



Wrexham County Borough Council

Statement of Accounts
for the financial year
ended 31 March 2022

Richard Weigh

Chief Officer Finance & ICT

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NARRATIVE REPORT

1. Introduction

1.1 This report provides a summary of the Council's financial performance, its financial position and key issues affecting the Council and its Statement of Accounts. The Accounts and Audit (Wales) Regulations 2018 requires the Council to produce a Statement of Accounts for each financial year. The Statements that follow this narrative report are as follows:

- **Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Council and the Chief Officer Finance & ICT.
- **Expenditure and Funding Analysis** shows the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.
- **Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from council tax. Councils raise Council Tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The Council Tax position is shown in the Movement in Reserves statement;
- **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves;
- **Balance Sheet** sets out the financial position of the Council at 31 March 2022;
- **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the financial year;
- **Notes to the Accounts including the Council's Accounting Policies**
- **Housing Revenue Account (HRA) and notes** show, in more detail, the income and expenditure on HRA services included in the Comprehensive Income and Expenditure Account.
- **Independent Auditor's Report** gives the auditors opinion of the financial statements.
- **Annual Governance Statement** provides an assessment of the extent to which the Council has complied with its Code of Governance for the year ended 31 March 2022.

2. The Council's Corporate Aims and Objectives

2.1 The Council Plan is the overarching plan that helps the Council to focus its resources and drive improvement. Whilst the current Council Plan sets a vision and framework for a three year period (2020-23), it is also revisited annually (May) with targets and actions for the next twelve months. This year the Council reviewed the Plan earlier than usual, so that the final year of the Plan (2022-23) would be approved in March, prior to the local government elections scheduled for May 2022. The Plan was agreed in March and published in May 2022. A new Council Plan will be developed with the new Council during 2022, for approval in May 2023.

2.2 The Council reports on progress with our Council Plan priorities to Executive Board at quarters 2 & 4 and internally to councillors at quarters 1 & 3. Each year the Council publishes an annual performance evaluation report - this sets out the overall progress that the Council has made towards its objectives, whether this has had the desired impact and what outstanding issues remain. The Council Plan is available at <https://www.wrexham.gov.uk>. The Annual Performance Report 2021/22 will be published on the Council's website in Autumn 2022. The Council is in the process of reviewing year end performance data, however some highlights from year end are outlined below:

- **Developing the economy:** Within this priority, there have been some visible signs of recovery, as restrictions have relaxed and confidence returns. Highlights include the Business Support Team's involvement in the creation of 120 gross jobs at quarter 2, compared to 0 during quarter 1. Similarly, businesses based in Council-owned retail properties have continued to recover following the restrictions imposed as a result of the Covid-19 pandemic.
- **Ensuring everyone is safe:** This priority has made good progress overall in 2021/22. Highlights include the number of people rough sleeping remaining low. The Housing Support Grant Delivery Plan is now in place, which combines grants previously provided under Supporting People, Homelessness Prevention and Rent Smart Wales. Excellent progress has been made in the launch of the new Financial Inclusion Service to support the sustainability of tenancies and reduce the risk of eviction and new Inclusion Officers have been appointed. The Vulnerable At Risk Management Group continues to make excellent progress in all areas.
- **Ensuring a modern and resilient council:** Progress has continued at pace. Highlights include good progress made in the Modern Ways of Working programme, which ensures that the workforce is being supported to work at home, from an office base or on site as appropriate. The Council online provision continues to expand with new services added. At quarter 2, 42,678 on-line service requests received had a 92% satisfaction rate. Digital inclusion initiatives are progressing well and employees are being supported to increase the accessibility of materials on the Council website, ensuring that information is clear and accessible. The quality and quantity of consultation and engagement activities continues to increase.

NARRATIVE REPORT

- **Improving the environment:** Significant progress has been made in the Improving the Environment Priority. Highlights include the approval of the Decarbonisation Plan in quarter 1 by the Executive Board. The Plan sets out the journey for 2021-2030. The Executive Board also approved the Highways Safety Inspection Policy during quarter 2. Fly tipping incidents continue to meet targets set and recycling and composting has seen an improving trend. Both measures evidence the continued achievement of above national targets
- **Improving secondary education:** Good progress has been made against the actions identified in the Post Inspection Plan (PIAP), however the on-going impact of the Covid-19 pandemic in education and the lack of ability to track and report on progress in suspended key performance measures continues to impact on delivery against agreed targets. Despite this, progress has been made and highlights include; the completion of the service restructure to increase capacity and expertise in key areas, including the successful appointment of the Head of Service, Inclusion and Additional Learning Needs. The secondment of three head teachers to review the approach to transition, including into secondary education.
- **Promoting Good Health and Well-being:** Overall the priority has continued to make good progress. Highlights include positive progress achieved at pace with the Children's Social Care Accelerated Improvement Board (AIB). Building on the positive work achieved in phases 1 and 2, the AIB for Children's Social Care has now progressed to phase 3. The continued delivery of the Special Guardianship Offer and the implementation of the Prevention and Early Help Framework and the Children's Services Threshold Policy will further support the progress made.

3. Financial Performance

2021/22 Budget Process

- 3.1 When preparing the Council's Medium Term Financial Plan (MTFP) the Council makes provisional spending plans for future financial years, ensuring these are balanced against the expected funding from Welsh Government (WG) and Council Tax payers. The MTFP is a three year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, and investment in priorities; and is mitigated by savings proposals to ensure a balanced budget can be achieved in the coming year.
- 3.2 The Council's MTFP is reviewed continually and formally approved annually as part of the budget setting process. The period 2020/21 to 2022/23 highlighted the need for budget savings/cuts of approximately £6m to address the budget shortfall over the two year period 2021/22 to 2022/23, of which £2.7m related to the 2021/22 financial year.
- 3.3 On 24 February 2021, following recommendation by the Executive Board, the Council approved a budget totalling £259.5m for the 2021/22 financial year. At that meeting, the Council also approved an updated MTFP for the period 2021/22 to 2023/24 and the Treasury Management Strategy Statement and Investment Strategy for 2021/22. The Housing Revenue Account budget and both the Non HRA and HRA Capital Programmes were approved by the Executive Board on 9 February 2021.

Projected Level of Balances

- 3.4 The budget proposals for 2021/22 made assumptions about the level of balances that the Council would require to address any unexpected spending pressures. Balances need to reflect spending experience and risks to which the Council might be exposed. At the 24 February 2021 meeting the Council approved the Council's Reserve Strategy and the recommended General Fund balance of £7.018m and a minimum HRA balance of £5m for 2021/22. On 18 May 2021 the Executive Board approved the 2020/21 Revenue Outturn position and a further £1.4m was added to the General Fund balance resulting in a total £8.433m.

Budget Monitoring

- 3.5 The Council has well established financial management procedures in place to monitor budgets and mitigate any forecast overspending. This has been very successful in acting as an early warning that any approved budget savings are at risk of not being delivered and to identify emerging service pressures and risks. Revenue budget information, together with progress against planned savings is provided to all members bi monthly. The revenue budget information, together with the management of the risks identified as part of the budget setting process, is also reported to Council at the end of quarter 2. The Executive Board considers the final revenue outturn and approves the carry forward arrangements in respect of reserves and balances. This process facilitates a good level of challenge, including reviewing any potential impacts on service performance.

NARRATIVE REPORT

- 3.6 The first monitoring report of the financial year to members highlighted a forecast pressure overall and in response Chief Officers put in place effective resource management measures to enable them to spend below their cash limited budgets, and this is reflected in the final outturn positions.
- 3.7 The demands on social care budgets continued to grow through the year, particularly in response to increased specialist residential, fostering and educational placements. The increased service demands were, in part, attributable to the impact of the Covid-19 pandemic, and this was recognised by the Welsh Government (WG) through additional grant support throughout the year.
- 3.8 The Covid-19 Pandemic had a significant impact on the Council. For the twelve month period to 31 March 2022 the Council claimed £19,288k in respect of additional costs incurred and £2,044k for loss of income from the WG.
- 3.9 The Council also made payments to businesses and to individuals on behalf of WG amounting to £20m including Business Grants, NDR Rate Relief, Social Care Bonus Scheme, SSP Enhancement, Self-isolation payments and Winter Fuel Support. Further details are outlined in note 14e, Notes to the Accounts. The Council have begun the process of paying the Cost of Living Scheme.

Revenue Outturn for 2021/22

- 3.10 The Council's 2021/22 revenue outturn position is shown in a table on page 5. Council services (excluding HRA) spent £251,147k against a budget of £259,492k, resulting in a surplus of £8,345k (line 2, column c). The net yield from Council Tax and government funding (line 3, column c) was as expected for the 2021/22 financial year, thus resulting in an overall Council surplus of £8,345k. Schools had a surplus of £5,068k (line 1, column c). Collectively, services (excluding schools) spent £131,388k which was £673k (0.5%) less than the budget and corporate and central expenditure shows a surplus of £2,603k, primarily due to additional Revenue Settlement Grant (RSG) announced at year-end. This represents a total net surplus compared to the original budget of £3,277k.
- 3.11 WG announced a retrospective increase in the Revenue Support Grant (RSG) for 2021/22 in March amounting to £2,504k with the intention to displace expenditure met through the Council's own resources during the year, to help manage future pressures. This is un-hypothecated and the displacement of funding can be carried forward through reserves. This amount includes £417k specifically earmarked to increase domiciliary support service capacity through funding driving lessons and to provide access to electric vehicles for domiciliary care workers. The additional funding is included within corporate and central outturn. Details of the outturn variances are included in the 2021/22 Revenue Outturn and Carry Forward Proposals Executive Board Report (<https://modern.gov.wrexham.gov.uk/documents/g5624/Public%20reports%20pack%2014th-Jun-2022%2010.30%20Executive%20Board.pdf?T=10&LLL=0>)
- 3.12 The Council monitors expenditure (which includes planned contributions to and from service, earmarked and grant reserves) against its budget for the year, based on its internal management and departmental structure. The expenditure and Council Tax income monitored during the year includes the cost of the Council Tax Reduction Scheme (CTRS) but excludes payments and Council Tax raised in respect of the Police and Crime Commissioner for North Wales and Community Councils precepts.
- 3.13 As a member of the North Wales Economic Ambition Board (NWEAB) the Council is required to show its actual transactions and balances in respect of the NWEAB's business, as well as their share (12.5%) of the remaining Joint Committee's balances, income and expenditure in the Council's Balance Sheet and Comprehensive Income & Expenditure Statement (CIES). The final out-turn position of the NWEAB was an underspend of £318k and was considered by the Board on 29 April 2022. The link to the Board Report is:
- [Agenda for North Wales Economic Ambition Board on Friday, 29th April, 2022, 1.30 pm \(llyw.cymru\)](#)
- 3.14 Adjusting for the service, earmarked and grant reserves transferred by services during the year of (£11,379k) (line 2, column d), the CTRS and Police and Community Council precepts of £7,502k (see column e) and the Council's share of the NWEAB in year surplus of £93k (see column f) the result is total expenditure and income chargeable to General Fund Balances (including Earmarked Reserves) of £247,176k (line 2, column g) and £266,994k (line 3, column g) respectively, with a reported overall surplus of £19,817k (line 4, column g).
- 3.15 The HRA is reported separately during the financial year and is consolidated as part of the production of the year-end accounts. HRA expenditure exceeded income by £5,010k (see line 5, column g) thus reducing HRA balances by £5,010k. This is due to the release of resources for investment in the Wrexham Gateway Project, and following displacement of HRA Capital expenditure in 2020/21. The overall net expenditure (including the HRA) becomes £252,186k (line 6, column g), leaving an overall surplus of £14,808k (line 8, column g).

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| 2021/22 | Budget £'000 a | Actual Outturn £'000 b | Variance £'000 c | Net Reserves Transferred In Year £'000 d | Adjust for Police & Community Precepts & CTRS * £'000 e | North Wales Economic Ambition Board # £'000 f | Net Expenditure Chargeable to the General Fund and HRA Balances £'000 g=b+d+e+f |
|--|----------------------|---------------------------------|------------------------|---|---|---|--|
| Council Fund Services | | | | | | | |
| Environment & Technical | 35,694 | 35,523 | (171) | 1,007 | 0 | | 36,530 |
| Planning & Regulatory | 2,294 | 1,706 | (588) | (9) | 0 | | 1,697 |
| Housing & Economy | 6,967 | 5,877 | (1,090) | (1,120) | 0 | (66) | 4,691 |
| Social Care | 63,698 | 66,796 | 3,098 | (445) | 0 | | 66,351 |
| Education & Early Intervention | 6,996 | 6,076 | (920) | (1,462) | 0 | | 4,614 |
| 1 Schools | 91,525 | 86,457 | (5,068) | 0 | 0 | | 86,457 |
| Governance & Customer Services | 3,409 | 3,322 | (87) | (20) | 0 | | 3,302 |
| Finance & ICT | 7,185 | 6,668 | (517) | 17 | 0 | | 6,685 |
| Chief Executive's | 3,097 | 2,861 | (236) | 73 | 0 | | 2,934 |
| Repairs & Maintenance | 2,722 | 2,559 | (163) | 0 | 0 | | 2,559 |
| Corporate & Central - Services | 20,468 | 17,999 | (2,469) | (9,432) | (11,640) | | (3,073) |
| Net Service Expenditure | 244,055 | 235,844 | (8,211) | (11,391) | (11,640) | (66) | 212,747 |
| Corporate & Central: | | | | | | | |
| Other Operating Expenditure | 7,215 | 7,215 | 0 | 0 | 19,141 | 0 | 26,356 |
| Financing & Investment Income & Expenditure | 8,222 | 8,088 | (134) | 12 | 0 | (27) | 8,073 |
| 2 Total Council Fund Services Net Expenditure | 259,492 | 251,147 | (8,345) | (11,379) | 7,502 | (93) | 247,176 |
| Financed by: | | | | | | | |
| Government Grants | (188,856) | (188,856) | 0 | 0 | 0 | 0 | (188,856) |
| Council Tax | (70,636) | (70,636) | 0 | 0 | (7,502) | 0 | (78,138) |
| 3 Total Council Fund Income | (259,492) | (259,492) | 0 | 0 | (7,502) | 0 | (266,994) |
| 4 Council Fund Reported (Surplus) / Deficit | 0 | (8,345) | (8,345) | (11,379) | 0 | (93) | (19,817) |
| HRA | | | | | | | |
| Expenditure | 54,952 | 60,091 | 5,139 | 0 | 0 | 0 | 60,091 |
| Income | (59,957) | (55,082) | 4,875 | 0 | 0 | 0 | (55,082) |
| 5 Net Expenditure Reported | (5,005) | 5,010 | 10,015 | 0 | 0 | 0 | 5,010 |
| 6 Total Net Expenditure (including HRA) | 254,487 | 256,157 | 1,670 | (11,379) | 7,502 | (93) | 252,186 |
| 7 Taxation and Non Specific Grant Income | (259,492) | (259,492) | 0 | 0 | (7,502) | 0 | (266,994) |
| 8 Overall (Surplus) / Deficit | (5,005) | (3,335) | 1,670 | (11,379) | 0 | (93) | (14,808) |

* The Council Tax Reduction Scheme (CTRS) is included as an expense and the council tax collected is gross of CTRS in the actual outturn. An adjustment is made to show council tax collected net of CTRS (£11,640k) and gross of community and police precepts (£19,141k) in the Comprehensive Income and Expenditure Account.

This represents the Council's share (12.5%) of the North Wales Economic Ambition Board surplus for the year (£93k).

4. Financial Position at 31 March 2022

4.1 The Council has made provision for known liabilities and established reserves for future liabilities or earmarked for future service developments. Provisions are amounts included in the accounts as liabilities where there has been a past event which is likely to result in a financial liability, but where there is uncertainty over timing and precise value of the liability that has been incurred. It is, therefore, the Council's best estimate of the financial liability as at 31 March 2022. Provisions are disclosed in note 30 Notes to the Accounts.

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4.2 Reserves are amounts set aside in the accounts for purposes falling outside the definition of provisions. The information regarding reserves is disclosed in the Movement in Reserves Statement on page 12 and in note 7 Notes to the Accounts. The Council's General Fund balance is a measure of the uncommitted reserves which the Council holds, to meet cash flow requirements and unforeseen future events. The General Fund balance, totalled £8.433m at 31 March 2022 (see Movement in Reserves Statement on page 12).

5. Capital Investment

5.1 Capital investment (excluding capital accruals) in the year amounted to £88.62m. The following tables give an analysis of this expenditure and the way it was financed:

| Where the capital money was spent | 2021/22 £'000 | % | Where the capital money came from | 2021/22 £'000 | % |
|-------------------------------------|------------------|------------|-----------------------------------|------------------|------------|
| School adaptations and improvements | 9,908 | 11.18 | Borrowing | 56,980 | 64.30 |
| Highway improvements | 5,664 | 6.39 | Capital Receipts | 0 | 0 |
| Economic Development and Planning | 4,371 | 4.93 | Grants, Contributions & Donations | 28,474 | 32.13 |
| Housing Renovation Grants/Renewal | 1,805 | 2.04 | Revenue contributions | 3,018 | 3.40 |
| Council House improvements | 62,790 | 70.85 | PFI | 150 | 0.17 |
| Other | 3,934 | 4.44 | | | |
| PFI – Waste Disposal Facility | 150 | 0.17 | | | |
| Total | 88,622 | 100 | Total | 88,622 | 100 |

5.2 School adaptations and improvements include expenditure of £3,389k for an extension and improvements at Borrass Primary School and £1,107k for an extension at Barkers Lane Primary School. Economic Development and Planning includes expenditure of £3,010k for the creation of a Wellbeing Hub in Crown Buildings.

5.3 Of the total amount of borrowing, £53.1m relates to HRA.

6. Borrowings

6.1 The Council's principal loan debt at 31 March 2022 was £392m. It is the Council's strategy to maintain the level of external borrowing in line with the Capital Financing Requirement. There were no new Public Works Loan Board (PWLB) loans taken out during the year.

7. Revaluation and Disposals of Non Current Assets

7.1 The Council has a rolling programme to revalue all assets within five years. During 2021/22 Housing & Public Protection Assets, Public Offices and Agricultural Estates properties were revalued. The programme for future years is as follows:

- 2022/23 – Markets, Shops and Social Care Properties
- 2023/24 – Schools, Youth Clubs and the Waste Disposal PFI facility
- 2024/25 – Council Dwellings, Commercial Estates, Environmental and Leisure

7.2 In addition to the rolling programme, an annual review is undertaken for impairment and significant changes in the use of property.

7.3 The audit of asset valuations has been an area of focus across the audit profession for some time. This focus has increased in 2021-22, primarily due to significantly increasing build costs (driven by inflation and economic instability) and house sale prices, which are key variables in DRC and dwelling valuations. Audit Wales has considered what enhanced approaches to asset valuations are required to address the risk that older valuations have not been updated to take account of those factors. As at 31 May discussions are being held between Audit Wales and the Society of Welsh Treasurers to explore how enhanced valuations could be implemented. No adjustments have been made to the valuations when producing this Draft Statement of Accounts.

7.4 During the year the Council sold Council Dwellings of £458k and other assets with a carrying value of £922k. The Council made a profit on disposal of £163k. In addition, there were also losses on the de-recognition of assets during the year of £1,207k.

