gains/Losses Arising from Changes in Demographic Assumptions	(13.71)	0.33
90.16	0.72	Actuarial Gains/Losses Arising from Changes in Financial Assumptions	521.52	4.71
(16.69)	(0.12)	Actuarial Gains and Losses Due to Liability Experience	(71.10)	(2.64)
(0.30)	-	Past Service Cost	(0.02)	-
30.19	2.47	Benefits Paid	30.53	2.41
-	-	Liabilities Extinguished on Settlement	-	-
<b>(1,330.69)</b>	<b>(30.48)</b>	<b>Closing Balance at 31st March</b>	<b>(960.14)</b>	<b>(26.46)</b>

## NOTES TO THE ACCOUNTS

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets.

2021/22 £m		2022/23 £m
810.66	Opening Fair Value of Scheme Assets	911.40
17.09	Interest Income on assets	24.76
77.64	Remeasurement Gains/(Losses): The Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(12.24)
29.33	Contributions by the Employer	33.55
6.87	Contributions from Employees into the Scheme	8.04
(30.19)	Benefits Paid	(30.53)
<b>911.40</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>934.98</b>

### Local Government Pension Scheme Assets for Neath Port Talbot

2021/22	Fair value of Scheme Assets	Estimated 2022/23
£'000		£'000
9,909	Cash and Cash Equivalents	5,098
	Pooled Equity Investment Vehicles:	
-	UK	-
647,206	Global	596,910
<b>647,206</b>		<b>596,910</b>
34,058	Property	32,279
	Fixed Interest:	
75,240	Fixed Interest	40,701
11,750	Index-Linked	8,932
<b>86,990</b>		<b>49,633</b>
18,944	Hedge Funds	19,752
62,712	Private Equity	68,998
26,974	Infrastructure	34,444
17,482	Private Debt	22,473
5,607	Residential Housing	7,347
41	Timberland & Farmland	43
508	Derivatives	3,708
-	Trade Finance	32,965
-	Global Bond Funds	60,442
94	Cash - Dividends Due	1
875	Net Current Assets	887
<b>911,400</b>	<b>Total Assets</b>	<b>934,980</b>

The three segregated equity funds with JP Morgan, Aberdeen and Schroders UK were transitioned in January 2019 to the Wales Pension Partnership Global Opportunities Fund, a Pooled Equity Investment Vehicle.

## NOTES TO THE ACCOUNTS

The following investments represented more than 5% of the Fund's net assets:

Neath Port Talbot Share 2021/22			Neath Port Talbot Share 2022/23	
Value of Net Assets £000	Proportion of Net %		Value of Net Assets £000	Proportion of Net %
218,662	24.0	Blackrock ACS Low Carbon Tracker Fund	185,164	19.8
413,730	45.4	WPP Global Opportunities Fund	397,207	42.5
47,492	5.2	Harbour Vest - Private Equity Fund	48,396	5.2
-	-	T Rowe - Global Bond Fund	52,884	5.7

### 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 AON Hewitt Ltd, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2022.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	Discretionary Benefit Arrangements		Local Government Pension Scheme	Discretionary Benefit Arrangements
2021/22			2022/23	
		<b>Mortality Assumptions:</b>		
		Longevity at 65 for Current		
22.1	22.1	Men	22.2	22.2
24.2	24.2	Women	24.7	24.7
		Longevity at 65 for Future		
23.2	-	Men	22.9	-
25.7	-	Women	25.8	-
		<b>Rate of Inflation:</b>		
3.0%	3.0%	CPI	2.7%	2.7%
4.5%	-	Rate of Increase in Salaries	4.2%	-
3.0%	3.0%	Rate of Increase in Pensions	2.7%	2.7%
2.7%	2.7%	Rate for Discounting Scheme	4.7%	4.7%

# NOTES TO THE ACCOUNTS

## Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31<sup>st</sup> March 2023 and the projected service cost for the year ending 31<sup>st</sup> March 2024 is set out below:

### Discount Rate Assumption

Adjustment to Discount Rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	943.82	976.46
% Change in Present Value of Total Obligation	-1.7%	1.7%
Projected Service Cost (£m's)	24.72	26.81
Approximate % Change in Projected Service Cost	-4.0%	4.1%

