



Wrexham County Borough Council

Statement of Accounts
for the financial year
ended 31 March 2020

M S Owen

Chief Officer Finance & ICT

This document is available in Welsh

CONTENTS

	PAGE
Narrative Report	1 - 6
Statement of Responsibilities for the Statement of Accounts	7
Expenditure and Funding Analysis and note	8 - 9
Financial Statements:	
Comprehensive Income and Expenditure Statement	10
Movement in Reserves Statement	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Accounts:	
1. Reclassification of comparative analysis of cost of services	14 -16
2. Accounting Standards that have been issued but have not yet been adopted	16
3. Critical Judgements in Applying Accounting Policies	16
4. Assumptions made about the future and other sources of estimation uncertainty	17
5. Events after the Reporting Period	17
6. Members' Allowances	17
7. Adjustments between Accounting Basis and Funding Basis Under Regulations	18 -19
8. Transfers to / (from) Earmarked Reserves	20
9. Other Operating Expenditure	21
10. Financing and Investment Income and Expenditure	21
11. Taxation and Non Specific Grant Income	21
12. Income and Expenditure analysed by nature	21
13. Segmental Income	21
14. Grant Income	22
15. Audit Costs	23
16. Agency Income and Expenditure and Other Funds Administered by the Council	23
17. Health Act pooled funds and similar arrangements	23
18. Officers' Remuneration	24 - 25
19. Council Tax	25
20. Non-Domestic Rates (NDR)	25
21. Property, Plant & Equipment	26 -27
22. Revaluations and Reclassifications	28
23. Construction Contracts	28
24. Commitments Under Capital Contracts	28
25. Capital Expenditure & Capital Financing Requirement	29
26. Assets Held for Sale	29
27. Financial Instruments	30 - 34
28. Debtors	35
29. Debtors for Council Tax	35
30. Creditors	35
31. Contingent Liabilities / Assets	35
32. Provisions	36
33. Joint Arrangements and Joint Committees	36
34. Private Finance Initiatives and Similar Contracts (PFI)	36 - 37
35. Leases	37 -38
36. Transactions Relating to Post-employment Benefits	38 - 39
37. Pensions Assets and Liabilities Recognised in the Balance Sheet	39 - 40
38. Basis for Estimating Assets and Liabilities	41
39. Defined Contribution Schemes	41
40. Revaluation Reserve	42
41. Capital Adjustment Account	42
42. Pensions Reserve	43
43. Cash Flow - Adjustment to net surplus / deficit on the provision of services	43
44. Cash Flow - Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	43
45. Cash Flow – Operating Activities	43
46. Cash Flow – Investing Activities	43
47. Cash Flow – Financing Activities	44
48. Related Parties	44
49. Accounting Policies	45 - 58
Housing Revenue Account and Notes	59 - 62
Independent Auditor's Report	63 - 65
Annual Governance Statement	

NARRATIVE REPORT

1. Introduction

1.1 This Narrative 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** which sets out the financial position of the Council at 31 March 2020;
- **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.

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 Council plan sets a vision and framework for a five year period, it is also updated in May each year with targets and actions for the next twelve months. In October each year the Council publishes its annual performance evaluation report – 'Focused On Our Performance'. This sets out the progress that the Council has made towards its objectives, whether this has had the desired impact and what outstanding issues remain. The 2018/19 report is available at <http://www.wrexham.gov.uk/assets/pdfs/councilplan/performance.pdf>

2.2 Due to the impact of the COVID 19 pandemic the Council is still in the process of updating year end data, however some highlights from Quarter 2 and previously reported annual figures are outlined below. Key performance information for 2019/20 which is currently available includes:

- **Economy theme:** Digital counters in the town centre are giving us a clearer understanding of footfall in the town centre. Across Wales footfall is declining at a rate of 3.2% per month. In the first quarter of 2019-20 footfall in Wrexham was 565,354 compared with 560,051 in quarter 2, a decrease of less than 1%;
- **People theme:** Latest educational attainment figures are for the academic year 2018-19, educational attainment at the Foundation Stage and Key Stage 2 is above the all Wales average in nearly all main indicators and at Key Stage 3 is above the Wales average for the first time in the Core Subject Indicator. Outcomes at Key Stage 4 in the Capped 9 indicator was 334.3 (2018-19); The data for academic year 2019-20 will clearly be affected by the closure of schools / cancellation of assessments as a result of the Covid pandemic; more people are visiting local authority sports and leisure facilities and participating in physical activity - improving from 8,154 per 1,000 population in 2017/18 to 10,241 per 1,000 population in 2018/19. So far data for 2019-20 has shown further increases with 10,909 per 1,000 population in Q1 and 11,061 per 1,000 population in Q2.
- **Place theme:** The percentage of Council homes meeting the Welsh Housing Quality Standard has continued to improve towards the target of 100% completion by December 2020; The percentage of municipal waste reused, recycled or composted showed a 1% increase at Quarter 2 on the same period last year.
- **Organisation theme:** The number of service requests using the Council's on-line digital platform has continued to increase with 9007 online service requests during the first half of the year.

NARRATIVE REPORT

3. Financial Performance

2019/20 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 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; mitigated by savings proposals to ensure a balanced budget can be achieved in the coming year.
- 3.2 The Council's MTFP for the period 2018/19 to 2020/21 highlighted the need for budget savings/cuts of approximately £11.3m to address the budget shortfall over the two year period 2019/20 to 2020/21, of which £3.7m related to the 2019/20 financial year, after identifying savings/cuts of £4.7m.
- 3.3 On 20 February 2019, following recommendation by the Executive Board, the Council approved a budget totalling £236.8m for the 2019/20 financial year. At that meeting the Council also approved an updated MTFP for the period 2019/20 to 2021/22 and the Treasury Management Strategy Statement and Investment Strategy for 2019/20. The Housing Revenue Account budget and both the Non HRA and HRA Capital Programmes were approved by the Executive Board on 12 February 2019.

Projected Level of Balances

- 3.4 One significant issue, both in relation to the MTFP and also the 2019/20 budget, was the assumption about the level of balances that the Council would require to address any unexpected spending pressures. These balances need to reflect spending experience and risks to which the Council might be exposed. At the 20 February 2019 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 2019/20.

Budget Monitoring

- 3.5 The Council has well established and robust 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. Revenue budget information, together with progress against planned savings is provided to all members bi monthly and considered by the Customer Performance, Governance and Resources Scrutiny Committee following six months of the year. The revenue budget information, together with the management of the risks identified as part of the budget setting process, is also reported to Council following six months of the year. 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.
- 3.6 The first monitoring report of the financial year to members highlighted a potential overspend for the Environment & Technical department of £0.56m due to increased transport related costs.

Revenue Outturn for 2019/20

- 3.7 The Council's 2019/20 revenue outturn position is shown in a table on page 4. Council Fund services (excluding HRA) spent £236,550k against a budget of £236,853k i.e. an underspend of £303k (line 2, column c). The net yield from council tax (line 3, column c) was as expected for the 2019/20 financial year, thus resulting in an overall Council Fund surplus of £303k. Schools underspent by £292k (line 1, column c). The overspend in Environment & Technical of £661k was primarily due to increased School Transport costs and shortfall in car park income. The overspend in Planning & Regulatory (£185k) was due to a shortfall in planning fees and the overspend in Social Care (£900k) was due to increased demand on Children's services. The underspend in Corporate & Central - Services of £1,376k was primarily due to lower Council Tax Reduction scheme (CTRS) and Pension Credit achieved through prepayment of the employers' contributions.
- 3.8 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 CTRS but excludes payments and council tax raised in respect of the Police and Crime Commissioner for North Wales and Community Councils precepts. Adjusting for the service, earmarked and grant reserves utilised by services during the year of £3,042k (line 2, column d) and the CTRS and Police and Community Council precepts of £7,405k (see column e) we arrive at the total expenditure and income chargeable to General Fund Balances (including Earmarked Reserves) of £246,997k (line 2, column f) and £244,258k (line 3, column f) respectively i.e. a reported overall deficit of £2,739k (line 4, column f).

NARRATIVE REPORT

- 3.9 The HRA is reported separately during the financial year and is consolidated as part of the production of the year-end accounts. HRA income exceeded expenditure by £6k (see line 5, column f) thus increasing HRA balances by £6k. The overall net expenditure (including the HRA) becomes £246,991k (line 6, column f), leaving an overall deficit of £2,733k (line 8, column f).