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8. Pension Liability

- 8.1 The Statement of Accounts, as presented, complies with the requirements of International Accounting Standard 19 (IAS 19), in that the Comprehensive Income and Expenditure Account reflects the current year cost of pension provision to employees, as advised by the Council's actuary, Mercers. In addition, the Balance Sheet contains the actuary's assessment of the Council's share of the Pension Fund liability £296.1m as at 31 March 2022, and the reserve needed to fund that liability. The disclosed pension fund liability is the total projected deficit that exists over the expected life of the fund. This deficit will change on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.
- 8.2 The Balance Sheet also includes £118k which relates to the Council's share (12.5%) of the North Wales Economic Ambition Board pension fund liability.

9. Changes and Future Changes to the Statement of Accounts

- 9.1 During the year no significant changes have been introduced to the Council's Statement of Accounts.

10. Financial Outlook for the Council

- 10.1 On 23 February 2022 the Council approved a Medium Term Financial Plan which highlighted a potential revenue shortfall of approximately £3.5m for the period 2022/23 to 2024/25. The plan can be accessed by the following link <https://www.wrexham.gov.uk/service/finance-documents>
- 10.2 The budget settlement for 2022/23 allowed for some stabilisation in the financial position, given the significant pressures that had accrued across services, in particular the demand for social care services. For the first time in over a decade, an indicative multi-year financial settlement was provided by WG, allowing more meaningful planning information to be used in the development of the Council's MTFP. As the budget for 2022/23 was being considered, inflationary pressures were beginning to emerge. Planning assumptions took some account of the potential for energy and pay inflation to be higher than expected but during the months intervening, general inflation (as measured by CPI) has grown substantially and energy inflation is forecast to continue to rise, above adjusted estimates, as the year progresses. Immediate cost pressures should be contained within existing resources but it seems clear that the multi-year position, including the level of financial settlement from WG, unavoidable cost pressures and taxation assumptions, will be more uncertain and will require careful consideration over the next two years to ensure the Council continues to deliver its priorities sustainably, within a robust governance and financial management framework.
- 10.3 There may also be short to medium term impact on the assets and liabilities of the Council as a consequence of the pandemic and the financial implications of any changes are outlined in note 3, Notes to the Accounts.

11. Further Information

- 11.1 Further information about the accounts and budgets of the Council is available from the Chief Officer Finance & ICT, Wrexham County Borough Council, Lambpit Street, Wrexham. The availability of the accounts for inspection is advertised on the Council's website and in one conspicuous public place, as required by the Accounts and Audit (Wales) (Amendment) Regulations 2018. The Statement of Accounts will also be available on the Authority's website (www.wrexham.gov.uk).

Richard Weigh
Chief Officer Finance & ICT
S151 Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council is required, under the Code, to include a Statement of Responsibilities in the Statement of Accounts which sets out the respective responsibilities of the Council, and the Chief Officer Finance & ICT in respect of these Accounts.

The Council's Responsibilities

The Council is required to make arrangements:

- for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Officer Finance & ICT;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

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Chair Audit & Governance Committee

The Responsibility of the Chief Officer Finance & ICT

The Chief Officer Finance & ICT is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

In preparing this Statement of Accounts, the Chief Officer Finance & ICT has:

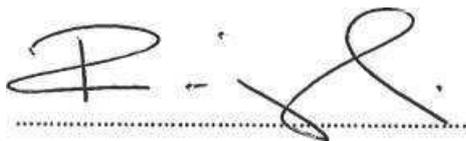
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code

The Chief Officer Finance & ICT has also:

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

Chief Officer Finance & ICT's Certificate

The Statement of Accounts has been prepared in accordance with the Code and gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2022.



Richard Weigh CPFA

Chief Officer Finance & ICT

S151 Officer

EXPENDITURE AND FUNDING ANALYSIS

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

| 2020/21 | | | 2021/22 | | | |
|--|---|---|---|--|---|---|
| Net Expenditure Chargeable to General Fund and HRA Balances £'000 | Adjustments between Funding and Accounting basis £'000 | Net Expenditure in the Comprehensive Income & Expenditure Statement* £'000 | | Net Expenditure Chargeable to General Fund and HRA Balances £'000 | Adjustments between Funding and Accounting basis £'000 | Net Expenditure in the Comprehensive Income & Expenditure Statement* £'000 |
| 31,776 | 2,009 | 33,785 | Environment & Technical | 36,530 | 1,433 | 37,963 |
| 1,784 | 211 | 1,995 | Planning & Regulatory | 1,697 | 466 | 2,163 |
| 5,153 | 5,098 | 10,251 | Housing & Economy | 4,691 | 7,690 | 12,381 |
| (4,999) | 194,722 | 189,723 | Housing Revenue Account | 5,009 | 24,234 | 29,243 |
| 65,282 | 1,634 | 66,916 | Social Care | 66,351 | 3,404 | 69,755 |
| 5,472 | 6,836 | 12,308 | Education & Early Intervention | 4,614 | 5,104 | 9,718 |
| 81,320 | 1,343 | 82,663 | Schools | 86,457 | 3,323 | 89,780 |
| 3,067 | 184 | 3,251 | Governance & Customer Services | 3,303 | 339 | 3,642 |
| 6,709 | 541 | 7,250 | Finance & ICT | 6,685 | 1,052 | 7,737 |
| 2,906 | 165 | 3,071 | Chief Executive's | 2,934 | 435 | 3,369 |
| 2,722 | (759) | 1,963 | Repair & Maintenance | 2,559 | (567) | 1,993 |
| 1,815 | (291) | 1,524 | Corporate & Central | (3,072) | (820) | (3,892) |
| 203,007 | 211,693 | 414,700 | Cost of Services | 217,756 | 46,094 | 263,851 |
| 25,392 | 639 | 26,031 | Other Operating Expenditure | 26,356 | 1,705 | 28,061 |
| 8,166 | 18,122 | 26,288 | Financing and Investment Income and Expenditure | 8,073 | 17,549 | 25,622 |
| (257,276) | (45,265) | (302,541) | Taxation and Non Specific Grant Income | (266,993) | (26,438) | (293,431) |
| (20,711) | 185,189 | 164,478 | (Surplus) / Deficit | (14,808) | 38,910 | 24,102 |
| (31,235) | | | Opening General Fund & HRA | (51,946) | | |
| (20,711) | | | Add: (Surplus) / Deficit on General Fund and HRA Balance in Year | (14,808) | | |
| (51,946) | | | Closing General Fund and HRA Balance at 31 March | (66,754) | | |
| Analysed between General Fund and HRA Balances: | | | | | | |
| General Fund £'000 | HRA £'000 | Total £'000 | | General Fund £'000 | HRA # £'000 | Total £'000 |
| (26,205) | (5,030) | (31,235) | Opening General Fund & HRA Balance | (41,917) | (10,029) | (51,946) |
| (15,712) | (4,999) | (20,711) | Add: Surplus / (Deficit) on General Fund and HRA Balances in year | (19,817) | 5,009 | (14,808) |
| (41,917) | (10,029) | (51,946) | Closing General Fund and HRA Balance at 31 March | (61,734) | (5,020) | (66,754) |

* Income and Expenditure recognised in accordance with generally accepted accounting practices can be seen in the Comprehensive Income and Expenditure Statement on page 11.

An analysis of the movements on the HRA balance may be found in the Movement on the Housing Revenue Account Statement on page 62.

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CI&ES). The relevant transfers between reserves are explained in the Movement in Reserves Statement on page 12.

| Adjustment from General Fund and HRA to arrive at the CI&ES amounts | 2021/22 | | | | | 2020/21 | | | | |
|---|--|---|--------------------------------------|------------------------------|-------------------|--|---|--------------------------------------|------------------------------|-------------------|
| | Adjustment for Capital Purposes (Note a) | Net change for Pension Adjustments (Note b) | Other Differences Statutory (Note c) | Other Non Statutory (Note d) | Total Adjustments | Adjustment for Capital Purposes (Note a) | Net change for Pension Adjustments (Note b) | Other Differences Statutory (Note c) | Other Non Statutory (Note d) | Total Adjustments |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Environment & Technical | 215 | 1,332 | (114) | 0 | 1,433 | 1,298 | 657 | 55 | (1) | 2,009 |
| Planning & Regulatory | 20 | 445 | 1 | 0 | 466 | 20 | 190 | 1 | 0 | 211 |
| Housing & Economy | 6,211 | 1,536 | (57) | 0 | 7,690 | 4,272 | 911 | (21) | (64) | 5,098 |
| Housing Revenue Account | 22,789 | 1,665 | 10 | (230) | 24,234 | 194,195 | 771 | (60) | (184) | 194,722 |
| Social Care | 167 | 3,145 | 92 | (1) | 3,404 | 296 | 1,343 | (5) | 0 | 1,634 |
| Education & Early Intervention | 3,928 | 1,115 | 60 | 0 | 5,104 | 6,284 | 550 | 2 | 0 | 6,836 |
| Schools | (33) | 2,952 | 397 | 7 | 3,323 | 149 | 1,289 | (96) | 1 | 1,343 |
| Governance & Customer Services | 0 | 363 | (24) | 0 | 339 | 0 | 168 | 16 | 0 | 184 |
| Finance & ICT | 247 | 802 | 3 | 0 | 1,052 | 157 | 387 | (3) | 0 | 541 |
| Chief Executive's | 0 | 441 | (6) | 0 | 435 | 0 | 166 | (1) | 0 | 165 |
| Repair & Maintenance | (567) | 0 | 0 | 0 | (567) | (759) | 0 | 0 | 0 | (759) |
| Corporate & Central - Services | 792 | (1,386) | (225) | 0 | (820) | 1,360 | (1,482) | (12) | (157) | (291) |
| Cost of Services | 33,769 | 12,410 | 138 | (224) | 46,094 | 207,272 | 4,950 | (124) | (405) | 211,693 |
| Other Operating Expenditure | 1,044 | 661 | 0 | 0 | 1,705 | 6 | 633 | 0 | 0 | 639 |
| Financing and Investment I&E | 9,913 | 7,250 | 163 | 224 | 17,549 | 10,199 | 7,697 | (179) | 405 | 18,122 |
| Taxation & Non Specific Grant Income | (26,438) | 0 | 0 | 0 | (26,438) | (45,265) | 0 | 0 | 0 | (45,265) |
| GF or HRA Balance (Surplus) / Deficit | 18,288 | 20,321 | 301 | (0) | 38,910 | 172,212 | 13,280 | (303) | 0 | 185,189 |

a) Adjustments for Capital Purposes

- (i) Services line - this column adds in depreciation, amortisation, impairment and revaluation gains and losses
- (ii) Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- (iii) Financing and Investment Income and Expenditure and Services line - the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted as these are not chargeable under general accepted accounting practices.
- (iv) Taxation and Non Specific Grant Income and Expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year, without conditions, or for which conditions were satisfied in the year.

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

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

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

c) Other Differences - statutory

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

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

d) Other Differences - non statutory

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the Other income and expenditure from the Expenditure and Funding Analysis line to comply with the presentational requirements in the CI&ES:

- (i) For Financing and Investment Income and Expenditure the other non-statutory adjustments column recognises adjustments to service segments e.g. for interest income, brokers fees and impairment losses/gains i.e. IFRS 9 transactions.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost, in the year, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. The service analysis provides the total direct costs of providing the services.

| 2020/21 | | | Notes | 2021/22 | | |
|-------------------------------|------------------|-----------------------------|--|-------------------------------|------------------|-----------------------------|
| Gross Expenditure £'000 | Income £'000 | Net Expenditure £'000 | | Gross Expenditure £'000 | Income £'000 | Net Expenditure £'000 |
| 45,407 | (11,622) | 33,785 | Environment & Technical | 48,947 | (10,984) | 37,963 |
| 4,653 | (2,658) | 1,995 | Planning & Regulatory | 6,167 | (4,004) | 2,163 |
| 57,289 | (47,038) | 10,251 | Housing & Economy | 60,521 | (48,140) | 12,381 |
| 244,891 | (55,168) | 189,723 | Housing Revenue Account | 85,846 | (56,603) | 29,243 |
| 99,897 | (32,981) | 66,916 | Social Care | 113,568 | (43,813) | 69,755 |
| 26,152 | (13,844) | 12,308 | Education & Early Intervention | 24,250 | (14,532) | 9,718 |
| 99,188 | (16,525) | 82,663 | Schools | 111,684 | (21,904) | 89,780 |
| 4,020 | (769) | 3,251 | Governance & Customer Services | 4,657 | (1,015) | 3,642 |
| 9,425 | (2,175) | 7,250 | Finance & ICT | 10,446 | (2,710) | 7,736 |
| 3,739 | (668) | 3,071 | Chief Executive's | 4,191 | (823) | 3,368 |
| 1,971 | (8) | 1,963 | Repair & Maintenance | 1,995 | (2) | 1,993 |
| 13,582 | (12,058) | 1,524 | Corporate & Central | 7,348 | (11,240) | (3,892) |
| 610,214 | (195,514) | 414,700 | Cost of Services | 479,620 | (215,770) | 263,850 |
| 26,031 | 0 | 26,031 | Other Operating Expenditure | 28,061 | 0 | 28,061 |
| 39,504 | (13,216) | 26,288 | Financing and Investment Income and Expenditure | 39,850 | (14,228) | 25,622 |
| 0 | (302,541) | (302,541) | Taxation and Non Specific Grant Income | 0 | (293,431) | (293,431) |
| 675,749 | (511,271) | 164,478 | (Surplus) or Deficit on Provision of Services | 547,531 | (523,429) | 24,102 |
| | | 16,150 | (Surplus) or Deficit on revaluation of non-current assets | | | (11,555) |
| | | 1,440 | Impairment losses on non-current assets charged to the revaluation reserve | | | 1,321 |
| | | 11,396 | Remeasurements of the net defined (asset) / liability | 33,34 & 39 | | (81,941) |
| | | 28,986 | Other Comprehensive (Income) and Expenditure | | | (92,175) |
| | | 193,464 | Total Comprehensive (Income) and Expenditure | | | (68,073) |

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable reserves'. The movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The net increase / decrease line shows the statutory General Fund Balance and Housing Revenue Account (HRA) movements on the year following those adjustments.

| | Council Fund Balance £'000 | Housing Revenue Account £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Council Reserves £'000 |
|---|-------------------------------------|--|---|---|--------------------------------------|-------------------------------|---------------------------------------|
| Balance at 1 April 2020 | 26,205 | 5,030 | 20,475 | 5,292 | 57,002 | 341,113 | 398,115 |
| Movement in Reserves during 2020/21 | | | | | | | |
| Surplus / (Deficit) on the provision of services | 4,316 | (168,794) | 0 | 0 | (164,478) | 0 | (164,478) |
| Other Comprehensive Income and Expenditure | 0 | 0 | 0 | 0 | 0 | (28,986) | (28,986) |
| Total Comprehensive Income and Expenditure | 4,316 | (168,794) | 0 | 0 | (164,478) | (28,986) | (193,464) |
| Adjustments between accounting basis & funding basis under regulations (note 6) | 11,395 | 173,794 | 1,001 | 1,745 | 187,935 | (187,935) | 0 |
| Net Increase / (Decrease) in 2020/21 | 15,711 | 5,000 | 1,001 | 1,745 | 23,457 | (216,921) | (193,464) |
| Balance at 31 March 2021 | 41,916 | 10,030 | 21,476 | 7,037 | 80,459 | 124,192 | 204,651 |
| Analysed over:- | | | | | | | |
| Amounts earmarked (note 7) | 33,484 | 0 | | | | | |
| Amounts uncommitted | 8,433 | 10,030 | | | | | |
| Total Balance | 41,917 | 10,030 | | | | | |
| Movement in Reserves during 2021/22 | | | | | | | |
| Surplus / (Deficit) on the provision of services | 7,651 | (31,753) | 0 | 0 | (24,102) | 0 | (24,102) |
| Other Comprehensive Income and Expenditure | 0 | 0 | 0 | 0 | 0 | 92,175 | 92,175 |
| Total Comprehensive Income and Expenditure | 7,651 | (31,753) | 0 | 0 | (24,102) | 92,175 | 68,073 |
| Adjustments between accounting basis & funding basis under regulations (note 6) | 12,166 | 26,744 | 1,097 | 2,023 | 42,030 | (42,030) | 0 |
| Net Increase / (Decrease) in 2021/22 | 19,817 | (5,009) | 1,097 | 2,023 | 17,928 | 50,145 | 68,073 |
| Balance at 31 March 2022 | 61,734 | 5,020 | 22,573 | 9,060 | 98,387 | 174,337 | 272,724 |
| Analysed over:- | | | | | | | |
| Amounts earmarked (note 7) | 53,301 | 0 | | | | | |
| Amounts uncommitted | 8,433 | 5,020 | | | | | |
| Total Balance | 61,734 | 5,020 | | | | | |

BALANCE SHEET

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

| 31 March 2021 £'000 | | Notes | 31 March 2022 £'000 |
|------------------------|--|---------|------------------------|
| 947,385 | Property, Plant & Equipment | 20 | 974,974 |
| 774 | Heritage Assets | | 774 |
| 28 | Intangible Assets | | 15 |
| 275 | Long-term Debtors | | 395 |
| 948,462 | Long Term Assets | | 976,158 |
| 15,501 | Short-term Investments | 25a | 8,942 |
| 2,164 | Assets Held For Sale | 22 | 1,964 |
| 619 | Inventories | | 823 |
| 52,183 | Short-term Debtors | 26 | 67,718 |
| 0 | Cash and Cash Equivalents | 25c | 0 |
| 70,467 | Current Assets | | 79,447 |
| (4,404) | Bank Overdrawn | 25c | (8,103) |
| (20,721) | Short-term Creditors | 28 | (34,621) |
| (46,396) | Short-term Borrowing | 25b | (61,024) |
| (5,468) | Grants Receipts in Advance - Capital | 13 | (8,566) |
| (1,125) | Grants Receipts in Advance - Revenue | 13 | (3,090) |
| (1,079) | Provisions | 30 | (1,214) |
| (79,193) | Current Liabilities | | (116,618) |
| (2,201) | Provisions | 30 | (2,167) |
| (9,926) | Long-term Creditors | 28 | (10,470) |
| (340,135) | Long-term Borrowing | 25b | (333,546) |
| (24,954) | Other Long-term Liabilities | 31 & 32 | (23,831) |
| (357,869) | Net Pension Liability | 34 | (296,249) |
| (735,085) | Long Term Liabilities | | (666,263) |
| 204,651 | Net Assets | | 272,724 |
| 8,433 | Council Fund Balance | | 8,433 |
| 10,029 | Housing Revenue Account Balance | | 5,020 |
| 33,484 | Earmarked Reserves | | 53,301 |
| 21,476 | Capital Receipts Reserve | | 22,573 |
| 7,037 | Capital Grants Unapplied | | 9,060 |
| 80,459 | Usable Reserves: | | 98,387 |
| 280,400 | Revaluation Reserve | 37 | 286,266 |
| 204,537 | Capital Adjustment Account | 38 | 187,498 |
| (1,093) | Financial Instruments Adjustment Account | | (985) |
| (357,869) | Pensions Reserve | 39 | (296,249) |
| (1,785) | Accumulated Absences Account | 40 | (2,195) |
| 2 | Deferred Capital Receipts Reserve | | 2 |
| 124,192 | Unusable Reserves: | | 174,337 |
| 204,651 | Total Reserves | | 272,724 |

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income, or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

| 2020/21 £'000 | | Notes | 2021/22 £'000 |
|------------------|---|-------|------------------|
| 164,478 | Net deficit on the provision of services | | 24,102 |
| (244,497) | Adjustment to net surplus / deficit on the provision of services for non cash movements | 41 | (93,999) |
| 46,336 | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 42 | 27,185 |
| (33,683) | Net cash flows from Operating Activities | | (42,712) |
| 8,710 | Investing Activities | 44 | 52,865 |
| 20,927 | Financing Activities | 45 | (6,454) |
| (4,046) | Net increase or decrease in cash and cash equivalents | | 3,699 |
| 8,450 | Cash and cash equivalents at the beginning of the reporting period | | 4,404 |
| 4,404 | Cash and cash equivalents at the end of the reporting period | 25 | 8,103 |

NOTES TO THE ACCOUNTS

1. Accounting Standards that have been issued but have not yet been adopted

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of the following new or amended standards within the 2021/22 Code and require implementation from 1 April 2022:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Further, the adoption of IFRS16 – Leases, has been deferred until 1 April 2024

It is unlikely that any of the above will have an impact upon the financial statements.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 47 Notes to the Accounts, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

a) There is some uncertainty about future levels of funding from the Welsh Government and in particular the receipt of specific revenue and capital grants. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and significantly reduce levels of service provision. The Council has a Medium Term Financial Plan which is reviewed on a periodic basis and is available on the Council's website.

b) A review of assets, in particular those held for economic development purposes, concluded that the Council has no assets which are held solely for the purpose of income generation or capital appreciation and therefore the Council has no investment properties.