### Rate of General Increase in Salaries

Adjustment to Salary Increase Rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	962.06	958.22
% Change in Present Value of Total Obligation	0.2%	-0.2%
Projected Service Cost (£m's)	25.75	25.75
Approximate % Change in Projected Service Cost	0.0%	0.0%

### Rate of Increase to Pensions in Payment and Deferred and Rate of Revaluation of Pension Accounts Assumption

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present Value of Total Obligation (£m's)	974.54	945.74
% Change in Present Value of Total Obligation	1.5%	-1.5%
Projected Service Cost (£m's)	26.81	24.72
Approximate % Change in Projected Service Cost	4.1%	-4.0%

### Post Retirement Mortality Assumption

Adjustment to mortality age rating assumption	-1 year	+1 year
Present Value of Total Obligation (£m's)	986.06	934.22
% Change in Present Value of Total Obligation	2.7%	-2.7%
Projected Service Cost (£m's)	26.68	24.82
Approximate % Change in Projected Service Cost	3.6%	-3.6%

## Asset Liability Matching Strategy

The pension committee of the City and County of Swansea has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments.

# NOTES TO THE ACCOUNTS

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The City and County of Swansea has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 25 years. Funding levels are monitored on an annual basis.

The last triennial valuation was as at 31st March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants

The Council expects to pay £29.1m contributions to the scheme in 2023/24. Expected payments to beneficiaries of the discretionary benefits schemes in the year to 31<sup>st</sup> March 2024 are £0.96m for the LGPS Scheme and £1.7m for Teachers.

## 36. DISCLOSURE OF NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

### Key Risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk      The possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk    The possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk      The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. Risk management is carried out by a central treasury team, under policies approved by Council in the treasury management strategy, annual investment strategy, capital strategy and minimum revenue policy report. The full report can be accessed on the Council's web site.



# NOTES TO THE ACCOUNTS

## Credit Risk

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

This risk is minimised through the annual investment strategy, which is available on the Council website.

The key areas of the investment strategy in relation to minimum criteria for investment counterparties and investment limits are included within the Council Annual Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments in individual 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. A minimal risk of irrecoverability applies to all of the Council's deposits and by adopting stringent investment criteria this risk continues to be minimised.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not allow credit for its trade debtors. The following analysis shows the age profile of the due amounts:

<b>31st Mar 2022 £000</b>		<b>31st Mar 2023 £000</b>
3,081	Current - Up to One Month	4,320
535	One to Three Months	727
1,072	Three to Six months	742
504	Six Months to One Year	771
1,551	More than One Year	2,165
<b>6,743</b>	<b>Total</b>	<b>8,725</b>

## Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money and the Public Works Loan Board. There is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments.

# NOTES TO THE ACCOUNTS

## Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities (excluding interest) is as follows:

<b>31st Mar 2022 £000</b>		<b>31st Mar 2023 £000</b>
(28,225)	Less than 1 Year	(20,436)
(7,144)	Between 1 and 2 Years	(5,606)
(8,490)	Between 2 and 5 Years	(2,009)
(14,861)	Between 5 and 10 Years	(22,313)
(251,797)	More than 10 Years	(244,831)
<b>(310,517)</b>	<b>Total</b>	<b>(295,195)</b>

## Market Risk

### Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise;
- Borrowings at fixed rates – the fair value of the liabilities borrowing 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 on the balance sheet, 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 general fund balance.

## NOTES TO THE ACCOUNTS

The Council has a number of strategies for managing interest rate risk. The annual treasury management strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. This strategy is used to set a treasury indicator which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor the market and interest rate forecasts during the year and adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If there were a fluctuation of 1% in the interest rates (with all other variables held constant) the financial effect at 31<sup>st</sup> March would be:

	<b>31st Mar 2023 £000</b>
Increase/Decrease in Interest Received and Credited to the CIES	350
Increase/Decrease in External Interest Payable and Debited to the CIES	2,789

### Price Risk

The Council does not invest in equity shares or marketable bonds.