	2019/20	Budget £'000 a	Actual Outturn £'000 b	Variance £'000 c	Reserves Utilised In Year £'000 d	Adjust for Police & Community Precepts & CTRS £'000 e	Net Expenditure Chargeable to the General Fund and HRA Balances £'000 f=b+d+e
	Council Fund Services						
	Environment & Technical	32,686	33,347	661	634	0	33,981
	Planning & Regulatory	2,243	2,428	185	225	0	2,653
	Housing & Economy	6,262	6,303	41	488	0	6,791
	Social Care	57,310	58,210	900	940	0	59,150
	Education & Early Intervention	5,948	5,841	(107)	299	0	6,140
1	Schools	83,343	83,051	(292)	12	0	83,063
	Governance & Customer Services	3,427	3,339	(88)	(35)	0	3,304
	Finance & ICT	6,624	6,491	(133)	442	0	6,933
	Chief Executive's	3,124	2,943	(181)	(23)	0	2,920
	Repairs & Maintenance	2,155	2,151	(4)	0	0	2,151
	Corporate & Central - Services	18,568	17,192	(1,376)	55	(10,090)	7,157
	Net Service Expenditure	221,690	221,296	(394)	3,037	(10,090)	214,243
	Corporate & Central:						
	Other Operating Expenditure	7,016	7,016	0	0	17,495	24,511
	Financing & Investment Income & Expenditure	8,147	8,238	91	5	0	8,243
2	Total Council Fund Services Net Expenditure	236,853	236,550	(303)	3,042	7,405	246,997
	Financed by:						
	Government Grants	(175,252)	(175,252)	(0)	0	0	(175,252)
	Council Tax	(61,601)	(61,601)	0	0	(7,405)	(69,006)
3	Total Council Fund Income	(236,853)	(236,853)	0	0	(7,405)	(244,258)
4	Council Fund Reported (Surplus) / Deficit	(0)	(303)	(303)	3,042	0	2,739
	HRA						
	Expenditure	54,166	54,262	96	0	0	54,262
	Income	(54,169)	(54,268)	(99)	0	0	(54,268)
5	Net Expenditure Reported	(3)	(6)	(3)	0	0	(6)
6	Total Net Expenditure (including HRA)	236,850	236,544	(306)	3,042	7,405	246,991
7	Taxation and Non Specific Grant Income	(236,853)	(236,853)	0	0	(7,405)	(244,258)
8	Overall (Surplus) / Deficit	(3)	(309)	(306)	3,042	0	2,733

* 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 (£10,090k) and gross of community and police precepts (£17,495k) in the Comprehensive Income and Expenditure Account.

4. Financial Position at 31 March 2020

- 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 2020. Provisions are disclosed in note 32 Notes to the Accounts

NARRATIVE REPORT

- 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 11 and in note 8 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, which was £7.018m at the start of the financial year, totalled £7.027m at 31 March 2020 (see Movement in Reserves Statement on page 11).

5. Capital Investment

- 5.1 Capital investment (excluding capital accruals) in the year amounted to £79.1m. The following tables give an analysis of this expenditure and the way it was financed:

Where the capital money was spent	2019/20 £'000	%	Where the capital money came from	2019/20 £'000	%
School adaptations and improvements	4,760	6.02	Borrowing	50,715	64.14
Highway improvements	2,955	3.74	Capital Receipts	4,684	5.92
Economic Development and Planning	2,212	2.80	Grants, Contributions & Donations	18,321	23.17
Housing Renovation Grants/Renewal	1,899	2.40	Revenue	3,830	4.85
Council House improvements	61,399	77.65	Finance Leases	1,235	1.56
Other	4,325	5.47	PFI	284	0.36
Finance Leases	1,235	1.56			
PFI – Waste Disposal Facility	284	0.36			
Total	79,069	100	Total	79,069	100

- 5.2 School adaptations and improvements include expenditure of £1,774k for Gwersyllt Primary School and £554k for Ysgol Clywedog as part of the 21st Century Schools Band A programme. Economic Development and Planning includes expenditure of £750k for the Techniquet town centre relocation and included in Other is expenditure of £1,037k for improvements to the Materials Recovery Facility.

6. Borrowing

- 6.1 The Council's principal loan debt at 31 March 2020 was £400m. It is the Council's strategy to maintain the level of external borrowing in line with the Capital Financing Requirement. Three new Public Works Loan Board (PWLb) loans totalling £40m were 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 2019/20 Schools, Youth Clubs and the Waste Disposal PFI facility were revalued. The programme for future years is as follows:

2020/21 - Commercial Estates, Environmental and Leisure Properties and Council Dwellings
 2021/22 - Housing & Public Protection Assets, Public Offices and Agricultural Estates
 2022/23 – Markets, Shops and Social Care Properties

- 7.2 In addition to the rolling programme, an annual review is undertaken for impairment and significant changes in the use of property. During 2019/20, upward revaluations of £43,787k were made, £43,136k of which related to the rolling programme of asset revaluations. There were also downward revaluations / impairments to Council Dwellings of £3,785k, Other Land and Buildings of £15,484k (of which £11,895k related to the rolling programme of asset revaluations), Surplus Assets of £91k, and Community Assets of £1,115k. Of the downward revaluations / impairments, £10,118k was recognised in the Surplus or Deficit on Provision of Services and £10,357k in the Revaluation Reserve.

- 7.3 During the year the Council sold Council Dwellings of £7,455k.

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 (£333m)

NARRATIVE REPORT

as at 31 March 2020, 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.

9. Interest in Companies and Other Entities

- 9.1 Wrexham Commercial Services is a wholly owned subsidiary of the Council. The company was established to trade in specified council services but initially in cleaning services. The Council has not prepared Group Accounts on the grounds that there would be no material difference to the Council's single entity accounts. The company ceased trading on the 31 December 2019 and the functions previously provided by the company have been transferred back to the Council. A copy of the company's financial statements for the nine months to 31 December 2019 can be obtained from Council Offices, Ruthin Road, Wrexham LL13 7TU.

10. Changes and Future Changes to the Statement of Accounts

- 10.1 During the year no significant changes have been introduced to the Council's Statement of Accounts. However, the reporting segments (service portfolios) used in revenue budget monitoring reports have changed to reflect the new management restructure which came into effect on 1 April 2019. Changes to match have therefore been made to the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement and associated notes. The prior year comparators have been restated. Further information is available in note 1 Notes to the accounts.

11. Financial Outlook for the Council

On 26 February 2020 the Council approved a Medium Term Financial Plan which highlighted a potential revenue shortfall of approximately £6m for the period 2021/22 to 2022/23. The plan can be accessed by the following link: <https://beta.wrexham.gov.uk/service/finance-documents>

- 11.1 It is clear that the financial outlook for the Council, in terms of Welsh Government funding and support for both Revenue and Capital expenditure is uncertain in the medium term. The Council expects to see increasing demand for social care services and the anticipated changes in Universal Credit will also affect the Council's finances together with more general economic changes following the COVID 19 pandemic.
- 11.3 The WLGA and local authorities in Wales have worked closely with the Welsh Government (WG) to deal with the current situation. To date the Council has processed just over £20m (£2.54m during 2019/20) of Covid 19 Business Support grants on behalf of WG. WG has also made additional funding of £70m, of which £40m is ringfenced for Social Care (Covid 19 Hardship fund), available to give special financial assistance to local authorities that would otherwise be faced with undue financial burden. The scheme provides for additional expenditure incurred by the local authority as a result of Covid 19. The qualifying expenditure include;
- General costs such as supplying food to vulnerable individuals, personal protective and sanitation equipment, additional staffing costs and ICT costs to enable staff to work from home;
 - Housing/Homelessness - provision of facilities to enable homeless individuals to self isolate;
 - Education - direct payments to families of children eligible for free school meals;
 - Adult social care – new care needs and additional care commissioning costs
- 11.4 However, the Council will have other pressures such as costs that are currently not eligible for Covid 19 Hardship funding and loss of income as a consequence of temporary suspension of services. Negotiations are currently taking place with WG for financial assistance to cover these additional pressures.
- 11.5 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 4, Notes to the Accounts.

12. Further Information

- 12.1 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).

M S OWEN
Chief Officer Finance & ICT

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.



Chair Audit 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 2019/20 (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 2020.



M S Owen CPFA

M S Owen CPFA

Chief Officer Finance & ICT

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.

2018/19 Restated			2019/20		
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
32,794	1,514	34,308	33,981	1,652	35,633
1,867	231	2,098	2,653	81	2,734
6,343	2,905	9,248	6,791	4,045	10,836
6	(8,887)	(8,881)	(6)	(3,608)	(3,614)
58,264	356	58,620	59,150	994	60,144
5,920	7,077	12,997	6,140	1,212	7,352
80,901	654	81,555	83,063	1,118	84,181
3,352	76	3,428	3,304	89	3,393
6,520	343	6,863	6,933	471	7,404
3,261	64	3,325	2,920	80	3,000
1,993	0	1,993	2,151	(41)	2,110
7,010	8,268	15,278	7,157	1,146	8,303
208,231	12,601	220,832	214,237	7,239	221,476
22,924	647	23,571	24,511	500	25,011
8,239	17,313	25,552	8,243	18,345	26,588
(239,339)	(17,011)	(256,350)	(244,258)	(16,010)	(260,268)
55	13,550	13,605	2,733	10,074	12,807
(30,884)			(33,968)		
(3,139)			0		
(34,023)			(33,968)		
55			2,733		
(33,968)			(31,235)		

Analysed between General Fund and HRA Balances:

General Fund £'000	HRA £'000	Total £'000		General Fund £'000	HRA # £'000	Total £'000
(25,854)	(5,030)	(30,884)	Opening General Fund & HRA Balance	(28,944)	(5,024)	(33,968)
(3,139)	0	(3,139)	IFRS 9 Adjustment	0	0	0
(28,993)	(5,030)	(34,023)	General Fund & HRA Balance at 1 April	(28,944)	(5,024)	(33,968)
49	6	55	Add: Surplus / (Deficit) on General Fund and HRA Balances in year	2,739	(6)	2,733
(28,944)	(5,024)	(33,968)	Closing General Fund and HRA Balance at 31 March	(26,205)	(5,030)	(31,235)

* Income and Expenditure recognised in accordance with generally accepted accounting practices can be seen in the Comprehensive Income and Expenditure Statement on page 10.