3. Assumptions made about the future and other 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 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant & Equipment

Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

Property, Plant & Equipment (with the exception of infrastructure, community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. Advice has been provided by the Council's valuers. If the actual results differ from the assumptions, the value will be over or under-stated.

The value of Property, Plant & Equipment disclosed on the Balance Sheet is £974,974k and further information is contained within Note 20.

PFI and Similar Arrangements

PFI and similar arrangements have been considered to have an implied finance lease within the leases to calculate interest and principal payments. In addition, the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract, therefore an increase in the RPI will increase the unitary payments over the next sixteen years.

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The value of the pension liability and corresponding pension reserve disclosed on the Balance Sheet is £296,131k.

This includes £118k which relates to the Council's share (12.5%) of the North Wales Economic Ambition Board pension fund liability. Detailed information is contained within Notes 34 and 39.

NOTES TO THE ACCOUNTS

3. Assumptions made about the future and other sources of estimation uncertainty cont'd

Impairment Allowance for doubtful debts

The Council provides for the impairment of its receivables based on the age, type and recoverability of each debt. A reasonable estimate of impairment for doubtful debts and expected credit losses is provided for within the Council's accounts at the Balance Sheet date, however in the current economic climate it is not certain that such an allowance would be sufficient. At 31 March 2022, the Council had a balance of sundry debtors of £5.4m. Against this debtors balance is an impairment loss of £530k.

COVID 19 and UK exit from the European Union(EU): asset values and pension liability

There continues to be uncertainty about the medium term implications of the pandemic and the UK's exit from the EU. As a result of the pandemic there have been falls in equity markets but also a rise in AA rated corporate bond yields. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. The assumption made will need to be reviewed regularly.

Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will vary.

Provisions

The Council has made provision for known liabilities and established reserves for future liabilities or earmarked for future service developments. In calculating the level of provisions the Council also exercises judgement and are measured at the Council's best estimate of the costs required to settle the obligation at the Balance Sheet date. Provisions are disclosed in Note 30.

4. Members' Allowances

In 2021/22 allowances totalling £1,002k (£991k 2020/21) were paid directly to Elected Members and in addition, allowances totalling £11k (£5k in 2020/21) were paid to co-opted Members inclusive of an element of expenses. Further information is available on the Council's website:

<https://www.wrexham.gov.uk/service/members-remuneration>

5. 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 Authority.

Welsh and Central Government

Welsh Government has effective control 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 (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in note 13 Notes to the Accounts. Grant receipts outstanding at 31 March 2022 are also shown in note 13 Notes to the Accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies. The Council has arrangements in place requesting members to identify and disclose related party transactions. The total of members' allowances paid in 2021/22 is shown in Note 4. Declarations were received from all members.

During 2021/22 works and services were commissioned from companies that had Council members as appointed representatives on the Committee or Board;

| | |
|-----------------------------|--------------------------|
| Payments made | £772k (£652k in 2020/21) |
| Amounts owed by the Council | £60k (£114k in 2020/21) |
| Amounts owed to the Council | £23k (£80k in 2020/21) |

The Council also awarded grants and contributions to the value of £836k (£680k 2020/21) to organisations on which they had an appointed representative. The 2021/22 amount relates to a £655k grant paid to Caia Park Partnership and £181k contribution to the North Wales Police.

NOTES TO THE ACCOUNTS

5. Related Parties contd

During 2021/22 works and services were commissioned from companies where a member had declared an interest or was employed by the company.

| | |
|-----------------------------|--------------------------|
| Payments made | £258k (£549k in 2020/21) |
| Amounts owed by the Council | £0k (£0 in 2020/21) |
| Amounts owed to the Council | £0k (£2k in 2020/21) |

The Council also awarded grants to organisations where Members declared an interest to the value of £0k (£64k 2020/21)

The Council paid grants to the value of £195k (£104k 2020/21) to organisations where members of the Council were employed, the total £195k relates to Wrexham Venture Ltd. In all instances, the grants were made with proper consideration of declarations of interest.

The personal interests of all Members are recorded in the Public Register of Members' Interests, in accordance with the law and the Council's Code of Conduct. The register is available on the Council's website.

Officers

Senior Officers have declared, as required and where appropriate, an interest or relationship in companies, voluntary, charitable, or public bodies which receive payments from the Council.

There were no material declarations made for 2021/22.

Other Public Bodies

Clwyd Pension Fund

The Council is an admitted body of the Clwyd Pension Fund. Details of transactions undertaken with the Clwyd Pension Fund are included within Notes 33 to 35.

Teachers' Pension Agency

The pension costs charged are the contribution rate set by the Department for Education on the basis of a notional fund. Teacher's pension details are set out in note 36.

Community Councils

Total precepts paid to the 34 community councils are included in Note 8 and amounted to £2,778k (£2,739k in 2020/21).

North Wales Police and Crime Commissioner and North Wales Fire Authority

Total precepts and levies paid to the North Wales Police & Crime Commissioner and the North Wales Fire Authority amounted to £23,578k (£22,653k in 2020/21). A breakdown is provided in Note 8.

Welsh Local Government Association (WLGA)

The Council is a member of the WLGA to which payments of £104k were made in 2021/22 (£102k in 2020/21).

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.

| 2021/22 | Usable Reserves | | | | |
|--|-------------------------------|----------------------------------|-----------------------------------|-----------------------------------|--|
| | General Fund Balance £'000 | Housing Revenue Account £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movement in Unusable Reserves £'000 |
| Adjustments primarily involving the Capital Adjustment Account: | | | | | |
| <i>Reversal of items debited or credited to the CI&ES:</i> | | | | | |
| Charges for depreciation, impairment and revaluation losses of non current assets | 19,036 | 44,774 | 0 | 0 | (63,810) |
| Amortisation of intangible assets | 15 | 0 | 0 | 0 | (15) |
| Capital grants and contributions applied | (15,024) | (9,107) | 0 | 0 | 24,131 |
| Revenue expenditure funded from capital under statute | 338 | | | | (338) |
| Amounts of non current assets written off on disposal or sale as part of the gain / loss on disposal to the CI&ES | 1,671 | 458 | 0 | 0 | (2,129) |
| Income in relation to donated assets | 0 | 0 | 0 | 0 | 0 |
| <i>Insertion of items not debited or credited to the CI&ES:</i> | | | | | |
| Statutory provision for the financing of capital investment | (6,478) | (10,985) | 0 | 0 | 17,463 |
| Capital Expenditure charged against the General Fund and HRA balances | (2,438) | (580) | 0 | 0 | 3,018 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | |
| Capital grants and contributions unapplied credited to the CI&ES | (2,307) | 0 | 0 | 2,307 | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | 0 | 0 | 0 | (285) | 285 |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | | |
| Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CI&ES | (627) | (458) | 1,085 | 0 | 0 |
| Revenue Income defined as capital under statute | 0 | 0 | 0 | 0 | 0 |
| Use of Capital Receipts Reserve to finance new capital expenditure | 0 | 0 | 0 | 0 | 0 |
| Transfer (to) / from Capital Adjustment account - set aside: | | | | | 0 |
| - Repayments of loans to voluntary bodies | 0 | 0 | 12 | 0 | (12) |
| Transfer from Deferred Capital Receipts upon receipt of cash | 0 | 0 | 0 | 0 | 0 |
| Total Adjustments for Capital Purposes (see page 10) | (5,814) | 24,102 | 1,097 | 2,022 | (21,407) |
| Adjustments involving the Pensions Reserve: | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CI&ES - see note 33 & 39 | 36,569 | 5,107 | 0 | 0 | (41,676) |
| Employer's pension contributions payable in the year | (18,880) | (2,475) | 0 | 0 | 21,355 |
| Net Change for Pensions Adjustments (see page 10) | 17,689 | 2,632 | 0 | 0 | (20,321) |
| Adjustments involving the Financial Instruments Adjustment Account: | | | | | |
| Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements | (109) | 0 | 0 | 0 | 109 |
| Adjustments involving the Accumulated Absences Account: | | | | | |
| Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 400 | 10 | 0 | 0 | (410) |
| Total Other Differences (see page 10) | 291 | 10 | 0 | 0 | (301) |
| Total Adjustments | 12,166 | 26,744 | 1,097 | 2,022 | (42,029) |

NOTES TO THE ACCOUNTS

6. Adjustments between Accounting Basis and Funding Basis Under Regulations cont'd

| 2020/21 Comparative figures | Usable Reserves | | | | |
|--|-------------------------------|----------------------------------|-----------------------------------|-----------------------------------|--|
| | General Fund Balance £'000 | Housing Revenue Account £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Movement in Unusable Reserves £'000 |
| Adjustments primarily involving the Capital Adjustment Account: | | | | | |
| <i>Reversal of items debited or credited to the CI&ES:</i> | | | | | |
| Charges for depreciation, impairment and revaluation losses of non current assets | 20,201 | 216,657 | 0 | 0 | (236,858) |
| Amortisation of intangible assets | 14 | 0 | 0 | 0 | (14) |
| Capital grants and contributions applied | (11,108) | (32,667) | 0 | 0 | 43,775 |
| Revenue expenditure funded from capital under statute | 232 | 5 | 0 | 0 | (237) |
| Amounts of non current assets written off on disposal or sale as part of the gain / loss on disposal to the CI&ES | 23 | 989 | 0 | 0 | (1,012) |
| Income in relation to donated assets | 0 | 0 | 0 | 0 | 0 |
| <i>Insertion of items not debited or credited to the CI&ES:</i> | | | | | |
| Statutory provision for the financing of capital investment | (6,377) | (10,596) | 0 | 0 | 16,973 |
| Capital Expenditure charged against the General Fund and HRA balances | (1,013) | (1,350) | 0 | 0 | 2,363 |
| Adjustments primarily involving the Capital Grants Unapplied Account: | | | | | |
| Capital grants and contributions unapplied credited to the CI&ES | (1,792) | 0 | 0 | 1,792 | 0 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | 0 | 0 | 0 | (47) | 47 |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | | |
| Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CI&ES | (17) | (989) | 1,006 | 0 | 0 |
| Revenue Income defined as capital under statute | 0 | 0 | 0 | 0 | 0 |
| Use of Capital Receipts Reserve to finance new capital expenditure | 0 | 0 | (17) | 0 | 17 |
| Transfer (to) / from Capital Adjustment account - set aside: | 0 | 0 | 0 | 0 | 0 |
| - Repayments of loans to voluntary bodies | 0 | 0 | 12 | 0 | (12) |
| Transfer from Deferred Capital Receipts upon receipt of cash | 0 | 0 | 0 | 0 | 0 |
| Total Adjustments for Capital Purposes (see page 10) | 163 | 172,049 | 1,001 | 1,745 | (174,958) |
| Adjustments involving the Pensions Reserve: | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CI&ES - see note 33 & 39 | 30,003 | 4,213 | 0 | 0 | (34,216) |
| Employer's pension contributions payable in the year | (18,528) | (2,408) | 0 | 0 | 20,936 |
| Net Change for Pensions Adjustments (see page 10) | 11,475 | 1,805 | 0 | 0 | (13,280) |
| Adjustments involving the Financial Instruments Adjustment Account: | | | | | |
| Amount by which finance costs charged to the CI&ES are different from finance costs chargeable in the year in accordance with statutory requirements | (180) | 0 | 0 | 0 | 180 |
| Adjustments involving the Accumulated Absences Account: | | | | | |
| Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (63) | (60) | 0 | 0 | 123 |
| Total Other Differences (see page 10) | (243) | (60) | 0 | 0 | 303 |
| Total Adjustments | 11,395 | 173,794 | 1,001 | 1,745 | (187,935) |

NOTES TO THE ACCOUNTS

7. Transfers to / (from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and also the amounts posted back from earmarked reserves to meet General Fund in 2021/22.

| | 2020/21 | | | 2021/22 | | | Balance at 31/03/2022 £'000 |
|-------------------------------------|-----------------------------------|--------------|---------------|-----------------------------------|----------------|---------------|-----------------------------------|
| | Balance at 01/04/2020 £'000 | Transfers | | Balance at 31/03/2021 £'000 | Transfers | | |
| | | Out £'000 | In £'000 | | Out £'000 | In £'000 | |
| Balances held by schools | 2,113 | (16) | 7,558 | 9,655 | (181) | 5,249 | 14,723 |
| Service Reserves | 837 | 0 | 1,227 | 2,064 | (512) | 1,299 | 2,851 |
| Insurance Reserve | 2,691 | 0 | 476 | 3,167 | 0 | 0 | 3,167 |
| Legal Liabilities Reserve | 930 | 0 | 96 | 1,026 | 0 | 0 | 1,026 |
| Winter Maintenance Reserve | 350 | 0 | 0 | 350 | 0 | 0 | 350 |
| Transitional EVR Reserve | 1,349 | 0 | 0 | 1,349 | (73) | 0 | 1,276 |
| Reshaping Services Reserve | 572 | 0 | 0 | 572 | 0 | 0 | 572 |
| Invest To Save Reserve | 545 | (82) | 0 | 463 | 0 | 0 | 463 |
| Capital Reserve | 2,287 | 0 | 0 | 2,287 | 0 | 400 | 2,687 |
| Repair & Maintenance | 10 | 0 | 0 | 10 | 0 | 0 | 10 |
| ITeC Reserve | 154 | 0 | 0 | 154 | 0 | 0 | 154 |
| IT Development | 42 | 0 | 0 | 42 | 0 | 0 | 42 |
| Customer Access | 15 | 0 | 0 | 15 | 0 | 0 | 15 |
| Local Development Plan | 60 | (10) | 0 | 50 | 0 | 0 | 50 |
| Carbon Emission Reserve | 591 | (46) | 5 | 550 | 0 | 111 | 661 |
| Cremation Plant Replacement | 23 | 0 | 1 | 24 | 0 | 0 | 24 |
| Section 278 Reserve | 180 | 0 | 231 | 411 | 0 | 0 | 411 |
| Financial Instruments Reserve | 3,133 | (7) | 0 | 3,126 | (12) | 0 | 3,114 |
| HwB Transformation Programme | 0 | 0 | 0 | 0 | 0 | 680 | 680 |
| Additional RSG Domiciliary Support | 0 | 0 | 0 | 0 | 0 | 418 | 418 |
| Additional RSG Budget Mitigation | 0 | 0 | 0 | 0 | 0 | 1,087 | 1,087 |
| Developing the Economy | 0 | 0 | 0 | 0 | 0 | 120 | 120 |
| Wrexham Gateway Development | 0 | 0 | 0 | 0 | 0 | 8,000 | 8,000 |
| Miscellaneous | 49 | 0 | 0 | 49 | (13) | 4 | 40 |
| North Wales Economic Ambition Board | 0 | 0 | 92 | 92 | 0 | 105 | 197 |
| Grant Reserves | 3,247 | (526) | 5,307 | 8,028 | (1,950) | 5,085 | 11,163 |
| Total | 19,178 | (687) | 14,993 | 33,484 | (2,741) | 22,558 | 53,301 |

Service Reserves - represents service underspends as part of the Council's carry forward arrangements for use in subsequent years.

Insurance Reserve - the reserve is held to fund any future liabilities such as MMI (see notes 29 and 30 Notes to the Accounts) and claims that exceed budget.

Legal Liabilities Reserve - amount set aside to provide for any future legal liabilities.

Winter Maintenance Reserve - amount set aside to cover costs due to unforeseen adverse weather conditions.

Early Voluntary Retirement & Transitional EVR Reserve - to fund early retirements/redundancy costs following reshaping services.

Reshaping Services Reserve - an amount set aside to aid the transformation process to realise future savings for the Council.

Invest To Save Reserve - provision for the investment in various plans to realise permanent financial savings.

Capital Reserve - represents resources already committed to finance part of the Council's five year Non-HRA Capital Programme.

Repair & Maintenance Reserve - to respond to future uneven expenditure patterns.

ITeC Reserve - To cover dilapidation costs involved with moving out of the ITEC Building on Whitegate Industrial Estate.

IT Development & Customer Access - to fund various IT enhancements and Self Service ICT development.

Local Development Plan (LDP) Reserve - to fund costs associated with the adoption of the LDP.

Carbon Emission Reserve - to partly fund the carbon reduction plan programme of works to reduce carbon emissions.

Cremation Plant Replacement Reserve - to partly fund the cost of plant replacement.

Section 278 Reserve - represents income from contractors which have no conditions attached but which have been set aside to fund various infrastructure projects.

Financial Instruments Reserve - the reserve has been created as a consequence of a temporary gain recognised in the CI&ES following a change in the calculation of the carrying amount of the Council's modified loans as at 1 April 2018, as required by IFRS 9. The reserve will be used to neutralise the impact of higher effective interest charges to the CI&ES over the remaining life of the loans.

HwB Transformation Programme - schools make an annual contribution from their delegated budgets to build a financially sustainable model for the User device element of the Hwb Transformation Programme. It is a key requirement of the funding programme that LA's have a sustainability plan.

Additional RSG Domiciliary Support and Budget Mitigation - WG retrospective increase in the settlement for 2021/22 to displace expenditure met through the Council's own resources to help manage future pressures and domiciliary support.

Developing the Economy - to assist with the development of Placemaking and post Covid recovery.

Wrexham Gateway Development - repayment from HRA following displacement of capital funding in 2020/21.

Miscellaneous - to meet a variety of other environmental commitments including crematorium donations.

North Wales Economic Ambition Board - represents the Council's share (12.5%) of the Board's reserves.

Grant Reserves - represents income from Government grants received which have no conditions attached but which have been set aside for use in the provision of specific services.