## 37. LOCAL TAXATION

### Council Tax

Council tax is the current form of local taxation for domestic properties. All domestic properties are placed into one of nine valuation bands according to their open market value at 1<sup>st</sup> April 2003. The average amount of council tax for a property in Band D in 2022/23 was £2,012. This was calculated by dividing the amount of council tax required by Neath Port Talbot Council, each community council, and the South Wales Police Authority by the council tax base of 48,394 (which is the number of properties we collect council tax from, adjusted by discounts etc., and converted to the equivalent number of band d properties). The amounts for properties in other bands are calculated by multiplying the band d figure by the relevant multiplier in the table below:

Band	A	B	C	D	E	F	G	H	I	Total
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
No. of Chargeable Dwellings	13,224	26,348	11,298	7,095	4,378	1,349	517	94	16	64,319

## NOTES TO THE ACCOUNTS

### Significant Precepts or Demands

An element of the council tax bill relates to funding which is paid over to other organisations. The main demands and precepts were:

Town or Community Councils	2022/23 £000
Blaengwrach	49
Blaenhonddan	221
Briton Ferry	208
Cilybebyll	100
Clyne and Melincourt	26
Coedffranc	412
Crynant	56
Cwmllynfell	42
Dyffryn Clydach	61
Glynneath	203
Gwaencaegurwen	110
Neath	400
Onllwyn	25
Pelenna	40
Pontardawe	208
Resolven	61
Seven Sisters	51
Tonna	44
Ystalyfera	89
	<b>2,406</b>
<b>Other Levies and Demands</b>	
Police and Crime Commission for South Wales	14,620
Fire Authority	8,513
	<b>23,133</b>

### Business Rates

Non domestic rates are calculated by multiplying a property's rateable value by the rating multiplier (or rate in the pound). Rateable values are determined by the Valuation Office Agency and the multiplier is set by the Welsh Government. The multiplier for 2022/23 was 53.5p (2021/22 53.5p). The Council is responsible for collecting rates due from businesses in its area but pays the proceeds into the NNDR pool administered by the Welsh Government. The Welsh Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

In 2022/23, the total non-domestic rateable value at the year-end was £103.264m (2021/22 £103.551m).

### 38. ANNUAL GOVERNANCE STATEMENT

The Council is required by statute to provide an Annual Governance Statement that covers all significant corporate systems, processing and controls, spanning the whole range of its activities. It is signed by the Council's Leader and Chief Executive and approved by Cabinet.

**The Independent Auditor's Report of the Auditor General for Wales to the Members of Neath Port Talbot County Borough Council**

**Report on the audit of the financial statements to be inserted upon completion of Audit**

**The Independent Auditor's Report of the Auditor General for Wales to the Members of Neath Port Talbot County Borough Council**

**The Independent Auditor's Report of the Auditor General for Wales to  
the Members of Neath Port Talbot County Borough Council**

**The Independent Auditor's Report of the Auditor General for Wales to the Members of Neath Port Talbot County Borough Council**



## GLOSSARY OF TERMS

This glossary of terms has been prepared on the basis that a basic knowledge of accountancy terms is held. It provides a description of specialist terms relating to local government finance.

Audit	An audit is an independent examination of the Council's activities
Accumulated Absences	The Code of Practice requires an adjustment for accumulated absences which gives a monetary value to the cost of holidays accrued by staff but not taken at the end of the financial year. The net effect of this adjustment is reversed from the accounts.
Actuary	An actuary is someone who works out insurance and pension fund valuations, taking into account relevant factors such as trends in insurance claims and life expectancy.
Amortised Cost	Amortised costs are used to spread the financial impact of depreciation or using an equivalent interest rate or the effect of a premium or discount over a number of years on the income and expenditure account.
Balance Sheet	This is a statement of our assets, liabilities and other balances at the balance sheet date i.e. 31 <sup>st</sup> March.
Budget	A budget is a spending plan, based upon which the Council tax is set. Actual expenditure and income is subsequently monitored against this plan.
Capital Expenditure	Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.
Capital Receipt	Capital receipts are proceeds from the sale of fixed assets such as land and buildings.
Cash Flow Statement	This statement summarises the movements in cash during the year.
CIPFA/LASAAC	CIPFA/LASAAC is the body that sets the Code of Practice on Local Authority Accounting in the United Kingdom.
Comprehensive Income and Expenditure Statement	This account records day to day spending and income on items such as salaries and wages, the running costs of services and the financing of capital expenditure.
Componentisation	Accounting standards require that assets are split into separate components where there are significant differences in the life of elements of the assets which would have a significant effect on the depreciation costs.