An analysis of the movements on the HRA balance may be found in the Movement on the Housing Revenue Account Statement on page 60.

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 11.

Adjustment from General Fund and HRA to arrive at the CI&ES amounts	2019/20					2018/19 Restated				
	Adjustment for Capital Purposes	Net change for Pension Adjustments	Other Differences Statutory	Other Non Statutory	Total Adjustments	Adjustment for Capital Purposes	Net change for Pension Adjustments	Other Differences Statutory	Other Non Statutory	Total Adjustments
	(Note a)	(Note b)	(Note c)	(Note d)		(Note a)	(Note b)	(Note c)	(Note d)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment & Technical	1,373	311	(32)	0	1,652	1,251	148	115	0	1,514
Planning & Regulatory	20	97	(36)	0	81	76	54	101	0	231
Housing & Economy	3,705	369	(11)	(18)	4,045	2,647	162	96	0	2,905
Housing Revenue Account	(3,700)	688	(9)	(587)	(3,608)	(8,567)	277	(8)	(589)	(8,887)
Social Care	372	651	(38)	9	994	61	319	8	(32)	356
Education & Early Intervention	778	414	20	0	1,212	6,862	211	4	0	7,077
Schools	(71)	971	203	15	1,118	(74)	311	417	0	654
Governance & Customer Services	0	99	(10)	0	89	14	52	10	0	76
Finance & ICT	247	227	(3)	0	471	239	103	1	0	343
Chief Executive's	0	96	(16)	0	80	0	50	14	0	64
Repair & Maintenance	(41)	0	0	0	(41)	0	0	0	0	0
Corporate & Central - Services	273	1,003	(1)	(129)	1,146	563	7,983	(264)	(14)	8,268
Cost of Services	2,956	4,926	67	(710)	7,239	3,072	9,670	494	(635)	12,601
Other Operating Expenditure	(73)	573	0	0	500	(132)	779	0	0	647
Financing and Investment I&E	10,218	7,592	(175)	710	18,345	10,027	6,830	(179)	635	17,313
Taxation & Non Specific Grant Income	(16,010)	0	0	0	(16,010)	(17,011)	0	0	0	(17,011)
GF or HRA Balance (Surplus) / Deficit	(2,909)	13,091	(108)	0	10,074	(4,044)	17,279	315	0	13,550

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.

2018/19 Restated			Notes	2019/20		
Gross Expenditure £'000	Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Income £'000	Net Expenditure £'000
43,670	(9,362)	34,308	Environment & Technical	44,295	(8,662)	35,633
3,876	(1,778)	2,098	Planning & Regulatory	4,109	(1,375)	2,734
59,075	(49,827)	9,248	Housing & Economy	59,149	(48,313)	10,836
44,629	(53,510)	(8,881)	Housing Revenue Account	51,832	(55,446)	(3,614)
75,143	(16,523)	58,620	Social Care	81,866	(21,722)	60,144
23,084	(10,087)	12,997	Education & Early Intervention	17,909	(10,557)	7,352
93,768	(12,213)	81,555	Schools	98,291	(14,110)	84,181
3,893	(465)	3,428	Governance & Customer Services	3,902	(509)	3,393
8,012	(1,149)	6,863	Finance & ICT	8,673	(1,269)	7,404
3,991	(666)	3,325	Chief Executive's	3,741	(741)	3,000
1,999	(6)	1,993	Repair & Maintenance	2,115	(5)	2,110
20,972	(5,694)	15,278	Corporate & Central	14,784	(6,481)	8,303
382,112	(161,280)	220,832	Cost of Services	390,666	(169,190)	221,476
23,571	0	23,571	Other Operating Expenditure	25,011	0	25,011
40,279	(14,727)	25,552	Financing and Investment Income and Expenditure	40,813	(14,225)	26,588
0	(256,350)	(256,350)	Taxation and Non Specific Grant Income	0	(260,268)	(260,268)
445,962	(432,357)	13,605	(Surplus) or Deficit on Provision of Services	456,490	(443,683)	12,807
		(3,932)	(Surplus) or Deficit on revaluation of non-current assets			(29,764)
		2,166	Impairment losses on non-current assets charged to the revaluation reserve			5,890
		31,629	Remeasurements of the net defined (asset) / liability			(12,312)
		29,863	Other Comprehensive (Income) and Expenditure			(36,186)
		43,468	Total Comprehensive (Income) and Expenditure			(23,379)

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 2018	25,854	5,030	13,082	569	44,535	371,139	415,674
IFRS 9 Adjustment	3,139	0	0	0	3,139	(609)	2,530
Restated at 1 April 2018	28,993	5,030	13,082	569	47,674	370,530	418,204

Movement in Reserves during 2018/19

Surplus / (Deficit) on the provision of services	(18,829)	5,224	0	0	(13,605)	0	(13,605)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(29,863)	(29,863)
Total Comprehensive Income and Expenditure	(18,829)	5,224	0	0	(13,605)	(29,863)	(43,468)
Adjustments between accounting basis & funding basis under regulations (note 7)	18,780	(5,230)	4,364	2,017	19,931	(19,931)	0
Net Increase / (Decrease) in 2018/19	(49)	(6)	4,364	2,017	6,326	(49,794)	(43,468)

Balance at 31 March 2019	28,944	5,024	17,446	2,586	54,000	320,736	374,736
Analysed over:-							
Amounts earmarked (note 8)	21,926	0					
Amounts uncommitted	7,018	5,024					
Total Balance	28,944	5,024					

Movement in Reserves during 2019/20

Surplus / (Deficit) on the provision of services	(12,080)	(727)	0	0	(12,807)	0	(12,807)
Other Comprehensive Income and Expenditure	0	0	0	0	0	36,186	36,186
Total Comprehensive Income and Expenditure	(12,080)	(727)	0	0	(12,807)	36,186	23,379
Adjustments between accounting basis & funding basis under regulations (note 7)	9,341	733	3,029	2,706	15,809	(15,809)	0
Net Increase / (Decrease) in 2019/20	(2,739)	6	3,029	2,706	3,002	20,377	23,379

Balance at 31 March 2020	26,205	5,030	20,475	5,292	57,002	341,113	398,115
Analysed over:-							
Amounts earmarked (note 8)	19,178	0					
Amounts uncommitted	7,027	5,030					
Total Balance	26,205	5,030					

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 2019 £'000		Notes	31 March 2020 £'000
1,082,678	Property, Plant & Equipment	21	1,140,134
555	Heritage Assets		555
25	Intangible Assets		31
667	Long-term Debtors	28	338
1,083,925	Long Term Assets		1,141,058
15,293	Short-term Investments	27a	17,002
1,163	Assets Held For Sale	26	2,551
810	Inventories		786
36,319	Short-term Debtors	28	37,479
189	Intangible Assets		0
0	Cash and Cash Equivalents	27c	0
53,774	Current Assets		57,818
(4,432)	Bank Overdrawn	27c	(8,450)
(18,533)	Short-term Creditors	30	(17,544)
(54,365)	Short-term Borrowing	27	(55,837)
(1,155)	Grants Receipts in Advance - Capital	14	(693)
(64)	Grants Receipts in Advance - Revenue	14	(179)
(1,145)	Provisions	32	(1,128)
(79,694)	Current Liabilities		(83,831)
(2,330)	Provisions	32	(2,225)
(8,296)	Long-term Creditors	30	(8,654)
(313,565)	Long-term Borrowing	27	(346,499)
(26,664)	Other Long-term Liabilities	34 & 35	(26,359)
(332,414)	Net Pension Liability	37	(333,193)
(683,269)	Long Term Liabilities		(716,930)
374,736	Net Assets		398,115
7,018	Council Fund Balance		7,027
5,024	Housing Revenue Account Balance		5,030
21,926	Earmarked Reserves		19,178
17,446	Capital Receipts Reserve		20,475
2,586	Capital Grants Unapplied		5,292
54,000	Usable Reserves:		57,002
283,072	Revaluation Reserve	40	301,886
373,365	Capital Adjustment Account	41	375,599
(1,460)	Financial Instruments Adjustment Account		(1,273)
(332,414)	Pensions Reserve	42	(333,193)
(1,829)	Accumulated Absences Account		(1,908)
2	Deferred Capital Receipts Reserve		2
320,736	Unusable Reserves:		341,113
374,736	Total Reserves		398,115

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.