NOTES TO THE ACCOUNTS

8. Other Operating Expenditure

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 2,739 | Community Council Precepts | 2,778 |
| 15,540 | Police and Crime Commissioner for North Wales Precept | 16,363 |
| 7,113 | North Wales Fire Authority levy | 7,215 |
| 633 | Pensions Administration Costs | 661 |
| 6 | Losses / (Gains) on the disposal of non current assets | 1,044 |
| 26,031 | Total | 28,061 |

9. Financing and Investment Income and Expenditure

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 18,618 | Interest payable and similar charges | 18,416 |
| 7,697 | Pensions Net Interest | 7,225 |
| (27) | Interest receivable and similar income | (19) |
| 26,288 | Total | 25,622 |

10. Taxation and Non Specific Grant Income

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|----------------------------------|------------------|
| (72,981) | Council tax income | (78,137) |
| (41,946) | Non-domestic rates | (44,315) |
| (142,349) | Non-ringfenced government grants | (144,541) |
| (45,265) | Capital grants and contributions | (26,438) |
| (302,541) | Total | (293,431) |

11. Income and Expenditure analysed by nature

The Income and Expenditure reported within the CI&ES is analysed as follows:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| (74,154) | Fees, Charges & Other Service Income | (79,261) |
| (13,216) | Interest and Investment Income | (14,228) |
| (72,981) | Income from Council Tax | (78,137) |
| (350,920) | Grants and Contributions | (351,803) |
| (511,271) | Total Income | (523,429) |
| 167,296 | Employee expenses | 187,959 |
| 14,206 | Employee expenses of VA & Foundation schools | 15,882 |
| 191,840 | Other service expenses | 211,954 |
| 236,872 | Depreciation, amortisation, impairment and revaluation losses | 63,825 |
| 39,504 | Interest payments | 39,850 |
| 25,392 | Precepts & Levies | 26,356 |
| 633 | Other | 661 |
| 6 | (Gain) or Loss on Disposal of Non Current Assets | 1,044 |
| 675,749 | Total Expenditure | 547,531 |
| 164,478 | (Surplus) or deficit on the provision of services | 24,102 |

12. Segmental Income

Fees, Charges & Other Service Income on a segmental basis is analysed below:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---------------------------------------|------------------|
| (2,964) | Environment & Technical | (3,586) |
| (1,410) | Planning & Regulatory | (1,854) |
| (4,674) | Housing & Economy | (6,615) |
| (54,176) | Housing Revenue Account (see page 61) | (55,167) |
| (8,424) | Social Care | (7,892) |
| (364) | Education & Early Intervention | (248) |
| (574) | Schools | (1,318) |
| (260) | Governance & Customer Services | (716) |
| (827) | Finance & ICT | (1,239) |
| (21) | Chief Executive's | (38) |
| 0 | Repairs & Maintenance | 0 |
| (460) | Corporate & Central | (588) |
| (74,154) | Total Services | (79,261) |

NOTES TO THE ACCOUNTS

13. Grant Income

The Council credited the following grants, contributions and donations to the CI&ES:

| | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Credited to Taxation and Non Specific Grant Income: | | |
| Non Domestic Rates | 41,946 | 44,315 |
| Revenue Support Grant | 142,349 | 144,541 |
| Major Repairs Allowance Grant | 7,539 | 7,521 |
| HRA Capital Expenditure Grant (Funding to be displaced for Wrexham Gateway Project) | 25,000 | 0 |
| General Capital Grant | 3,288 | 6,014 |
| School Maintenance Grant | 1,305 | 1,657 |
| 21st Century Schools | 164 | 2,620 |
| Welsh Medium School Grant | 663 | 0 |
| Economic Stimulus Grant | 288 | 0 |
| Universal Primary Free School Meals Rollout | 0 | 1,022 |
| Road Refurbishment Programme | 735 | 949 |
| Road Safety Grant | 111 | 166 |
| Childcare Offer Grant | 646 | 1,334 |
| Reducing Infant Class Sizes | 280 | 701 |
| Intermediate Care Fund | 1,647 | 408 |
| Hwb In-Schools Infrastructure Grant Scheme | 2,916 | 0 |
| Regional Economic Framework Priorities | 0 | 1,000 |
| Housing Optimised Retrofit Programme Grant | 0 | 848 |
| Social Housing Grant | 0 | 315 |
| Covid-19 Homelessness and Housing Related Support Services Phase 2 Funding | 0 | 328 |
| Active Travel Fund | 0 | 284 |
| Flood Coastal Erosion Management Grant | 0 | 199 |
| Flying Start | 0 | 150 |
| Targeted Regeneration Investment | 0 | 165 |
| Other Capital Grants and Contributions | 683 | 757 |
| | 229,560 | 215,294 |
| Credited to Services: | | |
| Welsh Government: | | |
| General Capital Grant | 289 | 252 |
| Targeted Regeneration Programme - Renewal Areas & Other | 1,803 | 918 |
| School Maintenance Grant | 851 | 580 |
| Waste Strategy Grant | 703 | 906 |
| Education Improvement Grant | 4,615 | 5,287 |
| Post 16 Provision in Schools | 1,254 | 1,820 |
| Children & Communities Grant (formerly Flying Start & Families First) | 5,883 | 6,479 |
| Concessionary Travel Re-imburement grant | 2,553 | 2,423 |
| Substance Misuse Action Fund | 5,863 | 5,462 |
| Social Care Workforce and Sustainability | 1,716 | 2,126 |
| Social Care Workforce Development | 325 | 355 |
| Youth Support Grant | 439 | 546 |
| Pupil Development Grant | 4,056 | 4,685 |
| Professional Learning Grant | 291 | 498 |
| Bus Services Support Grant | 392 | 440 |
| Housing Support Grant | 5,109 | 6,722 |
| LA Education Grant | 5,139 | 8,565 |
| Education Learning Needs Grant | 719 | 0 |
| Circular Economy Grant | 299 | 0 |
| Road Maintenance Grant | 441 | 0 |
| Family Intervention Fund | 327 | 126 |
| Child Development | 196 | 329 |
| Football Museum | 45 | 225 |
| Regional Economic Framework Priorities | 0 | 214 |
| Children & Young People Transformation Fund | 0 | 371 |
| Complex Needs Grant | 246 | 288 |
| Homeless Phase 2 Grant | 200 | 0 |
| Social Care Recovery Fund | 0 | 2,831 |
| Independence of People | 0 | 637 |
| Social Care pressures | 0 | 2,125 |
| Transforming Towns | 16 | 405 |
| Increasing Play Opportunities | 26 | 611 |
| Adoption Services | 199 | 379 |
| Community Services Transformation Project | 596 | 467 |
| Unhypothecated General Grant | 2,110 | 2,505 |
| Council Tax Arrears Grant | 913 | 0 |
| Council Tax Reduction Scheme Grant | 456 | 0 |

NOTES TO THE ACCOUNTS

13. Grant Income cont'd

| | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Credited to Services (cont'd): | | |
| Welsh Government (cont'd): | | |
| Hardship Fund Grant - additional costs # | 13,830 | 19,288 |
| Loss of Income Grant | 4,732 | 2,044 |
| Cost of Living Support | 0 | 1,281 |
| Bus Emergency Support Funding * | 1,055 | 0 |
| Administration Fees Grant | 481 | 414 |
| Miscellaneous | 2,838 | 2,808 |
| Other: | | |
| Department for Work and Pensions | 31,893 | 29,824 |
| Integrated Care Fund | 4,965 | 4,699 |
| Welsh European Funding Office - TRAC & ADTRAC | 1,069 | 780 |
| Home Office - Syrian Resettlement Programme | 369 | 328 |
| Levelling Up funding | 0 | 626 |
| School Milk Subsidy Scheme | 13 | 681 |
| Youth Justice Board | 278 | 301 |
| Music Funding | 0 | 349 |
| Local Full Fibre Network Fund | 151 | 431 |
| Contributions & Donations ** | 8,883 | 10,412 |
| Other | 2,733 | 2,666 |
| Total Credited to Services | 121,360 | 136,509 |

Includes the Council's share of amount claimed by Flintshire County Council (FCC) in respect of a temporary mortuary in North Wales (£5k)

* Council's share of grant received by Flintshire County Council

** Includes the Council's share of amount claimed by Flintshire County Council (FCC) in respect of Test, Trace and Protect (£1.1m)

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

| | 31/03/2021 £'000 | 31/03/2022 £'000 |
|---|---------------------|---------------------|
| Current Liabilities: | | |
| Grants Receipt in Advance - Revenue: | | |
| Welsh Government: | | |
| Education - PDG Access Element | 1 | 0 |
| Local Transport Grant | 43 | 0 |
| WLGA EU Settlement | 6 | 6 |
| Covid Business Grants | 1,055 | 942 |
| Covid Business Rates Relief | 19 | 1,393 |
| Economic Resilience Fund | 0 | 452 |
| Housing Benefit | 0 | 206 |
| Other | 1 | 91 |
| | 1,125 | 3,090 |

Current Liabilities:

Grants Receipt in Advance - Capital:

| | | |
|-------------------------------------|--------------|--------------|
| Welsh Government: | | |
| Schools Challenge Cymru | 10 | 10 |
| Local Regeneration Fund | 21 | 21 |
| School Buildings Improvement Grant | 44 | 44 |
| Flying Start | 32 | 37 |
| Childcare Offer Grant | 88 | 61 |
| Targeted Regeneration Investment | 2,931 | 3,392 |
| Ultra Low Emission Vehicles | 283 | 205 |
| 21st Century Schools | 31 | 0 |
| North Wales Economic Ambition Board | 2,000 | 4,513 |
| Flood Recovery Grant | 0 | 257 |
| Other | 27 | 24 |
| Other | 1 | 2 |
| | 5,468 | 8,566 |

NOTES TO THE ACCOUNTS

14. Agency Income and Expenditure and Other Funds Administered by the Council

a) The Council has an agreement with Gwynedd County Council (GCC), lead authority for the North & Mid Wales Trunk Road Agency, whereby the Council is responsible for maintaining highways in the County Borough. GCC reimburses the Council for the work including a contribution towards administration costs. Reimbursement for work carried out amounted to £1,372k (£1,526k 2020/21).

b) The Council maintains individual Safe Custody accounts for service users living in the community, who are unable to deal with their financial affairs due to their mental incapacity. The Chief Officer Social Care is the appointee with the Department for Work & Pensions for each of the service users. The balance of monies held by the Council as at 31 March 2022 was £4,417k (£4,689k as at 31 March 2021).

c) The Council also maintains an account in respect of additional variable service charges on behalf of eligible tenants living within shared supported living properties to meet the essential housing/living needs of those tenants. The Chief Officer Social Care is the appointee for each of the properties. The balance of monies held by the Council as at 31 March 2022 was £285k (£337k 2020/21).

d) Welsh Government (WG) has provided funding to the Council to provide recyclable loans for housing and town centre regeneration. The funding is repayable to WG within 8 years, with the exception of Wrexham Town Centre Regeneration which is repayable £1.5m within 11 years, £1m within 14 years and £500k within 15 years, and Home Improvements and Empty Properties back into use which is repayable within 13 years. The amount repayable to WG and included as long term creditors in the Council's balance sheet is analysed as follows:

| | Home Improvement Loans £'000 | Houses into Homes £'000 | Wrexham Town Centre Regeneration £'000 | Vibrant & Viable Places (VVP) - Empty Properties £'000 | WP - Private Sector Improvement £'000 | WP - Commercial Property Improvement £'000 | VVP - Empty Property Acquisition £'000 | Home improvements and Empty Properties back into use £'000 | Total £'000 |
|----------------------------|---------------------------------|----------------------------|---|---|--|---|---|---|----------------|
| Balance at 1 April | 132 | 12 | 3,150 | 1,323 | 446 | 155 | 500 | 250 | 5,968 |
| Received in year from WG | 0 | 0 | 500 | 0 | 0 | 0 | 0 | 0 | 500 |
| Loans Issued | 0 | (111) | (180) | (75) | 0 | 0 | 0 | 0 | (366) |
| Loans Repaid | 25 | 114 | 0 | 63 | 19 | 0 | 0 | 0 | 221 |
| Balance at 31 March | 157 | 15 | 3,470 | 1,311 | 465 | 155 | 500 | 250 | 6,323 |

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

| | Business Grants £'000 | NDR Rate Relief £'000 | Social Care £750 bonus scheme £'000 | Social Care £500 bonus scheme £'000 | SSP Enhancement £'000 | Self Isolation Payments £'000 | Winter Fuel Support £'000 | Floods (£500) to Households £'000 | Total £'000 |
|---|--------------------------|--------------------------|--|--|--------------------------|----------------------------------|------------------------------|--------------------------------------|-----------------|
| Balance due from / (to) WG at 1 April | (1,055) | 0 | 0 | 9 | 199 | 264 | 0 | 34 | (549) |
| Payments made by Council | 338 | 11,649 | 3,527 | 0 | 224 | 2,644 | 1,275 | 0 | 19,657 |
| Grant Received from WG | (225) | (13,011) | (3,527) | (9) | (267) | (2,442) | (1,001) | (34) | (20,516) |
| Balance due from / (to) WG at 31 March | (942) | (1,362) | 0 | 0 | 156 | 466 | 274 | 0 | (1,408) |

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

NDR Rate Relief - relief for non-domestic rating to eligible ratepayers in respect of Retail, Leisure and Hospitality Rates Relief Scheme

Social Care bonus schemes (£500 and £750) - bonus payment for individual care workers

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

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

Self Isolation - £500/£750 payment for eligible individuals who have to self isolate.

Winter Fuel Support - £200 support towards paying winter fuel bills for eligible individuals

NOTES TO THE ACCOUNTS

15. Health Act pooled funds and similar arrangements

The Council has an agreement with Flintshire County Council and Betsi Cadwaladr University Health Board (BCUHB), pursuant to Section 33 of the National Health Service (Wales) Act 2006, for the provision of an integrated community equipment service under a pooled fund arrangement. Flintshire County Council (FCC) is the host partner and has responsibility for the administration of the pool. The service is operated from a building in Hawarden Business Park which is jointly owned by the Council and FCC. The Council's share of the cost of the building (50%) is included in Property, Plant & Equipment.

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between the six North Wales local authorities and BCUHB in relation to the provision of care home accommodation to older people. The arrangement came into effect on 1 April 2019 and Denbighshire County Council is acting as the host authority.

The Council's contributions for both arrangements are included in the Social Care line of the CI&ES. The income and expenditure for these pooled budget arrangements are as follows:

| 2020/21 | | | 2021/22 | |
|-----------------------------|------------------------|--------------------------------|-----------------------------|--------------------------|
| Joint Equipment £'000 | Care Homes £'000 | | Joint Equipment £'000 | Care Homes # £'000 |
| 1,075 | 93,035 | Total Expenditure: | 1,295 | 98,982 |
| | | Funding: | | |
| (424) | (36,013) | BCUHB | (430) | (35,657) |
| (287) | (12,203) | Wrexham County Borough Council | (290) | (15,317) |
| (302) | (44,819) | Other North Wales Councils | (306) | (48,008) |
| (153) | 0 | Other Income | (225) | 0 |
| (1,166) | (93,035) | Total Funding | (1,251) | (98,982) |
| (91) | 0 | (Surplus) / Deficit | 44 | 0 |

The contributions for Q4 are included for information only and have not been accrued for in each partners' accounts. As per the Partnership Agreement, these payments will be made in arrears during 2022/23.

16. External Audit Costs

In 2021/22 the Council incurred the following fees relating to external audit and inspection:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 176 | Fees payable to the Auditor General for Wales with regard to external audit services | 183 |
| 95 | Fees payable to the Auditor General for Wales in respect of statutory inspections | 95 |
| 56 | Fees payable to the Auditor General for Wales for the certification of grant claims and returns | 49 |
| 327 | | 327 |

NOTES TO THE ACCOUNTS

17. Officers' Remuneration

(a) Under Section 9 (2) of the Accounts and Audit (Wales) Regulations 2014, the Council is required to disclose the Council's remuneration ratio. The ratio of the remuneration of the Council's Chief Executive to the median remuneration of all the Council's employees is 5.70 : 1.

(b) Under Section 9 (3) of the Accounts and Audit (Wales) Regulations 2014, the Council is required to disclose the number of employees (excluding Senior Officers as identified in disclosure note c below) whose remuneration excluding pension contributions was £60k or more in bands of £5k:

| 2020/21 | | | Salary Banding | 2021/22 | | |
|---------|-------------|-------|---------------------|---------|-------------|-------|
| Schools | Non-schools | Total | | Schools | Non-schools | Total |
| 12 | 2 | 14 | £60,000 - £64,999 | 22 | 8 | 30 |
| 14 | 4 | 18 | £65,000 - £69,999 | 13 | 3 | 16 |
| 8 | 0 | 8 | £70,000 - £74,999 | 12 | 2 | 14 |
| 6 | 1 | 7 | £75,000 - £79,999 | 5 | 0 | 5 |
| 2 | 0 | 2 | £80,000 - £84,999 | 4 | 0 | 4 |
| 2 | 0 | 2 | £85,000 - £89,999 | 1 | 0 | 1 |
| 1 | 0 | 1 | £90,000 - £94,999 | 2 | 0 | 2 |
| 1 | 0 | 1 | £95,000 - £99,999 | 0 | 0 | 0 |
| 0 | 0 | 0 | £135,000 - £139,999 | 1 | 0 | 1 |

There are no employees in the bands between £100,000 and £134,999

For this purpose, remuneration relates to all amounts paid to, or receivable by, an employee, including payments on termination of employment, and includes expense allowances and the value of other benefits which are chargeable to tax.

(c) Under Section 9 (4) of the Accounts and Audit (Wales) Regulations 2014, the following information regarding employees identified as Senior Officers and whose salary is between £60,000 and £150,000 is provided:-

| 2020/21 | | | | Postholder Information (Post Title) | 2021/22 | | | |
|-------------|------------------------|-------------------------------|------------|--|-------------|------------------------|-------------------------------|------------|
| Salary £ | Other Payments £ | Pension contributions £ | Total £ | | Salary £ | Other Payments £ | Pension contributions £ | Total £ |
| 127,588 | 0 | 29,958 | 157,546 | Chief Executive | 133,930 | 0 | 31,112 | 165,042 |
| 91,181 | 0 | 21,409 | 112,590 | Chief Officer Governance & Customer (former) | 47,338 | 0 | 10,997 | 58,335 |
| 0 | 0 | 0 | 0 | Interim Chief Officer Governance & Customer | 73,150 | 0 | 16,993 | 90,143 |
| 95,373 | 0 | 22,394 | 117,767 | Chief Officer Finance & ICT (former) | 23,908 | 0 | 5,554 | 29,462 |
| 0 | 0 | 0 | 0 | Chief Officer Finance & ICT | 65,142 | 0 | 15,132 | 80,274 |
| 68,386 | 0 | 16,057 | 84,443 | Chief Officer Social Care | 95,411 | 0 | 22,164 | 117,575 |
| 39,739 | 0 | 9,331 | 49,070 | Chief Officer Education & Early Intervention (former) | 0 | 0 | 0 | 0 |
| 65,841 | 0 | 15,460 | 81,301 | Chief Officer Education & Early Intervention | 103,186 | 0 | 23,970 | 127,156 |
| 95,373 | 0 | 22,394 | 117,767 | Chief Officer Housing & Economy (former) | 63,481 | 0 | 14,747 | 78,228 |
| 0 | 0 | 0 | 0 | Chief Officer Housing | 75,315 | 0 | 17,496 | 92,811 |
| 95,373 | 0 | 22,394 | 117,767 | Chief Officer Planning & Regulatory | 99,773 | 0 | 23,177 | 122,950 |
| 91,181 | 0 | 21,409 | 112,590 | Chief Officer Environment & Technical | 94,676 | 0 | 21,993 | 116,669 |
| 62,411 | 0 | 14,654 | 77,065 | Head of Service - Human Resources & Organisational Development | 64,727 | 0 | 15,036 | 79,763 |
| 51,722 | 0 | 12,144 | 63,866 | Head of Service - Performance, Improvement and Partnerships | 52,628 | 0 | 12,225 | 64,853 |
| 0 | 0 | 0 | 0 | Head of Service - Regeneration | 59,828 | 0 | 13,898 | 73,726 |

Salary includes all pensionable pay with the exception of amounts paid in respect of election duties. The former Chief Officer Governance & Customer left the Council on 30 September 2021, and the Interim Chief Officer Governance & Customer commenced on 1 October 2021. The former Chief Officer Finance & ICT left the council on 27 June 2021, the current Chief Officer Finance & ICT commenced on 12 July 2021. The former Chief Officer Housing & Economy left the Council on 21 November 2021, the current Chief Officer Housing commenced on 1 October 2021 and the Head of Service Regeneration, as an interim arrangement, had direct report to the Chief Executive from 22 November 2021.