## GLOSSARY OF TERMS

Contingent Asset	This is a possible asset that arises from past events but whose existence will only be confirmed after an uncertain future.
Contingent Liability	This is a possible obligation that may arise from past events and whose existence will be confirmed by the occurrence of uncertain future events.
Creditor	A creditor is someone we owed money to at the date of the balance sheet for goods or services received.
Current Asset	These are short-term assets which are available for us to use in the following accounting year.
Current Liability	These are short-term liabilities which are due for payment by us in the following accounting year.
Debtor	A debtor is someone who owed money to us at the date of the balance sheet.
Depreciation	Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.
Expenditure and Funding Analysis	This analysis is designed to provide a more direct link between the Council's budgeted spend and the figures reported under generally accepted accounting practices. It provides a link between management information and the figures included in the Comprehensive Income and Expenditure Statement.
Fair Value	This is the estimated value of an asset or liability at the balance sheet date. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Finance Lease	Leasing is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years. Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.
Financial Year	This is the accounting period. For local Authorities it starts on 1 April and finishes on 31 March of the following year.
Financial Instruments	This relates to any contract which gives rise to a financial asset in one organisation and a financial liability or equity instrument of another. A collective name for investments, trade debtors and borrowings.
General Fund Balance	This represents the cumulative retained surpluses on the Council's revenue budget. It includes reserves the Council has earmarked to fund its plans as well as a cushion against unexpected events or emergencies. The level of the balance is considered as part of the annual budget process each year.

## GLOSSARY OF TERMS

Impairment	This happens when fixed asset or investment values change significantly due to changes in circumstances. It can occur if there is a significant change in a fixed asset's market value or significant physical damage such as fire. The cost of impairment is charged to the revenue account in the year it occurs.
Liability	A liability is an amount payable at some time in the future.
Minimum Revenue Provision (MRP)	This is an amount we have set aside to repay loans.
Movement in Reserves Statement	This statement shows the movement in the year on the different reserves held by the Council, analysed between the usable reserves which can be applied to fund expenditure or reduce local taxation and the unusable reserves which cannot be utilised in this way.
National Non-Domestic Rates (NNDR)	Also known as the Business Rate, it is the charge occupiers of business premises pay which is collected by this Council and paid to the Welsh Government for reallocation. The charge is based on the rateable value of the business premises.
Net Realisable Value	The selling price of an asset, reduced by the relevant cost of selling it.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits (pensions) and for funding benefits in accordance with statutory provisions.
Pooled Budgets	These are budgets which are joined up across differing organisations with similar objectives and used to ensure improvements through coordinating expenditure.
Precepts	Precepts are levied on the Council by non-billing organisations such as the police and community councils to enable them to cover their costs in the performance of their services or duties.
Provision	This is an amount set aside in the accounts for a past event which is likely or certain to result in a financial cost some time in the future, though the exact amount and date may be uncertain.
Public Works Loans Board(PWLB)	This is a Government Agency which provides longer term loans to local authorities.
Related Party Transactions	These are disclosed to highlight any relationships that may exist between the Council and third parties who may materially affect or influence the way the Council or third parties are able to operate.

## GLOSSARY OF TERMS

Reserves	These are sums set aside to meet future expenditure. This Council splits the total reserve to show those earmarked to fund specific expenditure and those held to fund non-specific future expenditure in the general reserve.
Revaluation Reserve	This reserve is used to record gains in fixed asset values as a result of formal revaluations of the Council's fixed assets.
Revenue Expenditure Funded from Capital under Statute	This represents revenue expenditure which the Council is allowed to apply to Capital under statutory provisions. It does not result in fixed assets controlled by the Council.
Revenue Support Grant/NNDR	This is general government grant in support of local council services which is paid by the Welsh Government. The distribution of this grant tries to take account of the differing needs in each Council.
Service Concession	A service concession arrangement arises when a Council grants a contract to a supplier who provides or maintains capital assets on the Council's behalf, which revert to the Council's ownership at the end of the contract. The grantor regulates the services the operator must provide using the assets and also controls any significant residual interest in the assets at the end of the term of the arrangement.
The Code of Practice	<p>The Code of Practice incorporates guidance in line with IFRS, IPSAS and UK GAAP accounting standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council.</p> <p>Note: values throughout these accounts are presented rounded to whole values as shown throughout the accounts. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.</p>