2018/19 £'000		Notes	2019/20 £'000
13,605	Net (surplus) / deficit on the provision of services	12	12,807
(71,262)	Adjustment to net surplus / deficit on the provision of services for non cash movements	43	(51,051)
22,201	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	44	23,541
(35,456)	Net cash flows from Operating Activities		(14,703)
49,361	Investing Activities	46	51,260
(2,029)	Financing Activities	47	(32,539)
11,876	Net increase or decrease in cash and cash equivalents		4,018
(7,444)	Cash and cash equivalents at the beginning of the reporting period		4,432
4,432	Cash and cash equivalents at the end of the reporting period	27	8,450

NOTES TO THE ACCOUNTS

1a. Reclassification of comparative analysis of cost of services

The reporting segments (service portfolios) outlined in the Expenditure & Funding Analysis and Comprehensive Income & Expenditure Statement reflect the Council's new management structure that was introduced from 1 April 2019. As a consequence the comparative information has been reclassified and the adjustments made are outlined below. The total cost of services has remained unchanged.

Expenditure & Funding Analysis

	2018/19 Previously Reported			2018/19 Reclassifications			2018/19 Restated		
	Net Expenditure Chargeable to General Fund & HRA Balances £'000	Adjustments between Funding and Accounting basis £'000	Net Expenditure in Comprehensive Income & Expenditure Statement £'000	Net Expenditure Chargeable to General Fund & HRA Balances £'000	Adjustments between Funding and Accounting basis £'000	Net Expenditure in Comprehensive Income & Expenditure Statement £'000	Net Expenditure Chargeable to General Fund & HRA Balances £'000	Adjustments between Funding and Accounting basis £'000	Net Expenditure in Comprehensive Income & Expenditure Statement £'000
Environment & Planning / Environment & Technical	34,661	1,745	36,406	(1,867)	(231)	(2,098)	32,794	1,514	34,308
Planning & Regulatory	0	0	0	1,867	231	2,098	1,867	231	2,098
Housing & Economy	6,343	2,905	9,248	0	0	0	6,343	2,905	9,248
Housing Revenue Account	6	(8,887)	(8,881)	0	0	0	6	(8,887)	(8,881)
Adult Social Care / Social Care	41,676	213	41,889	16,588	143	16,731	58,264	356	58,620
Children's Social Care	16,639	167	16,806	(16,639)	(167)	(16,806)	0	0	0
Education / Education & Early Intervention	5,869	7,053	12,922	51	24	75	5,920	7,077	12,997
Schools	80,901	654	81,555	0	0	0	80,901	654	81,555
Corporate & Customer Services / Governance & Customer	7,948	370	8,318	(4,596)	(294)	(4,890)	3,352	76	3,428
Finance / Finance & ICT	4,898	108	5,006	1,622	235	1,857	6,520	343	6,863
Chief Executive's	0	0	0	3,261	64	3,325	3,261	64	3,325
Repair & Maintenance	1,993	0	1,993	0	0	0	1,993	0	1,993
Corporate & Central	7,297	8,273	15,570	(287)	(5)	(292)	7,010	8,268	15,278
Cost of Services	208,231	12,601	220,832	0	0	0	208,231	12,601	220,832

NOTES TO THE ACCOUNTS

1a. Reclassification of comparative analysis of cost of services cont'd

Comprehensive Income & Expenditure Statement

	2018/19 Previously Reported			2018/19 Reclassifications			2018/19 Restated		
	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Environment & Planning / Environment & Technical	47,546	(11,140)	36,406	(3,876)	1,778	(2,098)	43,670	(9,362)	34,308
Planning & Regulatory	0	0	0	3,876	(1,778)	2,098	3,876	(1,778)	2,098
Housing & Economy	59,075	(49,827)	9,248	0	0	0	59,075	(49,827)	9,248
Housing Revenue Account	44,629	(53,510)	(8,881)	0	0	0	44,629	(53,510)	(8,881)
Adult Social Care / Social Care	55,293	(13,404)	41,889	19,850	(3,119)	16,731	75,143	(16,523)	58,620
Children's Social Care	22,988	(6,182)	16,806	(22,988)	6,182	(16,806)	0	0	0
Education / Education & Early Intervention	19,946	(7,024)	12,922	3,138	(3,063)	75	23,084	(10,087)	12,997
Schools	93,768	(12,213)	81,555	0	0	0	93,768	(12,213)	81,555
Corporate & Customer Services / Governance & Customer	9,241	(923)	8,318	(5,348)	458	(4,890)	3,893	(465)	3,428
Finance / Finance & ICT	6,363	(1,357)	5,006	1,649	208	1,857	8,012	(1,149)	6,863
Chief Executive's	0	0	0	3,991	(666)	3,325	3,991	(666)	3,325
Repair & Maintenance	1,999	(6)	1,993	0	0	0	1,999	(6)	1,993
Corporate & Central	21,264	(5,694)	15,570	(292)	0	(292)	20,972	(5,694)	15,278
Cost of Services	382,112	(161,280)	220,832	0	0	0	382,112	(161,280)	220,832

NOTES TO THE ACCOUNTS

1a. Reclassification of comparative analysis of cost of services cont'd

The service analysis for the following notes to the accounts has been reclassified to reflect the new management structure.

	Segmental Income Note (note 13) 2018/19			Operating Lease Note (note 35) 2018/19		
	Previously Reported £'000	Adjusts. £'000	Restated £'000	Previously Reported £'000	Adjusts. £'000	Restated £'000
Environment & Planning / Environment & Technical	(5,397)	1,678	(3,719)	337	(9)	328
Planning & Regulatory	0	(1,678)	(1,678)	0	1	1
Housing & Economy	(6,253)	0	(6,253)	227	4	231
Housing Revenue Account	(52,664)	0	(52,664)	477	0	477
Adult Social Care / Social Care	(6,661)	(36)	(6,697)	5	3	8
Children's Social Care	(36)	36	0	1	(1)	0
Education / Education & Early Intervention	(1,019)	0	(1,019)	60	(38)	22
Schools	(1,107)	0	(1,107)	0	35	35
Corporate & Customer Services/Governance & Customer	(510)	85	(425)	80	1	81
Finance / Finance & ICT	(870)	20	(850)	1	2	3
Chief Executive's	0	(105)	(105)	0	2	2
Repair & Maintenance	(6)	0	(6)	0	0	0
Corporate & Central	(514)	0	(514)	1	0	1
Total Services	(75,037)	0	(75,037)	1,189	0	1,189

1b. Reclassification of comparative analysis of Analysis of Expenditure (Note 12)

The McCloud past service cost has been incorrectly classified as "Other service expenses" (see note 36 Notes to the Accounts)

	2018/19		
	Previously Reported £'000	Adjusts. £'000	Restated £'000
Employee expenses	151,427	9,869	161,296
Employee expenses of VA & Foundation schools	13,238	0	13,238
Other service expenses	182,366	(9,869)	172,497
Depreciation, amortisation, impairment and revaluation losses	35,081	0	35,081
Interest payments	40,279	0	40,279
Precepts & Levies	22,924	0	22,924
Other	779	0	779
Gain or Loss on Disposal of Non Current Assets	(132)	0	(132)
Total Expenditure	445,962	0	445,962

2. 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 2019/20 Code and require implementation from 1 April 2020:

- a) Amendments to IAS 28 Investment in Associates and Joint Ventures : Long-Term Interests in Associates and Joint Ventures
- b) Annual Improvements to IFRS Standards 2015-2017 Cycle
- c) Amendments to IAS 19 Employee Benefits : Plan Amendment, Curtailment or Settlement.

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

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 49 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) As at 31 March 2020 there is one outstanding claim for compensation from a landowner affected by a Welsh Government grant funded road scheme. No provision has been made for such payments as they would ordinarily be met by the Welsh Government as part of the scheme.

c) 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.

NOTES TO THE ACCOUNTS

4. 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 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are 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. It is estimated that the annual depreciation charge for assets would increase by £0.51m if the useful lives were reduced by one year and £2.77m if reduced by two years.
Revaluation of Property, Plant & Equipment	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.	It is estimated that a 1% change in these asset values would result in a change of £2.4m
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.	A 1% increase in the RPI will increase the unitary payments over the next nineteen years by £23.5m.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £14,510k, whereas a 1% decrease in the 2019/20 investment returns will result in an increase in the pension liability of £5,526k. However, the assumptions interact in complex ways. During 2019/20, the Council's actuaries advised that the net pensions liability had decreased by £21,008k attributable to updating of the assumptions.
Impairment Allowance for doubtful debts	At 31 March 2020, the Council had a balance of sundry debtors of £4.5m. Against this debtors balance is an impairment loss of £193k. However in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £193k to be set aside as an allowance.
COVID 19 and UK exit from the European Union(EU): asset values and pension liability	There is high level of uncertainty about the medium term implications of the current lockdown and the UK's exit from the EU. As a result of the pandemic there have been substantial 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.

5. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Officer Finance & ICT on 24 September 2020. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this.

6. Members' Allowances

In 2019/20 allowances totalling £981k (£976k 2018/19) were paid directly to Elected Members and in addition, allowances totalling £8k (£7k in 2018/19) were paid to co-opted Members inclusive of an element of expenses. Further information is available on the Council's website:

http://www.wrexham.gov.uk/english/council/financial/members_remuneration.htm

NOTES TO THE ACCOUNTS

7. 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.

2019/20	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	14,266	17,906	0	0	(32,172)	
Amortisation of intangible assets	18	0	0	0	(18)	
Capital grants and contributions applied	(5,955)	(7,550)	0	0	13,505	
Revenue expenditure funded from capital under statute	171	69	0	0	(240)	
Amounts of non current assets written off on disposal or sale as part of the gain / loss on disposal to the CI&ES	0	7,455	0	0	(7,455)	
Income in relation to donated assets	(5)	0	0	0	5	
<i>Insertion of items not debited or credited to the CI&ES:</i>						
Statutory provision for the financing of capital investment	(6,365)	(8,740)	0	0	15,105	
Capital Expenditure charged against the General Fund and HRA balances	(1,165)	(2,665)	0	0	3,830	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the CI&ES	(2,821)	0	0	2,821	0	
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(115)	115	
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	0	(7,455)	7,455	0	0	
Revenue Income defined as capital under statute	(73)	0	73	0	0	
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	(4,684)	0	4,684	
Transfer (to) / from Capital Adjustment account - set aside:						
- Repayments of loans to voluntary bodies	0	0	185	0	(185)	
Transfer from Deferred Capital Receipts upon receipt of cash	0	0	0	0	0	
Total Adjustments for Capital Purposes (see page 9)	(1,929)	(980)	3,029	2,706	(2,826)	
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CI&ES - see note 36 & 42	31,464	4,406	0	0	(35,870)	
Employer's pension contributions payable in the year	(20,095)	(2,684)	0	0	22,779	
Net Change for Pensions Adjustments (see page 9)	11,369	1,722	0	0	(13,091)	
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	(187)	0	0	0	187	
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	88	(9)	0	0	(79)	
Total Other Differences (see page 9)	(99)	(9)	0	0	108	
Total Adjustments	-18 -	9,341	733	3,029	2,706	(15,809)

NOTES TO THE ACCOUNTS

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

2018/19 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	18,440	16,628	0	0	(35,068)
Amortisation of intangible assets	13	0	0	0	(13)
Capital grants and contributions applied	(7,237)	(7,735)	0	0	14,972
Revenue expenditure funded from capital under statute	271	5	0	0	(276)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	1,349	3,751	0	0	(5,100)
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	(5,770)	(7,702)	0	0	13,472
Capital Expenditure charged against the General Fund and HRA balances	(952)	(7,600)	0	0	8,552
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the CI&ES	(2,258)	0	0	2,258	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(241)	241
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	(1,481)	(3,751)	5,232	0	0
Revenue Income defined as capital under statute	0	(15)	15	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	(899)	0	899
Transfer (to) / from Capital Adjustment account - set aside:					
- Repayments of loans to voluntary bodies	0	0	16	0	(16)
Transfer from Deferred Capital Receipts upon receipt of cash	0	0	0	0	0
Total Adjustments for Capital Purposes (see page 9)	2,375	(6,419)	4,364	2,017	(2,337)
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CI&ES - see note 36 & 42	36,354	3,725	0	0	(40,079)
Employer's pension contributions payable in the year	(20,272)	(2,528)	0	0	22,800
Net Change for Pensions Adjustments (see page 9)	16,082	1,197	0	0	(17,279)
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	(178)	0	0	0	178
Adjustments involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the CI&ES accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	501	(8)	0	0	(493)
Total Other Differences (see page 9)	323	(8)	0	0	(315)
Total Adjustments	18,780	(5,230)	4,364	2,017	(19,931)

NOTES TO THE ACCOUNTS

8. 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 2019/20.

	Balance at 31/03/2018 £'000	IFRS 9 Adj. £'000	Balance at 01/04/2018 £'000	2018/19 Transfers		Balance at 31/03/2019 £'000	2019/20 Transfers		Balance at 31/03/2020 £'000
				Out £'000	In £'000		Out £'000	In £'000	
General Fund:									
Balances held by schools	2,012	0	2,012	(836)	645	1,821	(649)	941	2,113
Service Reserves	1,054	0	1,054	0	307	1,361	(586)	62	837
Insurance Reserve	2,639	0	2,639	0	250	2,889	(198)	0	2,691
Legal Liabilities Reserve	1,073	0	1,073	(19)	0	1,054	(124)	0	930
Winter Maintenance Reserve	350	0	350	(105)	105	350	0	0	350
Early Voluntary Retirement	94	0	94	0	0	94	(94)	0	0
Transitional EVR Reserve	1,349	0	1,349	0	0	1,349	0	0	1,349
Reshaping Services Reserve	786	0	786	(32)	0	754	(182)	0	572
Invest To Save Reserve	395	0	395	0	75	470	0	75	545
Capital Reserve	2,717	0	2,717	(95)	104	2,726	(439)	0	2,287
Repair & Maintenance	100	0	100	(90)	0	10	0	0	10
ITeC Reserve	206	0	206	(206)	154	154	0	0	154
IT Development	42	0	42	0	0	42	0	0	42
Customer Access	15	0	15	0	0	15	0	0	15
Local Development Plan	174	0	174	0	0	174	(174)	60	60
Carbon Emission Reserve	593	0	593	(73)	4	524	0	67	591
Cremation Plant Replacement	23	0	23	0	0	23	0	0	23
Section 278 Reserve	328	0	328	0	136	464	(284)	0	180
Financial Instruments Reserve	0	3,139	3,139	(1)	0	3,138	(5)	0	3,133
Miscellaneous	46	0	46	0	4	50	(5)	4	49
Grant Reserves	4,840	0	4,840	(1,916)	1540	4,464	(2,456)	1,239	3,247
Total	18,836	3,139	21,975	(3,373)	3,324	21,926	(5,196)	2,448	19,178

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 31 and 32 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.

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

Grant Reserves - represent 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

9. Other Operating Expenditure

2018/19 £'000		2019/20 £'000
2,517	Community Council Precepts	2,639
13,752	Police and Crime Commissioner for North Wales Precept	14,856
6,655	North Wales Fire Authority levy	7,016
779	Pensions Administration Costs	573
(132)	Losses / (Gains) on the disposal of non current assets	(73)
23,571	Total	25,011

10. Financing and Investment Income and Expenditure

2018/19 £'000		2019/20 £'000
18,791	Interest payable and similar charges	19,088
6,830	Pensions Net Interest	7,592
(69)	Interest receivable and similar income	(92)
25,552	Total	26,588

11. Taxation and Non Specific Grant Income

2018/19 £'000		2019/20 £'000
(64,703)	Council tax income	(69,006)
(43,090)	Non-domestic rates	(42,924)
(131,546)	Non-ringfenced government grants	(132,328)
(17,011)	Capital grants and contributions	(16,010)
(256,350)	Total	(260,268)

12. Income and Expenditure analysed by nature

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

2018/19 Restated £'000		2019/20 £'000
(75,037)	Fees, Charges & Other Service Income	(78,319)
(14,726)	Interest and Investment Income	(14,225)
(64,703)	Income from Council Tax	(69,006)
(277,891)	Grants and Contributions	(282,133)
(432,357)	Total Income	(443,683)
161,296	Employee expenses	161,327
13,238	Employee expenses of VA & Foundation schools	14,320
172,497	Other service expenses	182,828
35,081	Depreciation, amortisation, impairment and revaluation losses	32,191
40,279	Interest payments	40,813
22,924	Precepts & Levies	24,511
779	Other	573
(132)	Gain or Loss on Disposal of Non Current Assets	(73)
445,962	Total Expenditure	456,490
13,605	(Surplus) or deficit on the provision of services	12,807

13. Segmental Income

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

2018/19 £'000		2019/20 £'000
(3,719)	Environment & Technical	(3,419)
(1,678)	Planning & Regulatory	(1,291)
(6,253)	Housing & Economy	(6,698)
(52,664)	Housing Revenue Account (see page 59)	(54,429)
(6,697)	Social Care	(8,841)
(1,019)	Education & Early Intervention	(473)
(1,107)	Schools	(1,328)
(425)	Governance & Customer Services	(438)
(850)	Finance & ICT	(848)
(105)	Chief Executive's	(35)
(6)	Repairs & Maintenance	0
(514)	Corporate & Central	(519)
(75,037)	Total Services	(78,319)