NOTES TO THE ACCOUNTS

17. Officers' Remuneration cont'd

d) In accordance with Section 9 (5) of the Accounts and Audit (Wales) Regulations 2014, the Council is required to disclose by name a Senior Officer whose salary is £150k or more. The Council did not employ a Senior Officer with a salary of £150k or more during the financial year.

e) The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out below:

| A Exit Package cost band (including special payments) | B Number of compulsory redundancies | | C Number of other departures agreed | | D Total number of exit packages by cost band (B+C) | | E Total cost of exit packages in each band | |
|---|--|-----------|--|----------|--|-----------|---|------------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| | | | | | | | £'000 | £'000 |
| £0 - £20,000 | 23 | 21 | 3 | 3 | 26 | 24 | 108 | 157 |
| £20,001 - £40,000 | 1 | 3 | 1 | 0 | 2 | 3 | 55 | 78 |
| £40,001 - £60,000 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 48 |
| £60,001 - £80,000 | 0 | 1 | 0 | 1 | 0 | 2 | 0 | 145 |
| £80,001 - £100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 1 | 3 | 0 | 3 | 1 | 389 | 138 |
| £150,001 - £250,000 | 0 | 0 | 1 | 0 | 1 | 0 | 196 | 0 |
| Total | 24 | 26 | 8 | 5 | 32 | 31 | 748 | 566 |

The above table outlines the number of exit packages and the total cost per band; it also distinguishes between those redundancies that were as a result of the Council's decision to terminate an employee's employment, and those where an employee has made a decision to accept voluntary redundancy.

18. Council Tax

Council Tax income derives from charges raised according to the value of residential properties which have been classified into nine valuation bands, using estimated 1 April 2003 values for this purpose. Charges are calculated by taking the amount of income required for the year by the Council and the Police & Crime Commissioner for North Wales, and dividing this amount by the council tax base. The council tax base is the total number of properties in each band, adjusted by a proportion to convert the number to a band 'D' equivalent, adjusted for discounts and exemptions - 53,553 for 2021/22. The basic amount for a band 'D' property £1,676.41 (£1,575.10 in 2020/21) is multiplied by the proportion specified for each band to give the individual amount due.

| Band | A | B | C | D | E | F | G | H | I |
|-------------------------------|-------|--------|--------|--------|-------|-------|-------|------|------|
| Multiplier | 6/9 | 7/9 | 8/9 | 9/9 | 11/9 | 13/9 | 15/9 | 18/9 | 21/9 |
| No. of properties at 31/03/22 | 4,357 | 12,727 | 17,105 | 10,167 | 8,130 | 5,074 | 2,564 | 718 | 293 |

Analysis of the net proceeds from council tax :-

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 74,104 | Council Tax raised | 79,405 |
| (1,123) | Add: increase in provision for bad debts | (1,268) |
| 72,981 | Net proceeds from Council Tax | 78,137 |

19. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount for the rate multiplier (53.5p in 2021/22) and subject to the effects of transitional arrangements, local businesses and other non-domestic ratepayers pay rates, calculated by multiplying the rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area, but pays the proceeds into the NDR pool, administered by Welsh Government, which redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population. The NDR income, after relief and provisions, was £42,689k for 2021/22. The total rateable value at 31 March 2022 was £102,333k. The analysis of the net proceeds are as follows:-

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|------------------------------|------------------|
| 43,026 | Non-domestic rates raised | 42,689 |
| (42,763) | Less: | |
| (263) | amount paid into NDR Pool | (42,425) |
| 0 | cost of collection | (264) |
| 41,946 | Receipts from the pool | 44,315 |
| 41,946 | Net proceeds from NDR | 44,315 |

NOTES TO THE ACCOUNTS

20. Property, Plant & Equipment

Movements in 2021/22

| | Council Dwellings £'000 | Other Land & Buildings £'000 | Vehicles, Plant & Equipment £'000 | Infrastructure Assets £'000 | Community Assets £'000 | Surplus Assets £'000 | Assets Under Construction £'000 | Total Property, Plant & Equipment £'000 | Assets Included in Property, Plant & Equipment PFI £'000 | Leases £'000 |
|---|-------------------------------|------------------------------------|--|-----------------------------------|------------------------------|----------------------------|--|--|--|-----------------|
| Cost or Valuation At 01/04/2021 | 490,661 | 380,181 | 64,472 | 131,267 | 13,658 | 5,838 | 6,919 | 1,092,996 | 32,150 | 7,277 |
| Additions | 59,788 | 12,356 | 2,727 | 5,297 | 106 | 0 | 2,842 | 83,116 | 150 | 0 |
| Revaluation increases / (decreases) recognised in the Revaluation Reserve | 39 | 5,296 | 0 | 0 | 0 | (98) | 0 | 5,237 | 0 | 0 |
| Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services | (1,531) | (4,947) | 0 | 0 | 0 | 0 | 0 | (6,478) | 0 | 0 |
| Derecognition - Disposals | (549) | (4,028) | (21,759) | 0 | (1,194) | 0 | 0 | (27,530) | 0 | (5,438) |
| Assets reclassified (to) / from Held for Sale | 0 | (110) | 0 | 0 | 0 | 0 | 0 | (110) | 0 | 0 |
| Other Movements | 2171 | 7,268 | 0 | 0 | 0 | 0 | (9,439) | 0 | 0 | 0 |
| At 31/03/2022 | 550,579 | 396,016 | 45,440 | 136,564 | 12,570 | 5,740 | 322 | 1,147,231 | 32,300 | 1,839 |
| Accumulated Depreciation & Impairment At 01/04/2021 | (33,791) | (38,275) | (37,108) | (35,299) | (59) | (580) | (499) | (145,611) | (6,598) | (5,703) |
| Depreciation Charge | (7,822) | (11,488) | (3,887) | (4,329) | 0 | (69) | 0 | (27,595) | (1,601) | (688) |
| Depreciation written out to the Revaluation Reserve | 0 | 6,300 | 0 | 0 | 0 | 0 | 0 | 6,300 | 0 | 0 |
| Depreciation written out to the Surplus / Deficit on the Provision of Services | 1 | 4,525 | 0 | 0 | 0 | 0 | 0 | 4,526 | 0 | 0 |
| Impairment losses / reversals recognised in the Revaluation Reserve | (280) | (1,023) | 0 | 0 | 0 | 0 | 0 | (1,303) | 0 | 0 |
| Impairment losses / reversals recognised in the Surplus / Deficit on the Provision of Services | (33,017) | (1,268) | 0 | 0 | 0 | 0 | 0 | (34,285) | 0 | 0 |
| Derecognition - Disposals | 91 | 3,896 | 21,724 | 0 | 0 | 0 | 0 | 25,711 | 0 | 5,414 |
| Other Movements | 0 | (499) | 0 | 0 | 0 | 0 | 499 | 0 | 0 | 0 |
| At 31/03/2022 | (74,818) | (37,832) | (19,271) | (39,628) | (59) | (649) | 0 | (172,257) | (8,199) | (977) |
| Net Book Value | | | | | | | | | | |
| At 31/03/2022 | 475,761 | 358,184 | 26,169 | 96,936 | 12,511 | 5,091 | 322 | 974,974 | 24,101 | 862 |
| At 31/03/2021 | 456,870 | 341,906 | 27,364 | 95,968 | 13,599 | 5,258 | 6,420 | 947,385 | 25,552 | 1,574 |

NOTES TO THE ACCOUNTS

20. Property, Plant & Equipment cont'd

Comparative Movements in 2020/21

| | Council Dwellings £'000 | Other Land & Buildings £'000 | Vehicles, Plant & Equipment £'000 | Infrastructure Assets £'000 | Community Assets £'000 | Surplus Assets £'000 | Assets Under Construction £'000 | Total Property, Plant & Equipment £'000 | Assets Included in Property, Plant & Equipment PFI £'000 | Leases £'000 |
|--|----------------------------|---------------------------------|--|-----------------------------------|------------------------------|----------------------------|--|--|--|-----------------|
| Cost or Valuation | 717,314 | 378,739 | 60,090 | 127,945 | 14,112 | 6,400 | 1,191 | 1,305,791 | 31,717 | 14,520 |
| At 01/04/2020 | | | | | | | | | | |
| Additions | 42,231 | 7,759 | 4,806 | 3,322 | 44 | 18 | 4,329 | 62,509 | 857 | 0 |
| Revaluation increases / (decreases) recognised in the Revaluation Reserve | (32,651) | 402 | 0 | 0 | 243 | (60) | 0 | (32,066) | 0 | 0 |
| Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services | (235,225) | (5,192) | 0 | 0 | (769) | (83) | 0 | (241,269) | 0 | 0 |
| Derecognition - Disposals | (1,008) | 0 | (81) | 0 | 0 | 0 | 0 | (1,089) | (81) | 0 |
| Assets reclassified (to) / from Held for Sale | 0 | (100) | 0 | 0 | 0 | 0 | 0 | (100) | 0 | 0 |
| Other Movements | 0 | (1,427) | (343) | 0 | 28 | (437) | 1,399 | (780) | (343) | (7,243) |
| At 31/03/2021 | 490,661 | 380,181 | 64,472 | 131,267 | 13,658 | 5,838 | 6,919 | 1,092,996 | 32,150 | 7,277 |
| Accumulated Depreciation & Impairment | (60,657) | (38,963) | (33,910) | (31,090) | (59) | (978) | 0 | (165,657) | (5,532) | (12,032) |
| At 01/04/2020 | | | | | | | | | | |
| Depreciation Charge | (7,457) | (10,717) | (3,599) | (4,209) | 0 | (77) | 0 | (26,059) | (1,467) | (914) |
| Depreciation written out to the Revaluation Reserve | 7,009 | 8,403 | 0 | 0 | 0 | 33 | 0 | 15,445 | 0 | 0 |
| Depreciation written out to the Surplus / Deficit on the Provision of Services | 53,646 | 5,374 | 0 | 0 | 0 | 83 | 0 | 59,103 | 0 | 0 |
| Impairment losses / reversals recognised in the Revaluation Reserve | (271) | (883) | 0 | 0 | 0 | 0 | 0 | (1,154) | 0 | 0 |
| Impairment losses / reversals recognised in the Surplus / Deficit on the Provision of Services | (26,080) | (1,988) | 0 | 0 | 0 | (78) | 0 | (28,146) | 0 | 0 |
| Derecognition - Disposals | 19 | 0 | 58 | 0 | 0 | 0 | 0 | 77 | 58 | 0 |
| Other Movements | 0 | 499 | 343 | 0 | 0 | 437 | (499) | 780 | 343 | 7,243 |
| At 31/03/2021 | (33,791) | (38,275) | (37,108) | (35,299) | (59) | (580) | (499) | (145,611) | (6,598) | (5,703) |
| Net Book Value | | | | | | | | | | |
| At 31/03/2021 | 456,870 | 341,906 | 27,364 | 95,968 | 13,599 | 5,258 | 6,420 | 947,385 | 25,552 | 1,574 |
| At 31/03/2020 | 656,657 | 339,776 | 26,180 | 96,855 | 14,053 | 5,422 | 1,191 | 1,140,134 | 26,185 | 2,488 |

NOTES TO THE ACCOUNTS

21. Revaluations and Reclassifications

The Council carries out a rolling programme that ensures that all Property, Plant & Equipment required to be measured at current value is revalued at least every five years. All valuations are carried out internally by the Council's Development Surveyor, Nicholas Adamson, MRICS.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment with short useful lives are based on historical cost.

As part of the Council's rolling programme, Housing & Public Protection Assets, Public Offices and Agricultural Estates properties were selected for review as at 1 April 2021. During the year a further review of land and buildings was undertaken for impairment following significant capital expenditure and change in asset use.

The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS3 and VPGA10 of the RICS Red Book Global. Consequently, less certainty and higher degree of caution should be attached to our valuations than would normally be the case, given the unknown future impact that COVID-19 might have on the real estate market.

Fair Value Measurement of Surplus Assets

The Council's Surplus Assets as at 31 March 2022 can be categorised as follows in line with IFRS 13 Fair Value

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Fair Value at 31/03/2022 £'000 |
|----------------|------------------|------------------|------------------|--------------------------------------|
| Surplus Assets | 0 | 936 | 4,155 | 5,091 |

Level 1 - Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

When assigning the hierarchy level a number of factors have been taken into account, including where DVS valuations have been instructed - Level 1, where in receipt of informal bid tenders - Level 2 and where the Development Surveyor holds sufficient information that in his opinion allows a reasonable conclusion to be reached on a valuation - Level 3.

The cyclical revaluation process and completion of project revaluations resulted in no assets being re-categorised within the financial year.

22. Assets Held for Sale

| | 2020/21 | | 2021/22 | |
|---|------------------|----------------------|------------------|----------------------|
| | Current £'000 | Non-Current £'000 | Current £'000 | Non-Current £'000 |
| Balance outstanding at 1 April | 2,551 | 0 | 2,164 | 0 |
| Assets newly classified as held for sale: | | | | |
| - Property, Plant & Equipment | 100 | 0 | 110 | 0 |
| Revaluation gains/(losses) | (487) | 0 | 22 | 0 |
| Assets declassified as held for sale: | | | | |
| - Property, Plant & Equipment | 0 | 0 | 0 | 0 |
| Assets sold | 0 | 0 | (332) | 0 |
| Balance outstanding at 31 March | 2,164 | 0 | 1,964 | 0 |

A comprehensive review was undertaken by the Strategic Asset Lead and team of those assets categorised as Assets Held for Sale (AHFS) and Surplus Assets as at 31 March 2022; the scope of this review extended to an assessment of all current assets held in the portfolio for consideration to reclassify as either AHFS or Surplus. This review resulted in a number of reclassifications where the requisite criteria of the Code were met for each classification.

NOTES TO THE ACCOUNTS

23. Capital Expenditure & Capital Financing Requirement

The total amount of capital expenditure incurred and the resources used to finance the expenditure is shown in the table below.

| 2020/21 Total £'000 | | Property, Plant & Equipment £'000 | 2021/22 Revenue Expenditure Funded from Capital under Statute £'000 | Heritage Assets £'000 | Intangible Assets £'000 | Total £'000 |
|---------------------------|-----------------------------|--|---|-----------------------------|-------------------------------|----------------|
| 66,510 | Expenditure in Year | 83,116 | 4,397 | 0 | 2 | 87,515 |
| (1,402) | Movement in capital accrual | 1,035 | 72 | 0 | 0 | 1,107 |
| 65,108 | | 84,151 | 4,469 | 0 | 2 | 88,622 |

Financed By:-

| | | | | | | |
|--|--|---------------|--------------|----------|----------|---------------|
| Increase in underlying need to borrow: | | | | | | |
| 3,567 | - supported by government financial assistance | 3,499 | 0 | 0 | 0 | 3,499 |
| 10,805 | - unsupported by government financial assistance | 53,451 | 30 | 0 | 0 | 53,481 |
| 0 | Donated Asset | 0 | 0 | 0 | 0 | 0 |
| 0 | Finance Lease | 0 | 0 | 0 | 0 | 0 |
| 814 | PFI | 150 | 0 | 0 | 0 | 150 |
| 17 | Capital Receipts | 0 | 0 | 0 | 0 | 0 |
| 47,542 | Grants and Contributions | 24,130 | 4,342 | 0 | 2 | 28,474 |
| 2,363 | Capital Expenditure Charged to Revenue | 2,921 | 97 | 0 | 0 | 3,018 |
| 65,108 | | 84,151 | 4,469 | 0 | 2 | 88,622 |

The CIPFA Prudential Code of Practice requires the Council to adopt indicators which demonstrate that the Council's capital plans are affordable, prudent and sustainable. One of these indicators is the Capital Financing Requirement. This indicator reflects the underlying need to borrow for a capital purpose. When capital expenditure is not resourced immediately, this will result in a net increase to the capital financing requirement. This will be the case whether, or not, external borrowing actually occurs.