NOTES TO THE ACCOUNTS

14. Grant Income

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

	2018/19 £'000	2019/20 £'000
Credited to Taxation and Non Specific Grant Income:		
Non Domestic Rates	43,090	42,924
Revenue Support Grant	131,546	132,328
Major Repairs Allowance Grant	7,572	7,550
General Capital Grant	3,163	3,254
School Maintenance Grant	1,083	1,348
21st Century Schools	1,943	636
Welsh Medium School Grant	0	186
Economic Stimulus Grant	0	504
Homeless Prevention Grant	120	0
Collaborative Change Programme	488	750
Road Refurbishment Programme	744	743
Road Safety Grant	172	213
Other Capital Grants and Contributions	1,726	826
	191,647	191,262
Credited to Services:		
Welsh Government - General Capital Grant	950	91
Housing Renewal Specific Grant	665	1,773
School Maintenance Grant	681	544
Waste Strategy Grant	861	834
Supporting People Grant	5,014	4,981
Education Improvement Grant	4,656	4,656
Post 16 Provision in schools	1,267	1,189
Teachers' Pension Grant	0	1,661
Children & Communities Grant (formerly Flying Start & Families First)	4,688	5,728
Concessionary Fares re-imbursement grant	2,476	2,445
Substance Misuse Action Fund	4,924	5,619
Social Care Workforce and Sustainability	608	1,299
Social Care Workforce Development	309	324
Pupil Development Grant	3,580	3,649
Professional Learning Grant	380	640
Bus Services Support Grant	410	403
Other	4,728	5,348
Department for Work and Pensions	37,472	34,282
Other	12,575	15,405
	86,244	90,871

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 as follows:

	31/03/2019 £'000	31/03/2020 £'000
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	32
Collaborative Change Programme	750	0
Childcare Offer Grant	292	203
Economic Stimulus Grant	0	292
Targeted Regeneration Investment	0	32
Other	5	19
Other	1	40
	1,155	693
Grants Receipt in Advance - Revenue:		
Welsh Government - Free Nursing Care Funding	55	0
Education - PDG Access Element	4	23
Free School Meals grant	0	54
Local Transport Grant	0	8
WLGA EU Settlement	0	19
Other	5	75
	64	179

NOTES TO THE ACCOUNTS

15. Audit Costs

In 2019/20 the Council incurred the following fees relating to external audit and inspection:

2018/19 £'000		2019/20 £'000
176	Fees payable to the Wales Audit Office with regard to external audit services	176
95	Fees payable to the Wales Audit Office for the Local Government measure *	84
88	Fees payable to the Wales Audit Office for the certification of grant claims and returns	85
359		345

* Includes a refund of £11k in respect of the 2018/19 financial year

16. 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 £1,403k (£1,680k 2018/19).

b) 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 10 years, with the exception of Wrexham Town Centre Regeneration which is repayable in 13 years and Home Improvements and Empty Properties back into use which is repayable within 15 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	VVP - Private Sector Improvement £'000	VVP - Commercial Property Improvement £'000	VVP - Empty Property Acquisition £'000	Home Improvements and Empty Properties back into use £'000	Total £'000
Balance at 1 April	361	210	2,500	940	491	350	500	0	5,352
Received in year from WG	0	0	0	0	0	0	0	250	250
Loans Issued	(172)	(181)	(300)	(130)	(31)	(145)	0	0	(959)
Loans Repaid	4	20	0	204	0	0	0	0	228
Balance at 31 March	193	49	2,200	1,014	460	205	500	250	4,871

c) 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 at 31 March 2020 was £4,584k (£4,500k at 31 March 2019).

d) The Council also maintains an account in respect of additional variable service charge 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 2020 was £948k.

17. 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:

2018/19			2019/20	
Joint Equipment £'000	Care Homes £'000		Joint Equipment £'000	Care Homes £'000
1,076	0	Total Expenditure:	1,209	93,903
		Funding:		
(411)	0	BCUHB	(419)	(38,556)
(281)	0	Wrexham County Borough Council	(285)	(11,059)
(295)	0	Other North Wales Councils	(300)	(44,288)
(181)	0	Other Income	(226)	0
(1,168)	0	Total Funding	(1,230)	(93,903)
(92)	0	(Surplus) / Deficit	(21)	0

NOTES TO THE ACCOUNTS

18. 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 5.67 : 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:

2018/19			Salary Banding	2019/20		
Schools	Non-schools	Total		Schools	Non-schools	Total
16	1	17	£60,000 - £64,999	15	1	16
7	1	8	£65,000 - £69,999	9	4	13
4	1	5	£70,000 - £74,999	6	0	6
2	0	2	£75,000 - £79,999	4	0	4
1	0	1	£80,000 - £84,999	1	0	1
1	0	1	£85,000 - £89,999	1	0	1

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:-

2018/19				Postholder Information (Post Title)	2019/20			
Salary £	Other Payments £	Pension contributions £	Total £		Salary £	Other Payments £	Pension contributions £	Total £
66,769	0	19,630	86,399	Chief Executive	119,928	0	34,311	154,239
78,058	36,737	22,949	137,744	Executive Director Place and Economy (Reshaping)	0	0	0	0
106,599	0	31,340	137,939	Executive Director People (Customer and Customer Engagement)	17,320	82,438	4,955	104,713
77,476	0	22,778	100,254	Head of Corporate & Customer Services / Chief Officer Governance & Customer	86,700	0	24,805	111,505
89,741	0	26,288	116,029	Head of Finance / Chief Officer Finance & ICT	90,780	0	25,972	116,752
87,240	0	25,648	112,888	Head of Adult Social Care / Chief Officer Social Care	82,971	0	23,738	106,709
85,966	0	25,274	111,240	Head of Education / Chief Officer Education & Early Intervention	90,780	0	25,972	116,752
88,089	0	25,898	113,987	Head of Housing & Economy / Chief Officer Housing & Economy	90,780	0	25,972	116,752
53,065	0	15,601	68,666	Head of Children's Social Care	0	0	0	0
23,885	0	0	23,885	Interim Head of Children's Social Care	0	0	0	0
88,089	0	25,898	113,987	Head of Environment & Planning / Chief Officer Planning & Regulatory	90,780	0	25,972	116,752
0	0	0	0	Chief Officer Environment & Technical	86,700	0	24,805	111,505
0	0	0	0	Service Manager - HR & OD Services	59,568	0	17,042	76,610
0	0	0	0	Service Manager - Performance, Improvement, Partnerships and Scrutiny	48,977	0	14,012	62,989

Salary includes all pensionable pay with the exception of amounts paid in respect of election duties. In November 2018 the Council approved a new senior management structure, the restructure removed the Executive Director roles and created a tier of management consisting of seven Chief Officers reporting directly to the Chief Executive Officer. The new structure came into effect on 1 April 2019. The 'Other Payment' made of £82,438 in 2019/20 pertains to the amount paid to the Executive Director People (Customer and Customer Engagement) on taking voluntary redundancy from the Council on 31 May 2019. The Chief Officer for Social Care left the Council on 15 March 2020. The Head of Children's Social Care left the Council on 30 November 2018.

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.

NOTES TO THE ACCOUNTS

18. Officers' Remuneration cont'd

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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £'000	2019/20 £'000
£0 - £20,000	71	51	7	3	78	54	447	191
£20,001 - £40,000	6	5	5	2	11	7	320	167
£40,001 - £60,000	1	0	2	0	3	0	157	0
£60,001 - £80,000	1	0	1	1	2	1	139	70
£80,001 - £100,000	0	0	1	1	1	1	89	85
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £350,000	0	0	0	0	0	0	0	0
£350,001 - £450,000	0	0	1	0	1	0	379	0
Total	79	56	17	7	96	63	1,531	513

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.