The capital financing requirement as at 31 March is:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 947,385 | Property, Plant and Equipment | 974,974 |
| (3,936) | Less: in year capital accrual | (2,829) |
| 775 | Heritage Assets | 775 |
| 28 | Intangible Assets | 15 |
| 2,164 | Assets Held for Sale | 1,964 |
| 56 | Loans to third parties | 45 |
| 1,136 | Short term Debtors - Private Finance Initiative | 1,381 |
| (280,400) | Revaluation Reserve | (286,266) |
| (204,537) | Capital Adjustment Account | (187,498) |
| 462,671 | Capital Financing Requirement at 31 March | 502,561 |

24. Commitments Under Capital Contracts

As at 31 March 2022 the Council was contractually committed to capital works on the following schemes:

| | £'000 |
|---|--------------|
| Borras Primary School - Extension and Refurbishment | 2,846 |
| | 2,846 |

NOTES TO THE ACCOUNTS

25. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions such as those relating to taxes and government grants, do not give rise to financial instruments.

a) Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised Cost (where cashflows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash in hand
- bank current and deposit accounts
- fixed term deposits with banks and building societies
- loans to other local authorities
- loans made for service purposes
- trade debtors for goods and services provided

Fair Value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- pooled bond, equity and property funds managed by fund managers held as strategic investments
- equity investments held for service purposes, and

Fair Value through profit and loss account (all other financial assets) comprising:

- money market funds managed by fund managers
- pooled bond, equity and property funds managed by fund managers

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

| | Note | Short-term | | Long-term | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | | 31/03/2021 £'000 | 31/03/2022 £'000 | 31/03/2021 £'000 | 31/03/2022 £'000 |
| Investments at amortised cost: | | | | | |
| Principal | | 15,500 | 8,940 | 0 | 0 |
| Accrued Interest | | 1 | 2 | 0 | 0 |
| Loss Allowance | | 0 | 0 | 0 | 0 |
| Total Investments | | 15,501 | 8,942 | 0 | 0 |
| Cash and Cash Equivalents at amortised cost: | | | | | |
| Principal | | 58 | 58 | 0 | 0 |
| Accrued Interest | | 0 | 0 | 0 | 0 |
| Loss Allowance | | 0 | 0 | 0 | 0 |
| Total Cash and Cash Equivalents | 25c | 58 | 58 | 0 | 0 |
| <i>Debtors at amortised cost:</i> | | | | | |
| Trade Debtors | | 18,323 | 15,438 | 0 | 0 |
| Accrued Interest | | 4 | 0 | 0 | 0 |
| Loss allowance | | (2,359) | (2,670) | 0 | 0 |
| Loans made for service purposes | | 8 | 8 | 50 | 39 |
| Included in Debtors ** | 26 | 15,976 | 12,776 | 50 | 39 |
| Total Financial Assets | | 31,535 | 21,776 | 50 | 39 |

** The Debtors balance in note 26 to the Notes to the Accounts includes £54,942k (£36,207k 2020/21) short-term and £356k (£225k 2020/21) long-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

b) Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board (PWL) and commercial lenders
- short term loans from other local authorities
- Government Bodies Invest to Save initiatives

NOTE TO THE ACCOUNTS

25. Financial Instruments cont'd

- overdraft with the bank
- finance leases
- Private Finance Initiative contracts
- trade creditors for goods and services received

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

| | Note | Short-term | | Long-term | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | | 31/03/2021 £'000 | 31/03/2022 £'000 | 31/03/2021 £'000 | 31/03/2022 £'000 |
| Loans at amortised cost: | | | | | |
| PWLB | | | | | |
| Principal sum borrowed | | (6,681) | (6,262) | (318,178) | (311,916) |
| Accrued Interest | | (2,679) | (2,622) | 0 | 0 |
| Market | | | | | |
| Principal sum borrowed | | 0 | 0 | (23,800) | (23,800) |
| Accrued Interest | | (150) | (150) | (735) | (720) |
| Effective Interest Rate Adjustment: | | 0 | 0 | 4,139 | 4,093 |
| Government Bodies | | | | | |
| Principal sum borrowed | | (443) | (500) | (1,683) | (1,289) |
| Accrued Interest | | 0 | 0 | 0 | 0 |
| Effective Interest Rate Adjustment | | 49 | 42 | 122 | 86 |
| Bonds & Other Local Authorities | | | | | |
| Principal sum borrowed | | (36,460) | (51,504) | 0 | 0 |
| Accrued Interest | | (32) | (29) | 0 | 0 |
| Total Borrowing | | (46,396) | (61,025) | (340,135) | (333,546) |
| Cash Overdrawn | 25c | (4,462) | (8,161) | 0 | 0 |
| Total Cash Overdrawn | | (4,462) | (8,161) | 0 | 0 |
| Liabilities at amortised cost: | | | | | |
| Finance Leases | 32 | 0 | 0 | (933) | (534) |
| Private Finance Initiative (PFI) | 31 | 0 | 0 | (24,021) | (23,297) |
| Total Other Long Term Liabilities | | 0 | 0 | (24,954) | (23,831) |
| Trade Creditors | 28 | (13,061) | (14,408) | (80) | (33) |
| Included as Creditors ** | | (13,061) | (14,408) | (80) | (33) |
| Total Financial Liabilities | | (63,919) | (83,594) | (365,169) | (357,410) |

The loans from Government Bodies are interest free and include sums from Welsh Government (WG) and Salix to finance various invest to save and carbon emission and energy use reduction projects. The loans are repayable over a period of 6 to 9 years.

** The Creditors lines on the Balance Sheet include £20,213k (£7,660k 2020/21) short-term and £10,437k (£9,846k 2020/21) long-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

c) Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

| | 31/03/2021 £'000 | 31/03/2022 £'000 |
|--------------------------------------|---------------------|---------------------|
| Cash in hand | 58 | 58 |
| Bank current accounts | (4,462) | (8,161) |
| Call accounts | 0 | 0 |
| Net Position on Balance Sheet | (4,404) | (8,103) |

NOTES TO THE ACCOUNTS

25. Financial Instruments cont'd

d) Financial Instruments - Gains and Losses

The gains and losses in the CI&ES in relation to financial instruments are as follows:

| Total 2020/21 £'000 | | Financial Liabilities at amortised cost | | Financial Assets at amortised cost | | Total 2021/22 £'000 |
|---------------------------|---|--|------------------|---------------------------------------|--|---------------------------|
| | | Note | 2021/22 £'000 | 2021/22 £'000 | | |
| 18,207 | Interest Expense | | 17,914 | 0 | | 17,914 |
| 392 | Impairment losses | | 0 | 477 | | 477 |
| 19 | Fees paid | | 25 | 0 | | 25 |
| 18,618 | Interest Payable & similar charges | 9 | 17,939 | 477 | | 18,416 |
| (27) | Interest Income | | 0 | (19) | | (19) |
| (27) | Interest and Investment Income | 9 | 0 | (19) | | (19) |

e) Financial Instruments - Fair Value

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2022 using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

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

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

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

| | Fair Value Level | Balance Sheet Value | | Fair Value | |
|---|---------------------|------------------------|---------------------|---------------------|---------------------|
| | | 31/03/2021 £'000 | 31/03/2022 £'000 | 31/03/2021 £'000 | 31/03/2022 £'000 |
| Financial Liabilities held at amortised cost: | | | | | |
| Long term loans from PWLB | 2 | (327,538) | (320,799) | (433,001) | (379,830) |
| Long term LOBO loans | 2 | (11,982) | (12,014) | (24,570) | (22,013) |
| Other Long term loans | 2 | (8,564) | (8,564) | (13,677) | (11,897) |
| Loans from Government Bodies | 2 | (1,955) | (1,661) | (2,095) | (1,702) |
| PFI Liabilities | 2 | (24,021) | (23,297) | (48,069) | (41,599) |
| Finance Lease Liabilities | 2 | (933) | (534) | (961) | (528) |
| Total | | (374,993) | (366,869) | (522,373) | (457,569) |

Liabilities for which fair value is not disclosed *

| | | |
|----------------------|-----------------|-----------------|
| Short-term borrowing | (36,492) | (51,533) |
| Cash Overdrawn | (4,462) | (8,161) |
| Trade Creditors | (13,141) | (14,441) |
| Total | (54,095) | (74,135) |

* The fair value of short-term financial liabilities including trade creditors is assumed to approximate to the carrying amount.

The fair value of financial loans held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance sheet date. The fair value of the PFI arrangement is greater than the carrying amount because the pre-construction interest rate included in the contract reflects the risks associated with construction. This is higher than the rate used to calculate the fair value which represents the current interest rates available to the Council.

NOTES TO THE ACCOUNTS

25. Financial Instruments cont'd

Financial Assets held at fair value:

| | Balance Sheet Value | |
|--|---------------------|---------------------|
| | 31/03/2021 £'000 | 31/03/2022 £'000 |
| Assets for which fair value is not disclosed * | | |
| Short-term investments | 15,501 | 8,942 |
| Loans made for service purposes | 58 | 47 |
| Trade Debtors | 15,968 | 12,768 |
| Cash and Cash Equivalents | 58 | 58 |
| Total | 31,585 | 21,815 |

* The fair value of short-term financial assets including trade debtors is assumed to approximate to the carrying amount.

f) Financial Instruments - 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 of financial loss to the Council as a result of changes in such measures as interest rate movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Treasury Management team in conjunction with appointed Treasury Management advisors, under policies approved by the Council in the Treasury Management Strategy and Annual Investment Strategy. The strategy provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Council manages credit risk by ensuring that investments are placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with minimum long-term credit rating of A-, the UK Government, other local authorities and organisations without credit ratings upon which the Council has received independent advice.

Credit Risk: Treasury Investments

The Council's 2021/22 policy was to not lend more than £3 million to one institution (other than the UK government and other LAs) and no more than £10m to be invested for a period longer than one year. The Council has no historical experience of counterparty default. The table below summarises the credit risk exposures of the Council's investment portfolio by credit rating and remaining time to maturity as at 31 March 2022:

| | Fitch Credit Rating | Maturity of Investment | | Total £'000 |
|--|------------------------|------------------------|----------------------|----------------|
| | | 0-3 Months £'000 | 3-12 Months £'000 | |
| UK - Government Debt Management Office | AA- | 8,940 | 0 | 8,940 |
| Total Investments (Principal) | | 8,940 | 0 | 8,940 |

The above table shows that the deposits outstanding as at 31 March 2022 met the Council's credit rating criteria.

At 31 March 2022 there was no loss allowance related to treasury investments as the sole counterparty is central government.

Credit Risk: Trade Debtors

The following analysis summarises the Council's trade debtors (excluding HRA arrears), by due date. Only those debts which meet the definition of a financial asset are included:

| | 31/03/2021 £'000 | 31/03/2022 £'000 |
|---------------------------------|---------------------|---------------------|
| Neither past due nor impaired * | 11,334 | 8,886 |
| Past due < 3 months | 2,848 | 2,793 |
| Past due < 3 - 6 months | 1,062 | 1,063 |
| Past due < 6 - 12 months | 304 | 305 |
| Past 12 months | 131 | 131 |
| | 4,345 | 4,292 |

Loss allowance on trade debtors have been calculated by reference to the Council's historic experience of default. Debtors are determined to have suffered an increase in credit risk if they are 30 or more days past due. They are determined to be credit-impaired where they are 12 months or more past due. Loss allowance for HRA is calculated by reference to the value of Current Tenant arrears on a banded basis and the historic experience of arrears recovery for these values. Loss Allowance for Former Tenants is based on 95% of arrears.

NOTES TO THE ACCOUNTS

25. Financial Instruments cont'd

Debtors are collectively assessed for credit risk in the following groupings:

| | Range of Allowances set | Gross Receivable £'000 | Loss Allowance £'000 | Net Receivable £'000 |
|------------------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| HRA Tenants | 0% - 95% | 2,561 | (1,903) | 658 |
| General Fund Housing Tenants | 100% | 243 | (243) | 0 |
| Other | 0% - 100% | 4,291 | (530) | 3,761 |
| | | 7,095 | (2,676) | 4,419 |

The Council's write-off policy is outlined in the Council's Financial Procedure Rules and can be accessed by the following link:

<https://www.wrexham.gov.uk/services/key-council-documents/constitution>

Liquidity risk

As the Council has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council's strategy is to ensure that loans do not mature at an inopportune time and this is achieved through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of the Council's borrowing (excluding bonds and temporary loans) is as follows:

| | £'000 |
|---------------------------------|----------------|
| Less than one year | 22,062 |
| Between one and two years | 7,500 |
| Between two and five years | 33,805 |
| Between five and ten years | 39,064 |
| Between ten and twenty years | 161,342 |
| Between twenty and thirty years | 40,340 |
| Between thirty and forty years | 39,654 |
| More than forty years | 0 |
| | 343,767 |

The Council has £15.3m of "Lenders option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and these loans are therefore shown in the table as maturing on the next option date.

Interest rate risk - The Council is exposed to risks arising from movements in interest rates. The Council's Treasury Management Strategy aims to mitigate these risks by paying due regard to the previous set limit of 30% of total debt being exposed to variable interest rates. As at 31 March 2022, 100% of the Council's debt portfolio was held in fixed rate instruments.

If interest rates had been 1% higher, with all other variables held constant the financial effect would be:

| | £'000 |
|--|-------------|
| Increase in interest payable on variable rate borrowings | 0 |
| Increase in interest receivable on variable rate investments | (79) |
| Increase in Government grant receivable for financing costs | 0 |
| Impact on the CI&ES | (79) |
| Share of overall impact debited/credited to the HRA | 0 |
| Decrease in fair value of fixed interest rate investment assets | 0 |
| Decrease in fair value of fixed rate borrowings liabilities (No impact on the CI&ES) | 43,732 |

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

Price risk

The Council does not generally invest in equity shares.

Foreign Exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

NOTES TO THE ACCOUNTS

26. Debtors

| | Short-term | | Long-term | |
|--------------------------------------|---------------|---------------|------------|------------|
| | 31/03/2021 | 31/03/2022 | 31/03/2021 | 31/03/2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Central government bodies | 28,220 | 44,598 | 0 | 0 |
| Other local authorities | 5,976 | 4,542 | 0 | 0 |
| NHS bodies | 3,774 | 2,762 | 0 | 0 |
| Loans to third parties and mortgages | 8 | 8 | 50 | 39 |
| Other | 14,205 | 15,808 | 225 | 356 |
| | 52,183 | 67,718 | 275 | 395 |

The above debtors' figures are net of impairment losses and are also analysed as follows:

| | | | | |
|-----------------------------------|---------------|---------------|------------|------------|
| Trade Debtors / Third Party Loans | 15,976 | 12,776 | 50 | 39 |
| Prepayments | 4,522 | 4,005 | 225 | 356 |
| Other | 31,685 | 50,937 | 0 | 0 |
| | 52,183 | 67,718 | 275 | 395 |

Loans to third parties include a loan to a commercial body which was to part fund the development of a hotel on Wrexham Technology park (£34k) and two loans to voluntary bodies (£3k).

27. Debtors for Council Tax

The past due but not impaired amount for council tax can be analysed as follows:

| | 31/03/2021 | 31/03/2022 |
|-------------------------|--------------|---------------|
| | £'000 | £'000 |
| Debts of 0 -12 months | 3,376 | 4,181 |
| Debts of over 12 months | 4,492 | 6,091 |
| | 7,868 | 10,272 |

28. Creditors

| | Short-term | | Long-term | |
|--------------------------------|-----------------|-----------------|----------------|-----------------|
| | 31/03/2021 | 31/03/2022 | 31/03/2021 | 31/03/2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Central government bodies | (3,823) | (5,941) | (5,968) | (6,323) |
| Other local authorities | (1,193) | (1,398) | 0 | 0 |
| NHS bodies | (1,065) | (779) | 0 | 0 |
| Other entities and individuals | (14,640) | (26,503) | (3,958) | (4,147) |
| | (20,721) | (34,621) | (9,926) | (10,470) |
| Trade Creditors | (13,061) | (14,408) | (80) | (33) |
| Other | (7,660) | (20,213) | (9,846) | (10,437) |
| | (20,721) | (34,621) | (9,926) | (10,470) |

29. Contingent Liabilities / Assets

a) Municipal Mutual Insurance Ltd (MMI) was the predominant insurer of public sector bodies prior to it ceasing to write insurance business from September 1992. In order to ensure an orderly run-off, a scheme of arrangement ("the Scheme") with its Creditors was put in place. The former authorities of Wrexham Maelor Borough Council (WMBC) and Clwyd County Council (CCC) are creditors of MMI and are legally bound by the Scheme of Arrangement. The scheme allows new claims to be made against MMI and outstanding claims with MMI to be settled.

The directors of MMI triggered the Scheme on 13 November 2012 and imposed an initial levy of 15%. On 16 March 2016 the levy was increased to 25%. The Council has recognised a provision for 25% of the outstanding claims as at 31 March 2022 in respect of WMBC and CCC (see note 30 Notes to the Accounts).

Although no further changes to the payment percentage and the levy rate are currently anticipated the projection of future claims is uncertain because of the nature of the claims that MMI is still receiving. A further levy of 10% would equate to approximately £376k.

NOTES TO THE ACCOUNTS

30. Provisions

| | Current | | | | Non Current | |
|---|---------------------------------|--|--------------------------------|---|-----------------------------|--------------------------------|
| | Insurance Provision £'000 | MMI Insurance Provision £'000 | Landfill Provision £'000 | Benefits Subsidy Provision £'000 | Total Provision £'000 | Landfill Provision £'000 |
| Balance at 1 April 2021 | (648) | (79) | (65) | (287) | (1,079) | (2,201) |
| Reduction in / (Additional) provisions made in 2021/22 | (740) | 47 | (34) | 287 | (440) | 34 |
| Amounts used in 2021/22 | 260 | 5 | 40 | 0 | 305 | 0 |
| Balance at 31 March 2022 | (1,128) | (27) | (59) | 0 | (1,214) | (2,167) |

The Council has made provision for anticipated expenditure as follows:

Insurance Provision - this is to meet anticipated excesses on claims.

MMI Insurance Provision - this is to meet 25% of the value of total claims payments exceeding £50k and estimated claims outstanding at 31 March 2022 in respect of the former Wrexham Maelor Borough Council and Clwyd County Council.

Landfill Provision - the Landfill Directive (article 10) requires landfill sites to be monitored for a period of at least thirty years after closure and Natural Resources Wales requires costs to be calculated for sixty years after closure.

Benefit Subsidy Provision - this is to meet any potential repayment of grant to the Department of Work and Pensions (DWP) due to a number of issues arising from the audit of previous years claims. The DWP has confirmed that there is no further repayment to be made.

31. Private Finance Initiatives and Similar Contracts (PFI)

The Council entered into a waste disposal PFI scheme with a company called FCC Environment on 1 April 2009. Phase I facilities were operational by September 2009. On 28 March 2013 the Council entered into a new agreement with FCC, known as Wrexham Eco Park Phase II, which is based on a Mechanical Biological Treatment technology solution, treating a combination of residual waste, Household Waste Recycling Centre arisings, bulky and fly tipped waste and street sweepings. Phase II became operational in July 2015. The agreement with FCC Environment runs until 2038. The value of the assets held under the agreement are included in Property, Plant & Equipment based on costings in the operators financial model and are as follows:

| | Vehicles, Plant | | |
|-------------------------------|------------------------------|-----------------------------------|----------------|
| | Land & Buildings £'000 | Furniture & Equipment £'000 | Total £'000 |
| Value at 1 April 2021 | 17,131 | 8,421 | 25,552 |
| Additions | 5 | 145 | 150 |
| Revaluations / Impairment | 0 | 0 | 0 |
| Depreciation | (901) | (700) | (1,601) |
| Derecognition / Disposals | 0 | 0 | 0 |
| Value at 31 March 2022 | 16,235 | 7,866 | 24,101 |

NOTES TO THE ACCOUNTS

31. Private Finance Initiatives and Similar Contracts (PFI) Cont'd

The details of the payments due to be made during the life of the scheme are as follows:

| | Fair Value of Service Charge £'000 | Interest & Contingent Rents £'000 | Repayment of Liability £'000 | Total Unitary Payment £'000 |
|--------------------------------|---|--|------------------------------------|--------------------------------------|
| within one year | 11,297 | 3,345 | 1,136 | 15,778 |
| within two to five years | 50,449 | 13,952 | 3,680 | 68,081 |
| within six to ten years | 70,879 | 20,115 | 8,512 | 99,506 |
| within eleven to fifteen years | 68,173 | 24,219 | 7,781 | 100,173 |
| within sixteen to twenty years | 12,944 | 4,449 | 2,188 | 19,581 |
| | 213,742 | 66,080 | 23,297 | 303,119 |

The service charge includes lifecycle replacement costs as included in the operators financial model. The payments for the forthcoming financial year have been estimated using a weighted average of the various indices stipulated in the contract. The rates used for 2022/23 are based on the increases at 1 January 2022 for RPI 7.84%, RPIx 8.01%, Labour Index 8.84% and an increase of the Derv Index of 24.77%. For subsequent years inflation of 2.5% has been assumed for all indices as assumed in the operator's model.

The liability outstanding to the contractor for capital expenditure incurred is as follows:

| | 2020/21 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| Balance Outstanding at 1 April | (24,698) | (24,021) |
| Payments during the year | 1000 | 1,118 |
| Capital Expenditure incurred in the year | (814) | (150) |
| Other Movements | 491 | (244) |
| Balance Outstanding at 31 March | (24,021) | (23,297) |

32. Leases

Finance Leases

Assets acquired under finance leases are carried as Vehicles, Plant, Furniture & Equipment in the Balance Sheet at the following net amounts:

| | 31/03/2021 £'000 | 31/03/2022 £'000 |
|--|---------------------|---------------------|
| Vehicles, Plant, Furniture & Equipment | 1,574 | 862 |
| | 1,574 | 862 |

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.

| | 31/03/2021 £'000 | 31/03/2022 £'000 |
|--|---------------------|---------------------|
| Finance lease liabilities (net present value of minimum lease payments): | | |
| - current | 384 | 270 |
| - non current | 549 | 264 |
| Finance costs payable in future years | 35 | 10 |
| Minimum lease payments | 968 | 544 |

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

| | Minimum Lease Payments | | Finance Lease Liabilities | |
|---|------------------------|---------------------|---------------------------|---------------------|
| | 31/03/2021 £'000 | 31/03/2022 £'000 | 31/03/2021 £'000 | 31/03/2022 £'000 |
| Not later than one year | 409 | 280 | 384 | 270 |
| Later than one year and not later than five years | 559 | 264 | 549 | 264 |
| Later than five years | 0 | 0 | 0 | 0 |
| | 968 | 544 | 933 | 534 |

NOTES TO THE ACCOUNTS

32. Leases cont'd

Operating Leases

The Council leases land & buildings, vehicles, furniture and equipment under the terms of an operating lease. The future minimum lease payments due under non-cancellable leases in future years are:

| 31/03/2021 £'000 | | Vehicles, Furniture & Equipment 31/03/2022 £'000 | Land & Buildings 31/03/2022 £'000 | Total 31/03/2022 £'000 |
|---------------------|---|---|--|------------------------------|
| 430 | Not later than one year | 355 | 250 | 605 |
| 448 | Later than one year and not later than five years | 138 | 19 | 157 |
| 28 | Later than five years | 0 | 36 | 36 |
| 906 | | 493 | 305 | 798 |

The expenditure charged to the CI&ES during the year in relation to these leases is shown below.

| Expenditure 2020/21 £'000 | | Expenditure 2021/22 £'000 |
|---------------------------------|--------------------------------|---------------------------------|
| 105 | Environment & Technical | 506 |
| 293 | Housing & Economy | 259 |
| 489 | Housing Revenue Account | 470 |
| 47 | Social Care | 6 |
| 57 | Education & Early Intervention | 15 |
| 12 | Schools | 179 |
| 55 | Governance & Customer Services | 3 |
| 11 | Finance & ICT | 2 |
| 1,069 | | 1,440 |

The Council also leases out land and buildings to third parties, under operating leases, for economic development purposes and agricultural estates. The future minimum lease payments receivable under non-cancellable leases in future years are:

| 31/03/2021 £'000 | | 31/03/2022 £'000 |
|---------------------|---|---------------------|
| 264 | Not later than one year | 947 |
| 819 | Later than one year and not later than five years | 1,722 |
| 548 | Later than five years | 508 |
| 1,631 | | 3,177 |

33. Transactions Relating to Post-employment Benefits

As part of the terms and conditions of employment of its officers and other employees, 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 (LGPS) administered by Flintshire County Council - 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 pension 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 are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

The Clwyd 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 Clwyd Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the panel.

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 and HRA the amounts required by statute as described in the accounting policies note.

The cost of post employment benefits are recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to be made against council tax is based on the employers' contributions payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

NOTES TO THE ACCOUNTS

33. Transactions Relating to Post-employment Benefits Cont'd

The following transactions have been made in the CI&ES and the Movement in Reserves Statement during the year:

| | Local Government Pension Scheme | | Discretionary Benefits Arrangements | |
|--|------------------------------------|-----------------|--|--------------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| | £'000 | £'000 | £'000 | £'000 |
| Comprehensive Income and Expenditure Statement | | | | |
| Cost of Services: | | | | |
| Current service cost | 25,110 | 33,298 | 0 | 0 |
| Past service costs * | 0 | 0 | 0 | 0 |
| (Gain) / Loss from curtailments | 776 | 349 | 0 | 0 |
| Other Operating Income and Expenditure: | | | | |
| Administrative expenses | 633 | 661 | 0 | 0 |
| Financing and Investment Income and Expenditure: | | | | |
| Net Interest expense | 7,117 | 6,737 | 580 | 513 |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 33,636 | 41,045 | 580 | 513 |
| Other Post Employment Benefit Charged to CI&ES: | | | | |
| Remeasurement of the net defined benefit liability comprising: | | | | |
| Return on plan assets (excluding the amount included in the net interest expense) | (114,884) | (75,724) | 0 | 0 |
| ▪ Actuarial gains and losses arising on changes in financial assumptions | 124,595 | (6,134) | 1,685 | (83) |
| Total Post Employment Benefit Charged to CI&ES | 43,347 | (40,813) | 2,265 | 430 |
| Movement in Reserves Statement | | | | |
| Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code | (33,636) | (41,045) | (580) | (513) |
| Actual amount charged against General Fund / HRA Balance for Pensions in year | | | | |
| Employers contributions payable to Clwyd Pension Fund scheme | 18,891 | 19,397 | | |
| Retirement benefit payable to pensioners | | | 2,045 | 1,958 |
| <i>* Post-retirement increases on Guaranteed Minimum Pension (GMP) benefits</i> | | | | |

34. 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 benefit plans is as follows:

| | Local Government Pension Scheme | | Discretionary Benefits Arrangements | |
|--|------------------------------------|----------------|--|---------------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| | £'000 | £'000 | £'000 | £'000 |
| Present value of the defined benefit obligation | 1,006,725 | 1,033,966 | 25,421 | 23,893 |
| Fair value of plan assets | (674,277) | (761,728) | 0 | 0 |
| | 332,448 | 272,238 | 25,421 | 23,893 |
| Other movements in the liability / (asset) | 0 | 0 | 0 | 0 |
| Net liability arising from defined benefit obligation | 332,448 | 272,238 | 25,421 | 23,893 |

The Balance Sheet also includes £118k which relates to the Council's share (12.5%) of the North Wales Economic Ambition Board pension fund liability.

NOTES TO THE ACCOUNTS

34. Pensions Assets and Liabilities Recognised in the Balance Sheet Cont'd

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

| | Local Government Pension Scheme | | Discretionary Benefits Arrangements | |
|--|------------------------------------|------------------|--|------------------|
| | 2020/21 £'000 | 2021/22 £'000 | 2020/21 £'000 | 2021/22 £'000 |
| Fair value of scheme assets at 1 April | 548,094 | 674,277 | 0 | 0 |
| Interest Income | 13,188 | 14,184 | 0 | 0 |
| Administrative Expenses | (633) | (661) | 0 | 0 |
| Remeasurement gain / (loss): | | | | |
| Return on plan assets | 114,884 | 75,724 | 0 | 0 |
| Contributions from employer | 18,891 | 19,397 | 2,045 | 1,958 |
| Contributions from employees into the scheme | 4,860 | 5,097 | | |
| Benefits paid | (25,007) | (26,290) | (2,045) | (1,958) |
| Fair value of scheme assets at 31 March | 674,277 | 761,728 | 0 | 0 |

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

| | Local Government Pension Scheme | | Unfunded Liabilities: Discretionary Benefits | |
|--|------------------------------------|------------------|---|------------------|
| | 2020/21 £'000 | 2021/22 £'000 | 2020/21 £'000 | 2021/22 £'000 |
| Balance at 1 April | 856,086 | 1,006,725 | 25,201 | 25,421 |
| Current Service Cost | 25,110 | 33,298 | 0 | 0 |
| Interest Cost | 20,305 | 20,921 | 580 | 513 |
| Contributions from scheme participants | 4,860 | 5,097 | 0 | 0 |
| Remeasurement gains and (losses): | | | | |
| ▪ Actuarial losses / (gains) arising on changes in financial assumptions | 124,595 | (6,134) | 1,685 | (83) |
| Past Service cost | 0 | 0 | 0 | 0 |
| Losses / (gains) on curtailment | 776 | 349 | 0 | 0 |
| Benefits paid | (25,007) | (26,290) | (2,045) | (1,958) |
| Balance at 31 March | 1,006,725 | 1,033,966 | 25,421 | 23,893 |

Local Government Pension Scheme assets comprised:

| | Fair Value of scheme assets | | Quoted |
|---------------------------|-----------------------------|------------------|--------|
| | 2020/21 £'000 | 2021/22 £'000 | |
| Cash and cash equivalents | 11,463 | 24,375 | Y |
| Equity instruments: | | | |
| ▪ Global quoted | 71,473 | 81,505 | Y |
| ▪ Emerging Markets | 71,473 | 68,556 | Y |
| | 142,946 | 150,061 | |
| Bonds: | | | |
| ▪ Overseas other | 77,542 | 76,173 | Y |
| ▪ LDI | 164,524 | 194,241 | Y |
| | 242,066 | 270,414 | |
| Property: | | | |
| ▪ UK | 33,714 | 38,086 | Y |
| ▪ Overseas | 6,743 | 7,617 | Y |
| | 40,457 | 45,703 | |
| Other Investment funds: | | | |
| ▪ Hedge Funds | 45,177 | 49,512 | Y |
| ▪ Private Equity | 68,102 | 80,743 | Y |
| ▪ Infrastructure | 31,691 | 36,563 | Y |
| ▪ Timber & Agriculture | 5,394 | 3,809 | Y |
| ▪ DGF | 71,473 | 84,552 | Y |
| ▪ Private Credit | 15,508 | 15,996 | Y |
| | 237,345 | 271,175 | |
| Total assets | 674,277 | 761,728 | |

NOTES TO THE ACCOUNTS

35. 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 estimated by Mercer's, an independent firm of actuaries, estimates for the Clwyd Pension Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

| | Local Government Pension Scheme | | Unfunded Liabilities: Discretionary Benefits | |
|---|--|---------|---|---------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| Mortality assumptions: | | | | |
| Longevity at 65 for current pensioners: | | | | |
| ▪ Men | 22.6 | 22.5 | 22.6 | 22.5 |
| ▪ Women | 25 | 24.9 | 25 | 24.9 |
| Longevity at 65 for future pensioners: | | | | |
| ▪ Men | 24.2 | 24.0 | | |
| ▪ Women | 27 | 26.9 | | |
| Rate of Inflation | 2.70% | 3.40% | 2.70% | 3.50% |
| Rate of Increase in salaries | 3.95% | 4.65% | | |
| Rate of increase in pensions | 2.80% | 3.50% | 2.80% | 3.60% |
| Rate for discounting scheme liabilities | 2.10% | 2.80% | 2.10% | 2.80% |

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

Impact on the Defined Benefit Obligation in the Scheme

| | Increase in Assumption | Decrease in Assumption |
|--|---------------------------|---------------------------|
| | £'000 | £'000 |
| Longevity (increase or decrease in one year) | 31,714 | (31,714) |
| Rate of inflation (increase or decrease by 0.1%) | 17,735 | (17,735) |
| Rate of increase in salaries (increase or decrease by 0.1%) | (4,183) | 4,183 |
| Rate of increase in pensions (increase or decrease by 0.1%) | 17,735 | (17,735) |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | (17,443) | 17,443 |

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 Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over a period of 11 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 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 other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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 anticipates £21.1m of expected contributions payable to the scheme in 2022/23. The weighted average of the defined benefit obligation for scheme members is 17 years (17 years 2020/21).

36. Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pension. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. In 2021/22, the Council paid £11m to Capita Teachers' Pensions in respect of teachers' retirement benefits representing 23.7% of pensionable pay. There were no contributions remaining payable at 31 March 2022.

The Teachers' Pension Scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by the Council. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees for the purpose of this Statement of Accounts and is therefore accounted for on the basis as a defined contribution scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' scheme. These benefits are fully accrued in the pensions liability.

NOTES TO THE ACCOUNTS

37. Revaluation Reserve

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

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

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

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 301,886 | Balance at 1 April | 280,400 |
| 14,331 | Upward Revaluation of assets | 13,535 |
| (31,921) | Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services | (3,301) |
| (17,590) | Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services | 10,234 |
| (3,863) | Difference between fair value and historical cost depreciation | (3,949) |
| (33) | Accumulated gains on assets sold or scrapped | (419) |
| (3,896) | Amount written off to the Capital Adjustment Account | (4,368) |
| 280,400 | Balance at 31 March | 286,266 |

38. 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 CI&ES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with 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 & Equipment before 1 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.

| 2020/21 £'000 | | 2021/22 £'000 | 2021/22 £'000 |
|------------------|---|------------------|------------------|
| 375,599 | Balance at 1 April | | 204,537 |
| | Reversal of items relating to capital expenditure debited or credited to the CI&ES: | | |
| (236,858) | - charges for depreciation, impairment and revaluation losses of non current assets | (63,810) | |
| (14) | - amortisation of intangible assets | (15) | |
| 0 | - income in relation to donated assets | 0 | |
| (237) | - revenue expenditure funded from capital under statute | (338) | |
| (1,012) | - amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES | (2,129) | |
| (238,121) | | | (66,292) |
| (12) | Transfers to / from Capital Receipts Reserve | (12) | |
| 3,896 | Adjusting amounts written out of the Revaluation Reserve | 4,368 | |
| 3,884 | Net written out amount of the cost of non current assets consumed in the year | | 4,356 |
| | Capital financing applied in the year: | | |
| 17 | - use of the Capital Receipts Reserve to finance new capital expenditure | 0 | |
| 43,775 | - capital grants and contributions credited to the CI&ES that have been applied to capital financing | 24,131 | |
| 47 | - application of grants to capital financing from the Capital Grants Unapplied Account | 285 | |
| 16,973 | - statutory provision for the financing of capital investment charged against the General Fund and HRA balances | 17,463 | |
| 2,363 | - capital expenditure charged against the General Fund and HRA balances | 3,018 | |
| 63,175 | | | 44,897 |
| 204,537 | Balance at 31 March | | 187,498 |

NOTES TO THE ACCOUNTS

39. 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 CI&ES 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.

| 2020/21 Wrexham £'000 | | Wrexham £'000 | 2021/22 NWEAB £'000 | TOTAL £'000 |
|-----------------------------|--|------------------|---------------------------|------------------|
| (333,193) | Balance at 1 April | (357,869) | (111) | (357,980) |
| (11,396) | Remeasurement of the net defined benefit asset / (liability) | 81,941 | 25 | 81,966 |
| (34,216) | Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the CI&ES | (41,558) | (52) | (41,610) |
| 20,936 | Employer's pensions contributions and direct payments to pensioners payable in the year | 21,355 | 20 | 21,375 |
| (357,869) | Balance at 31 March | (296,131) | (118) | (296,249) |

The Balance Sheet also includes £118k which relates to the Council's share (12.5%) of the North Wales Economic Ambition Board pensions reserve.

40. 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, eg. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| (1,909) | Balance at 1 April | (1,785) |
| 124 | Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (410) * |
| (1,785) | Balance at 31 March | (2,195) |

* includes £5k which relates to the Council's share (12.5%) of the North Wales Economic Ambition Board

41. Cash Flow Statement - Adjustment to net surplus / deficit on the provision of services for non-cash movements:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| (236,858) | Depreciation, impairment and revaluation losses of non-current assets | (63,810) |
| (14) | Amortisation of intangible assets | (15) |
| (167) | Increase / (Decrease) in inventories | 204 |
| 10,640 | Increase in debtors and current intangible assets | 9,704 |
| (3,866) | Decrease / (Increase) in creditors | (17,444) |
| (13,280) | Transfer from / (to) pensions reserve | (20,321) |
| 73 | Transfer from / (to) provisions | (101) |
| (13) | Amortisation of borrowing / long term debtors | (87) |
| (1,012) | Carrying amount of non-current assets held for sale, sold or derecognised | (2,129) |
| (244,497) | | (93,999) |

42. Cash Flow Statement - Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 1,006 | Proceeds from sale of non current assets | 1,085 |
| 45,567 | Capital Grants and Contributions credited to income and expenditure | 26,438 |
| (237) | Revenue Expenditure funded from capital under statute | (338) |
| 46,336 | | 27,185 |

NOTES TO THE ACCOUNTS

43. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|-------------------|------------------|
| (24) | Interest received | (16) |
| 18,236 | Interest paid | 17,900 |

44. Cash Flow Statement - Investing Activities

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 60,456 | Purchase of property, plant, equipment, investment property and intangible assets | 84,003 |
| 15,500 | Purchase of short-term and long-term investments | 8,940 |
| 3,838 | Other payments for investing activities | 4,469 |
| (1,006) | Proceeds from sale of property, plant, equipment, investment property and intangible assets | (1,085) |
| (17,000) | Proceeds from short-term and long-term investments | (15,500) |
| (53,078) | Other receipts from investing activities | (27,962) |
| 8,710 | Net cash flows from investing activities | 52,865 |

45. Cash Flow Statement - Financing Activities

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| (50,935) | Cash receipts of short-term and long-term borrowing | (80,349) |
| 0 | Other receipts from financing activities | 0 |
| 1,728 | Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts | 1,518 |
| 66,714 | Repayments of short-term and long-term borrowing | 72,323 |
| 3,420 | Other payments for financing activities | 54 |
| 20,927 | Net cash flows from financing activities | (6,454) |

46. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Officer Finance & ICT on 31 May 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this.

NOTES TO THE ACCOUNTS

47. Accounting Policies

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) (Amendment) Regulations 2018 which require the accounts to be prepared in accordance with the proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

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

1. ACCRUALS OF INCOME AND EXPENDITURE

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

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

2. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

3. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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.

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

4. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

- depreciation attributable to the assets used by the relevant service.

NOTES TO THE ACCOUNTS

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

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

5. EMPLOYEE BENEFITS

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable, as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits. The benefits are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund / HRA balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Council employees are members of two separate pension schemes:

- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions
- the Local Government Pension Scheme, administered by Flintshire County Council

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it is a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Schools, Education & Early Intervention lines in the CI&ES are charged with the employer's contributions payable to the Teachers' Pensions in the year.

The Local Government Pension Scheme

All other staff are entitled to become members of the Local Government Pension Scheme (Clwyd Pension Fund), which is administered by Flintshire County Council. The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Clwyd Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees.

NOTES TO THE ACCOUNTS

- Liabilities are discounted to their value at current prices, using a discount rate based on the market yields at the reporting date on high quality corporate bonds.
- The assets of the Clwyd Pension Fund attributable to the Council are included in the Balance Sheet at their fair value, as determined by the Fund's actuary:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into the following components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CI&ES to the services for which the employees worked.
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CI&ES as part of the Corporate & Central segment.
 - net interest on the net defined liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CI&ES – this is calculated by applying the discount rate used to measure the defined obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.
 - remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - contributions paid to the Clwyd Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

6. EVENTS AFTER THE BALANCE SHEET DATE

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

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

NOTES TO THE ACCOUNTS

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

7. FINANCIAL INSTRUMENTS

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

NOTES TO THE ACCOUNTS

Expected Credit Loss Model

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

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

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

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

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

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

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

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

8. FOREIGN CURRENCY TRANSACTIONS

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

9. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

- the Council will comply with the conditions attached to the payment, and
- the grants and contributions will be received

Amounts recognised as due to the Council are not credited to the CI&ES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CI&ES.

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

NOTES TO THE ACCOUNTS

10. HERITAGE ASSETS

The Council's Heritage Assets are held in the Wrexham County Borough Museum, at the Bersham Heritage Centre, archaeological sites in the County Borough and at the Guildhall in Wrexham. Heritage assets which are held in support of the primary objective of the Council's Heritage Service, i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant & Equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

a) Civic Regalia

The collection of civic regalia includes mayoral chains and badges and a mace. These items are reported in the Balance Sheet at insurance valuation by Bonhams of Chester in November 2012.

b) Museum Object Collection

Archaeology - The archaeological artefacts collection includes a small number of items. Two of which are reported in the Balance Sheet; the Llay Hoard of coins are valued at insurance valuation (reviewed on an annual basis) and the Rossett Hoard, purchased in 2003, is included at historical cost.

Social History - The social history collection aims to represent the daily life of the people of Wrexham County Borough. Themes covered by the collection include the home, religion, work life, sports and leisure pursuits, the stages of life, health, local clubs and societies. The collection includes a small number of items of antique silver and mayoral items and are reported in the Balance Sheet at cost or insurance valuation, the latest of which was provided by Bonhams of Chester in December 2012. These insurance valuations are reviewed on an annual basis.

Industrial and Economic History:

Clocks and Watches - These are reported in the Balance Sheet at insurance valuation, based on market values, the latest of which were provided by Bonhams of Chester in December 2012. These insurance valuations are reviewed on an annual basis.

Miscellaneous Objects - The collection includes an Edwardian numismatic cabinet and a Powell Brothers motorbike which have been valued at insurance valuation and reviewed annually.

Fine and Decorative Art - The art collection includes paintings, prints, etchings and works of art and is reported in the Balance Sheet at insurance valuation, based on market value, the latest of which was provided by Bonhams of Chester in December 2012.

Natural History - The museum currently holds a small collection of natural history objects in the form of preserved zoology and geology.

Military History - The medals collection is reported in the Balance Sheet at insurance valuation, based on market values, the latest of which was provided by Bonhams of Chester in December 2012. These insurance valuations are reviewed on an annual basis.

Welsh Football Collection - The football collection includes the John Charles collection and other Welsh football items. These are reported in the Balance Sheet at insurance valuation, based on market values, the latest of which was provided by Bonhams of Chester in December 2012.

c) Archaeological Sites

Sites include Bersham Colliery and Headgear, Minera Lead Mines, Holt Castle, Sections of Offa's Dyke at Wrexham Crematorium and Ruabon High School and of Watt's Dyke at Watt's Dyke School, Garden Village and Wrexham Cemetery.

NOTES TO THE ACCOUNTS

d) Statuary and Monuments

In the opinion of the Council, statuary and monuments cannot be valued because of their diverse and often unique nature. With the exception of Y Bwa, which is recognised at historical cost, cost information is not available and conventional valuation approaches lack sufficient reliability.

e) Site of Special Scientific Interest (SSSI) – Stryt Las, Johnstown

In the opinion of the Council, the SSSI cannot be valued because of its unique nature. Cost information is not available and conventional valuation approaches lack sufficient reliability.

Heritage Assets – General

It is the Council's opinion that due to the indeterminate life of Heritage Assets and often significant residual values that the charging of depreciation would not be appropriate as it would be negligible and therefore not material. When Heritage Assets are acquired for the collection they are recognised at cost, donations being recognised at valuation; the valuations are provided by internal valuers where appropriate, or externally where the expertise is not held within the Council. Where considered apposite future valuations are carried out by external valuers with reference to commercial markets, or using the most relevant and recent information from sales and auctions. For other items in the collection, the Council considers that obtaining valuations would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage, or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note 19 on pages 54 to 56 in this summary of significant accounting policies. The Heritage Service will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of Property, Plant & Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 19 on pages 54 to 56 in this summary of significant accounting policies).

11. INTANGIBLE ASSETS

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund / HRA Balance. The gains and losses are therefore reversed out of the General Fund / HRA Balance in the Movement in Reserves Statement, and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Usable Capital Receipts Reserve.

12. INTEREST IN COMPANIES AND OTHER ENTITIES

The Council has interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities. The Council is therefore required to prepare Group accounts unless the overall impact on the Group accounts is not material. The Council reviews annually the extent to which other entities (over which the Council has a controlling interest) need to be consolidated into Group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

NOTES TO THE ACCOUNTS

13. LOCAL AUTHORITY SCHOOLS

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

14. INVENTORIES AND LONG TERM CONTRACTS

Stock and stores held at the year-end are recorded at cost price. This is a departure from the requirements of the Code which require stocks to be shown at the lower of cost and net realisable value. However, the amounts concerned are not considered material.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

15. INVESTMENT PROPERTY

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

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

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

16. JOINT OPERATIONS

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

17. LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

NOTES TO THE ACCOUNTS

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a) a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- b) a finance charge (debited to the Financing and Investment Income and Expenditure line in the CI&ES).

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

- a) a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- b) finance income (credited to the Finance and Investment Income and Expenditure line in the CI&ES).

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

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

NOTES TO THE ACCOUNTS

Operating Leases

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

18. OVERHEADS AND SUPPORT SERVICES

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

19. PROPERTY, PLANT & 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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the CI&ES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CI&ES, they are reversed out of the General Fund / HRA Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure and community assets – depreciated historical cost
- assets under construction – historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- school buildings – current value, due to their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

NOTES TO THE ACCOUNTS

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&ES where they arise from the reversal of a loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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

Depreciation

Depreciation is provided for on all Property, Plant & Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). An asset's useful life is reviewed as a part of the Council's cyclical revaluation process. For any Property, Plant & Equipment additions incurred during the financial year the depreciation charge commences the following year. In respect of any disposals made during the year depreciation ceases to be charged at the point the disposal takes place.

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, estimated to be 5 years for general vehicles, plant, furniture and equipment and 20 years for solar panels
- infrastructure – straight-line allocation over a period of 40 years.

Where an item of Property, Plant & Equipment has an estimated annual depreciation charge in excess of £100k and has major components then the components are depreciated on a separate basis if:

- a. the cost of the component is estimated to be greater than 20% of the total cost of the asset or
- b. the expected life of the component is significantly different (+/-25%), from the expected life of the main asset (or host), subject to a minimum of 10 years.

NOTES TO THE ACCOUNTS

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £10k are categorised as capital receipts. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated from the General Fund / HRA Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax / housing rents, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund / HRA Balance in the Movement in Reserves Statement.

20. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant & Equipment. The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Council's Waste Management scheme, the liability was written down by an initial capital contribution of £16.9m for Phase I which became operational during September 2009 and £16.3m for Phase II which became operational during July 2015.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amount payable to the PFI operator each year is analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the CI&ES
- finance cost – an interest charge of 12.6% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CI&ES
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CI&ES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

NOTES TO THE ACCOUNTS

21. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and, where it becomes likely that a payment will not be required, the provision is reversed and credited back to the relevant service. Where some, or all, of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

22. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes, or to cover contingencies. Reserves are created by transferring amounts out of the General Fund / HRA Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CI&ES. The reserve is then transferred back into the General Fund / HRA Balance in the Movement in Reserves Statement so that there is no net charge against council tax / HRA rents for the expenditure.

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

23. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CI&ES in the year. Where the Council has determined to meet the cost of the expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund / HRA Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax / HRA rents.

24. VALUE ADDED TAX (VAT)

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

NOTES TO THE ACCOUNTS

25. TAX INCOME (COUNCIL TAX AND NON DOMESTIC RATES (NDR))

The Council collects NDR on behalf of the Welsh Government and pays the money collected from local businesses into the Welsh Government National Pool. This is then re-distributed back to Councils on the basis of a fixed amount for every person living in their area. It is an agency arrangement and the transactions are accounted for as follows:

- a) NDR income is not the income of the Council and is not included in the CI&ES. However, the cost of collection allowance received by the Council is included as income in the CI&ES.
- b) NDR debtor and creditor balances with taxpayers and any impairment allowance for doubtful debts are not assets / liabilities of the Council and are not recognised in the Balance Sheet.
- c) The difference between the cash collected from NDR taxpayers and the amount paid into the NDR pool is included within financing activities in the Cash Flow Statement.

Council tax income net of the Council Tax Reduction Scheme expenditure is included in the CI&ES within the Taxation and Non Specific Grant Income line. Council Tax debtors and creditors and impairment allowance for doubtful debts are wholly included in the Balance Sheet.

26. FAIR VALUE MEASUREMENT

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's statement of accounts are categorised within the fair value hierarchy, as follows:

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

HRA INCOME AND EXPENDITURE STATEMENT

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

| 2020/21 £'000 | | Notes | 2021/22 £'000 | £'000 |
|------------------|---|-------|------------------|-----------------|
| | Expenditure | | | |
| 19,939 | Repairs and Maintenance | | 23,559 | |
| 5,490 | Supervision and Management | | 6,436 | |
| 2,285 | Special Services | | 2,631 | |
| 444 | Rent, rates, taxes and other charges | | 357 | |
| 216,657 | Depreciation, impairment and revaluation losses of non-current assets | 6 | 44,774 | |
| 76 | Debt management costs | | 89 | |
| 0 | Increase in Bad Debt Provision | 3 | 0 | |
| 0 | Sums Directed by the Welsh Government | 10 | 8,000 | |
| 244,891 | Total Expenditure | | | 85,846 |
| | Income | | | |
| (50,963) | Dwelling Rents | | (51,894) | |
| (915) | Non-dwelling rents | | (916) | |
| (2,295) | Charges for services and facilities | | (2,353) | |
| (3) | Other Income | | (4) | |
| (54,176) | Total Fees, Charges and Other HRA Service Income | | (55,167) | |
| (992) | Contribution towards expenditure | 8 | (1,436) | |
| (55,168) | Total Income | | | (56,603) |
| 189,723 | Net (Income) / Expenditure of HRA Services as included in the Comprehensive Income & Expenditure Statement (CI&ES) | | | 29,243 |
| 0 | HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services | | | 0 |
| 189,723 | Net (Income) / Expenditure of HRA services | | | 29,243 |
| | HRA share of the Operating Income and Expenditure included in the CI&ES | | | |
| 0 | Loss / (Gain) on sale of HRA non-current assets | | | 0 |
| 10,708 | Interest payable and similar charges | 3 | | 10,661 |
| (3) | Interest and investment income | | | (11) |
| 1,034 | Pensions net interest and administrative expenses | 7 | | 967 |
| (32,667) | Capital Grants and contributions receivable | 9 | | (9,107) |
| 168,795 | Deficit for the year on HRA services | | | 31,753 |

MOVEMENT ON THE HRA STATEMENT

| 2020/21 £'000 | | Notes | 2021/22 | |
|--|--|-------|---------------|---------------|
| | | | £'000 | £'000 |
| 5,030 | Balance on the HRA at 1 April | | | 10,029 |
| (168,795) | (Deficit) / Surplus for the year on the HRA Income & Expenditure Statement | | (31,753) | |
| 173,794 | Adjustments between accounting basis and funding basis under Statute | | 26,744 | |
| 4,999 | Net Increase / (Decrease) before transfers to or from reserves | | | (5,009) |
| 0 | Transfers (to) / from Earmarked Reserves | | | 0 |
| 4,999 | Increase / (Decrease) in year on the HRA | | | (5,009) |
| 10,029 | Balance on the HRA at 31 March | | | 5,020 |
| Adjustments between accounting basis and funding basis under Statute: | | | | |
| Adjustments primarily involving the Capital Adjustment Account: | | | | |
| Reversal of items debited or credited to the CI&ES: | | | | |
| 216,657 | Charges for depreciation, impairment and revaluation losses of non current assets | | 44,774 | |
| 5 | Revenue expenditure funded from capital under statute - Other | | 0 | |
| (32,667) | Capital grants and contributions applied | | (9,107) | |
| 989 | Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES | | 458 | |
| Insertion of items not debited or credited to the CI&ES: | | | | |
| (10,596) | Statutory provision for the financing of capital investment | | (10,985) | |
| (1,350) | Capital Expenditure funded from HRA balances | | (580) | |
| Adjustments primarily involving the Capital Receipts Reserve: | | | | |
| (989) | Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the HRA I&E Statement | | (458) | |
| 0 | Revenue Income defined as capital under statute | | 0 | |
| Adjustments involving the Financial Instruments Adjustment Account: | | | | |
| 0 | Amount by which finance costs charged to the HRA I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements | | 0 | |
| Adjustments involving the Pensions Reserve: | | | | |
| 4,213 | Reversal of items relating to retirement benefits debited or credited to the HRA I&E Statement - see note 7 | | 5,107 | |
| (2,408) | Employer's pension contributions payable in the year | | (2,475) | |
| Adjustments involving the Accumulated Absences Account: | | | | |
| (60) | Amount by which officer remuneration charged to the HRA I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | | 10 | |
| (42,863) | | | 26,744 | |

NOTES TO THE HRA STATEMENT

1. Housing Stock

The total housing stock of the County Borough was as follows:-

| As at 31/03/21 | | As at 31/03/22 |
|-------------------|-------------------------|-------------------|
| 6,852 | Houses | 6,851 |
| 1,052 | Bungalows | 1,054 |
| 2,480 | Flats | 2,488 |
| 659 | Warden Controlled Units | 658 |
| 11,043 | | 11,051 |

2. Rent Arrears

The total amount of rent arrears at 31 March 2022 was £2,504k. The corresponding figure for 31 March 2021 was £2,363k.

3. Impairment Allowance for Doubtful Debts

The Impairment Allowance for Doubtful Debts was increased by a charge to the I&E account of £212k in 2021/22 to give a balance at the year end of £1,903k (£1,634k, 31 March 2021). In accordance with IFRS 9, the Impairment Allowance for Doubtful Debts is disclosed as Impairment Losses within Interest Payable and Similar Charges in the HRA Income and Expenditure Statement and within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

4. Capital Financing Statement

A summary of total capital expenditure within the HRA during the year with the sources of funding.

| 2020/21 Total Capital Investment £'000 | | Council Dwellings £'000 | Vehicles, Plant & Equipment (Solar PV) £'000 | Other Land & Buildings, Assets under Construction £'000 | Revenue Expenditure funded from Capital under Statute £'000 | 2021/22 Total Capital Investment £'000 |
|--|--|-------------------------------|---|---|--|--|
| 44,193 | Expenditure in Year | 59,788 | 4 | 2,296 | 0 | 62,088 |
| (460) | Movement in Capital accrual | 672 | 0 | 30 | 0 | 702 |
| 43,733 | | 60,460 | 4 | 2,326 | 0 | 62,790 |
| | Financed by:- | | | | | |
| 7,539 | Major Repairs Allowance Grant | 7,521 | 0 | 0 | 0 | 7,521 |
| 25,128 | Other Capital Grants and Contributions | 1,570 | 0 | 16 | 0 | 1,586 |
| 1,350 | Capital Expenditure Charged to Revenue | 580 | 0 | 0 | 0 | 580 |
| 0 | Capital Receipts | 0 | 0 | 0 | 0 | 0 |
| 9,716 | Borrowing - Unsupported | 50,789 | 4 | 2,310 | 0 | 53,103 |
| 43,733 | | 60,460 | 4 | 2,326 | 0 | 62,790 |

The Major Repairs Allowance Grant received for the year was allocated in full with no balances being carried forward.

5. Capital Receipts Statement

A summary of total HRA capital receipts received during the year:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 980 | Sale of Council Houses | 458 |
| 9 | Sale of Council Houses - Discount Repaid | 0 |
| 0 | Mortgages Repayment | 0 |
| 0 | Sale of Land and Other Property | 0 |
| 989 | | 458 |

NOTES TO THE HRA STATEMENTS

6. Depreciation, amortisation, impairment and revaluation losses of non-current assets

| 2020/21 Total £'000 | | Depreciation £'000 | Impairment £'000 | Revaluation Losses £'000 | 2021/22 Total £'000 |
|---------------------------|-----------------------------|-----------------------|---------------------|--------------------------------|---------------------------|
| | Non-Current Assets | | | | |
| 215,116 | Dwellings | 7,822 | 32,933 | 1,615 | 42,370 |
| 978 | Other Land and Buildings | 1,599 | 247 | 11 | 1,857 |
| 563 | Vehicles, Plant & Equipment | 547 | 0 | 0 | 547 |
| 216,657 | | 9,968 | 33,180 | 1,626 | 44,774 |

A review of all HRA Capital Expenditure incurred during the year was undertaken to which the Impairment charged to the HRA Income and Expenditure Statement includes. As part of the Council's rolling programme of asset valuations, HRA Non-Current assets (Shops) were selected for review as at 1 April 2022. The Revaluation Losses charged to the HRA Income and Expenditure also include revaluation of New Build Council Dwellings on completion during the year.

The depreciation, amortisation, impairment and revaluation loss charges in respect of HRA non-current assets are not an actual charge against the HRA balance. They are reversed out in the Movement on the HRA Balance, with the depreciation charge being replaced with the HRA Minimum Revenue Provision (MRP) to meet credit liabilities, as required by the Local Authority (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018. The MRP is calculated by reference to the overall indebtedness of the HRA.

7. Transactions Relating to Retirement Benefits

The policy on accounting for pension costs has been applied to the HRA (see page 48).

The cost of post employment benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to be made on the HRA is based on the employers' contributions payable in the year, so the real cost of post employment benefits is reversed out in the Statement of Movement in the HRA Balance.

The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the HRA Balance during the year:

| Local Government Pension Scheme | | Discretionary Benefits Arrangements | |
|------------------------------------|------------------|--|------------------|
| 2020/21 £'000 | 2021/22 £'000 | 2020/21 £'000 | 2021/22 £'000 |

Comprehensive Income and Expenditure Statement

Cost of Services:

| | | | | |
|----------------------|-------|-------|---|---|
| Current service cost | 3,179 | 4,140 | 0 | 0 |
| Curtailed loss | 0 | 0 | 0 | 0 |

Other Operating Income and Expenditure:

| | | | | |
|-------------------------|----|----|---|---|
| Administrative Expenses | 80 | 82 | 0 | 0 |
|-------------------------|----|----|---|---|

Financing and Investment Income and Expenditure:

| | | | | |
|----------------------|-----|-----|----|---|
| Net Interest expense | 901 | 885 | 53 | 0 |
|----------------------|-----|-----|----|---|

| | | | | |
|---|--------------|--------------|-----------|----------|
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 4,160 | 5,107 | 53 | 0 |
|---|--------------|--------------|-----------|----------|

Movement in Reserves Statement

| | | | | |
|---|---------|---------|------|---|
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | (4,160) | (5,107) | (53) | 0 |
|---|---------|---------|------|---|

Actual amount charged against HRA Balance for Pensions in year:

| | | | | |
|--|-------|-------|-----|-----|
| Employers contributions payable to Clwyd Pension Fund scheme | 2,261 | 2,334 | | |
| Retirement benefit payable to pensioners | | | 147 | 141 |

8. Contribution towards expenditure

This relates to Housing Support Grant which is used to fund the Tenancy Support service (£796k) and the housing related support element of Sheltered Housing (£459k), Affordable Housing Grant received for the year (£168k) which is given as a revenue contribution towards the costs incurred in the development and maintenance of Affordable Council Housing and funding received with respect to the Safer Streets Project (£13k).

9. Capital Grants and Contributions

This includes the Major Repairs Allowance Grant (£7.521m), Covid-19 Homelessness and Housing Related Support Services Phase 2 Funding (£328k), Social Housing Grant (£315k), Housing Optimised Retrofit Programme Grant (£848k) and Larger Homes Fund (£95k) all provided by Welsh Government.

10. Sums Directed by the Welsh Government

This relates to the release of resources from 2021/22 onwards for investment in the Wrexham Gateway Project following displacement of capital funding in 2020/21.