19. 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 - 53,421 for 2019/20. The basic amount for a band 'D' property (£1,480.63 in 2019/20) is multiplied by the proportion specified for the particular 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 31/03/20	4,363	12,646	17,036	10,119	8,047	5,006	2,525	717	292

Analysis of the net proceeds from council tax :-

2018/19 £'000		2019/20 £'000
64,703	Council Tax raised	69,271
0	Add: increase in provision for bad debts	(265)
64,703	Net proceeds from Council Tax	69,006

20. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount for the rate multiplier (52.6p in 2019/20) 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 £45,088k for 2019/20. The total rateable value at 31 March 2020 was £103,022k. The analysis of the net proceeds are as follows:-

2018/19 £'000		2019/20 £'000
42,847	Non-domestic rates raised	45,088
	Less:	
(42,590)	amount paid into NDR Pool	(44,829)
(257)	cost of collection	(259)
<u>0</u>		<u>0</u>
43,090	Receipts from the pool	42,924
43,090	Net proceeds from NDR	42,924

NOTES TO THE ACCOUNTS

21. Property, Plant & Equipment

Movements in 2019/20

	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	664,968	367,886	56,801	125,181	15,212	6,222	1,620	1,237,890	33,340	13,285
At 01/04/2019										
Additions	60,644	6,627	3,574	2,764	0	13	976	74,598	1,321	1,235
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	12,316	(285)	0	0	(19)	0	12,012	(1,509)	0
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(7,863)	0	0	(1,115)	(3)	0	(8,981)	(1,435)	0
Derecognition - Disposals	(8,298)	0	0	0	0	(42)	0	(8,340)	0	0
Assets reclassified (to) / from Held for Sale	0	(721)	0	0	0	(667)	0	(1,388)	0	0
Other Movements	0	494	0	0	15	896	(1,405)	0	0	0
At 31/03/2020	717,314	378,739	60,090	127,945	14,112	6,400	1,191	1,305,791	31,717	14,520
Accumulated Depreciation & Impairment	(44,912)	(51,936)	(30,736)	(26,978)	(59)	(591)	0	(155,212)	(8,302)	(11,364)
At 01/04/2019										
Depreciation Charge	(12,803)	(11,178)	(3,459)	(4,112)	0	(58)	0	(31,610)	(1,416)	(668)
Depreciation written out to the Revaluation Reserve	0	13,125	0	0	0	30	0	13,155	3,044	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	11,651	0	0	0	157	0	11,808	858	0
Impairment losses / reversals recognised in the Revaluation Reserve	(296)	(1,283)	285	0	0	0	0	(1,294)	0	0
Impairment losses / reversals recognised in the Surplus / Deficit on the Provision of Services	(3,489)	118	0	0	0	(18)	0	(3,389)	284	0
Derecognition - Disposals	843	0	0	0	0	42	0	885	0	0
Other Movements	0	540	0	0	0	(540)	0	0	0	0
At 31/03/2020	(60,657)	(38,963)	(33,910)	(31,090)	(59)	(978)	0	(165,657)	(5,532)	(12,032)
Net Book Value										
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
At 31/03/2019	620,056	315,950	26,065	98,203	15,153	5,631	1,620	1,082,678	25,038	1,921

NOTES TO THE ACCOUNTS

21. Property, Plant & Equipment cont'd

Comparative Movements in 2018/19

	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	628,067	364,171	55,369	121,350	15,319	6,378	0	1,190,654	33,335	13,285
At 01/04/2018										
Additions	40,983	6,077	1,432	3,831	25	23	1,555	53,926	5	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	735	0	0	0	566	0	1,301	0	0
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(2,464)	0	0	(25)	(31)	0	(2,520)	0	0
Derecognition - Disposals	(4,082)	0	0	0	0	0	0	(4,082)	0	0
Derecognition - Other	0		0	0				0	0	0
Assets reclassified to / (from) Held for Sale	0	(588)	0	0	(96)	(705)		(1,389)	0	0
Other Movements	0	(45)	0	0	(11)	(9)	65	0	0	0
At 31/03/2019	664,968	367,886	56,801	125,181	15,212	6,222	1,620	1,237,890	33,340	13,285
Accumulated Depreciation and Impairment	(30,101)	(42,782)	(26,876)	(22,993)	(59)	(624)	0	(123,435)	(6,823)	(10,467)
At 01/04/2018										
Depreciation Charge	(11,583)	(9,601)	(3,860)	(3,985)	0	(71)	0	(29,100)	(1,479)	(897)
Depreciation written out to the Revaluation Reserve	0	2,103	0	0	0	99	0	2,202	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	3,865	0	0	0	0		3,865	0	0
Impairment losses / reversals recognised in the Revaluation Reserve	(158)	(1,629)	0	0	0	0	0	(1,787)	0	0
Impairment losses / reversals recognised in the Surplus / Deficit on the Provision of Services	(3,401)	(3,894)	0	0	0	(15)	0	(7,310)	0	0
Derecognition - Disposals	331	0	0	0	0	0	0	331	0	0
Derecognition - Other	0	0	0	0		0	0	0	0	0
Other Movements	0	2	0	0	0	20	0	22	0	0
At 31/03/2019	(44,912)	(51,936)	(30,736)	(26,978)	(59)	(591)	0	(155,212)	(8,302)	(11,364)
Net Book Value										
At 31/03/2019	620,056	315,950	26,065	98,203	15,153	5,631	1,620	1,082,678	25,038	1,921
At 31/03/2018	597,966	321,389	28,493	98,357	15,260	5,754	0	1,067,219	26,512	2,818

NOTES TO THE ACCOUNTS

22. 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. However, the valuation of the Council's waste disposal PFI Phase II facility has been provided by DVS of the Valuation Agency in the capacity of External Valuer. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional 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, Schools, Youth Clubs and Waste Disposal facility were selected for review as at 1 April 2019. During the year a further review of land and buildings was undertaken for impairment following significant capital expenditure and change in asset use. The Upward revaluations in the year amounted to £43,787k of which £43,136k related to the rolling programme and downward revaluations amounted to £20,475k of which £11,895k related to the rolling programme. The revaluations by asset classification is as follows:

	Upward Revaluations Surplus/Deficit			Downward Revaluations / Impairment Surplus/Deficit		
	Revaluation	Provision	Rolling	Revaluation	Provision	Rolling
	Reserve £'000	for Services £'000	Programme £'000	Reserve £'000	for Services £'000	Programme £'000
Council Dwellings	0	0	0	(296)	(3,489)	0
Other Land & Buildings	34,150	9,399	43,136	(9,991)	(5,493)	(11,895)
Community Assets	0	0	0	0	(1,115)	0
Surplus Assets	81	157	0	(70)	(21)	0
Total Property, Plant & Equipment	34,231	9,556	43,136	(10,357)	(10,118)	(11,895)

We have referred to RICS Standards in the Guidance for 'Material Valuation Uncertainty', as per VPGA 10 and VPS 3, however, at the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.

Fair Value Measurement of Surplus Assets

The Council's Surplus Assets as at 31 March 2020 can be categorised as follows in line with IFRS 13 Fair Value

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair Value at 31/03/2020 £'000
Surplus Assets	0	1,053	4,369	5,422

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 also resulted in assets being reclassified within the financial year.

23. Construction Contracts

The Council was not the contractor in any construction contracts in 2019/20 or 2018/19.

24. Commitments Under Capital Contracts

As at 31 March 2020 the Council was contractually committed to capital works on the following schemes:

	£'000
Ysgol Rhiwabon - Roof Renewal	180
Borras Primary School Extension - Design Works	137
Ponciau Banks New Community Building	132
Installation LED Street Lighting	898
HRA properties	11,830
Targeted Regeneration Investment Renewal Areas	1,148
	14,325

NOTES TO THE ACCOUNTS

25. 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.

2018/19 Total £'000		Property, Plant & Equipment £'000	2019/20 Revenue Expenditure Funded from Capital under Statute £'000	Intangible Assets £'000	Total £'000
57,554	Expenditure in Year	74,598	4,936	25	79,559
450	Less: movement in capital accrual	(475)	(15)	0	(490)
58,004		74,123	4,921	25	79,069
Financed By:-					
	Increase in underlying need to borrow:				
3,511	- supported by government financial assistance	3,534	0	0	3,534
26,479	- unsupported by government financial assistance	47,181	0	0	47,181
0	Donated Asset	5	0	0	5
0	Finance Lease	1,235	0	0	1,235
0	PFI	284	0	0	284
899	Capital Receipts	4,615	69	0	4,684
18,563	Grants and Contributions	13,480	4,811	25	18,316
8,552	Capital Expenditure Charged to Revenue	3,789	41	0	3,830
58,004		74,123	4,921	25	79,069

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:

2018/19 £'000		2019/20 £'000
1,082,678	Property, Plant and Equipment	1,140,134
(2,044)	Less: in year capital accrual	(2,534)
555	Heritage Assets	555
25	Intangible Assets	31
1,163	Assets Held for Sale	2,551
253	Long term debtors - loan to third parties	69
1,563	Short term Debtors - Private Finance Initiative	1,627
(283,072)	Revaluation Reserve	(301,886)
(373,365)	Capital Adjustment Account	(375,599)
427,756	Capital Financing Requirement at 31 March	464,948

26. Assets Held for Sale

	2018/19 Current £'000	Non-Current £'000	2019/20 Current £'000	Non-Current £'000
Balance outstanding at 1 April	1,144	0	1,163	0
Assets newly classified as held for sale:				
- Property, Plant & Equipment	1,367	0	1,388	0
Revaluation losses	0	0	0	0
Assets declassified as held for sale:				
- Property, Plant & Equipment	0	0	0	0
Assets sold	(1,348)	0	0	0
Balance outstanding at 31 March	1,163	0	2,551	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 2020; 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

27. 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:

		Short-term		Long-term	
	Note	31/03/2019	31/03/2020	31/03/2019	31/03/2020
		£'000	£'000	£'000	£'000
Investments at amortised cost:					
Principal		15,290	17,000	0	0
Accrued Interest		3	2	0	0
Loss Allowance		0	0	0	0
Total Investments		15,293	17,002	0	0
Cash and Cash Equivalents at amortised cost:					
Principal		55	58	0	0
Accrued Interest		1	0	0	0
Loss Allowance		0	0	0	0
Total Cash and Cash Equivalents	27c	56	58	0	0
<i>Debtors at amortised cost:</i>					
Trade Debtors		12,319	13,255	0	0
Accrued Interest		6	6	0	0
Loss allowance		(1,772)	(2,110)	0	0
Loans made for service purposes		0	0	243	70
Included in Debtors **	28	10,553	11,151	243	70
Total Financial Assets		25,902	28,211	243	70

** The Debtors balance in note 28 to the Notes to the Accounts includes £26,328k (£25,766k 2018/19) short-term and £268k (£424k 2018/19) 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 (PWLb) and commercial lenders
- short term loans from other local authorities
- Government Bodies Invest to Save initiatives

NOTE TO THE ACCOUNTS

27. 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:

		Short-term		Long-term	
	Note	31/03/2019 £'000	31/03/2020 £'000	31/03/2019 £'000	31/03/2020 £'000
Loans at amortised cost:					
PWLB					
Principal sum borrowed		(2,139)	(6,299)	(291,840)	(324,858)
Accrued Interest		(2,537)	(2,608)	0	0
Market					
Principal sum borrowed		0	0	(23,800)	(23,800)
Accrued Interest		(149)	(149)	(764)	(748)
Effective Interest Rate Adjustment:		0	0	1,691	4,182
IFRS 9 Remeasurement		0	0	2,530	0
Government Bodies					
Principal sum borrowed		(357)	(403)	(1,464)	(1,377)
Accrued Interest		0	0	0	0
Effective Interest Rate Adjustment		35	39	82	102
Bonds & Other Local Authorities					
Principal sum borrowed		(49,043)	(46,285)	0	0
Accrued Interest		(175)	(132)	0	0
Total Borrowing		(54,365)	(55,837)	(313,565)	(346,499)
Cash Overdrawn	27c	(4,488)	(8,508)	0	0
Total Cash Overdrawn		(4,488)	(8,508)	0	0
Liabilities at amortised cost:					
Finance Leases	35	0	0	(1,360)	(1,661)
Private Finance Initiative (PFI)	34	0	0	(25,304)	(24,698)
Total Other Long Term Liabilities		0	0	(26,664)	(26,359)
Trade Creditors	30	(9,318)	(9,567)	0	(169)
Included as Creditors **		(9,318)	(9,567)	0	(169)
Total Financial Liabilities		(68,171)	(73,912)	(340,229)	(373,027)

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 £7,977k (£9,215k 2018/19) short-term and £8,485k (£8,296k 2018/19) 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.

	31/03/2019 £'000	31/03/2020 £'000
Cash in hand	55	58
Bank current accounts	(4,488)	(8,508)
Call accounts	1	0
Net Position on Balance Sheet	(4,432)	(8,450)

NOTES TO THE ACCOUNTS

27. 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 2018/19 £'000		Note	Financial Liabilities at amortised cost	Financial Assets at amortised cost	Total 2019/20 £'000
			2019/20 £'000	2019/20 £'000	
18,143	Interest Expense		18,355	0	18,355
632	Impairment losses		0	699	699
16	Fees paid		34	0	34
18,791	Interest Payable & similar charges	10	18,389	699	19,088
(69)	Interest Income		0	(92)	(92)
(69)	Interest and Investment Income	10	0	(92)	(92)

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 2020 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.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- 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 31st 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	
		31/03/2019 £'000	31/03/2020 £'000	31/03/2019 £'000	31/03/2020 £'000
Financial Liabilities held at amortised cost:					
Long term loans from PWLB	2	(296,516)	(333,765)	(398,433)	(439,184)
Long term LOBO loans	2	(11,927)	(11,951)	(23,861)	(24,527)
Other Long term loans	2	(8,565)	(8,564)	(13,315)	(13,685)
Loans from Government Bodies	2	(1,704)	(1,639)	(1,756)	(1,744)
PFI Liabilities	3	(25,304)	(24,698)	(52,173)	(46,946)
Finance Lease Liabilities	3	(1,360)	(1,661)	(1,395)	(1,658)
Total		(345,376)	(382,278)	(490,933)	(527,744)
Liabilities for which fair value is not disclosed *					
Short-term borrowing i.e. Bonds & Other Local Authorities		(49,218)	(46,417)		
Cash Overdrawn		(4,488)	(8,508)		
Trade Creditors		(9,318)	(9,736)		
Total		(63,024)	(64,661)		

* 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

27. Financial Instruments cont'd

Financial Assets held at fair value:

	Balance Sheet Value	
	31/03/2019	31/03/2020
	£'000	£'000
Assets for which fair value is not disclosed *		
Short-term investments	15,293	17,002
Loans made for service purposes	243	70
Trade Debtors	10,553	11,151
Cash and Cash Equivalents	56	58
Total	26,145	28,281

* 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 2019/20 policy was to not lend more than £3 million to one institution (other than the UK government) 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 2020:

	Maturity of Investment		Total £'000
	0-3 Months £'000	3-12 Months £'000	
UK - Government Debt Management Office	17,000	0	17,000
Total Investments (Principal)	17,000	0	17,000

The above table shows that the deposits outstanding as at 31 March 2020 met the Council's credit rating criteria.

At 31 March 2020 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:

	31/03/2019 £'000	31/03/2020 £'000
Neither past due nor impaired *	7,925	7,845
Past due < 3 months	2,264	2,332
Past due < 3 - 6 months	48	143
Past due < 6 - 12 months	84	80
Past 12 months	198	193
	2,594	2,748

* Includes social care deferred payments with a charge on the property of £1,974k (£1,838k 2018/19).

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

27. 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%	2,490	(1,739)	751
General Fund Housing Tenants	100%	178	(178)	0
Other	0% - 100%	2,748	(193)	2,555
		5,416	(2,110)	3,306

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/top_navigation/search/index.htm?q=Finance%20Procedure%20Rules

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	6,702
Between one and two years	7,053
Between two and five years	20,478
Between five and ten years	63,274
Between ten and twenty years	163,247
Between twenty and thirty years	21,657
Between thirty and forty years	59,027
More than forty years	0
Uncertain Date *	15,300
	356,738

* 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. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain. All trade creditors are due to be paid in less than one year.

Market risk

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 setting an upper limit of 30% of total debt that can be subject to variable interest rates. As at 31 March 2020, 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	(72)
Increase in Government grant receivable for financing costs	0
Impact on the CI&ES	(72)
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)	56,345

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

28. Debtors

	Short-term		Long-term	
	31/03/2019 £'000	31/03/2020 £'000	31/03/2019 £'000	31/03/2020 £'000
Central government bodies	12,027	20,864	0	0
Other local authorities	10,702	1,766	0	0
NHS bodies	2,100	1,463	0	0
Loans to third parties and mortgages	0	0	243	70
Other	11,490	13,386	424	268
	36,319	37,479	667	338

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

Trade Debtors / Third Party Loans	10,553	11,151	243	70
Prepayments	12,456	3,408	424	268
Other	13,310	22,920	0	0
	36,319	37,479	667	338

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 (£50k) and three loans to voluntary bodies (£18k). One of the loans to voluntary bodies is interest free.

29. Debtors for Council Tax

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

	31/03/2019 £'000	31/03/2020 £'000
Debts of 0 -12 months	2,164	3,237
Debts of over 12 months	2,060	2,583
	4,224	5,820

30. Creditors

	Short-term		Long-term	
	31/03/2019 £'000	31/03/2020 £'000	31/03/2019 £'000	31/03/2020 £'000
Central government bodies	(4,444)	(1,057)	(5,352)	(4,871)
Other local authorities	(2,268)	(2,786)	0	0
NHS bodies	(41)	(367)	0	0
Other entities and individuals	(11,780)	(13,334)	(2,944)	(3,783)
	(18,533)	(17,544)	(8,296)	(8,654)
Trade Creditors	(9,318)	(9,567)	0	(169)
Other	(9,215)	(7,977)	(8,296)	(8,485)
	(18,533)	(17,544)	(8,296)	(8,654)

31. 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 2020 in respect of WMBC and CCC (see note 32 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 £423k.

b) The Council is the sole shareholder in Wrexham Commercial Services Ltd which ceased trading on 31 December 2019. The staff employed by the company transferred to the Council by operation of law under the Transfer of Undertakings (Protection of Employment) Regulations 2006. The outstanding pension deficit has been transferred to the Council. The company is in the process of finalising its accounts and meeting any outstanding liabilities. The net balance on the Company's balance sheet will be transferred to the Council during the 2020/21 financial year. The Council has made no provision for this in 2019/20.

NOTES TO THE ACCOUNTS

32. 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 2019	(487)	(68)	(65)	(525)	(1,145)	(2,330)
Reduction in / (Additional) provisions made in 2019/20	(709)	(23)	(105)	238	(599)	105
Amounts used in 2019/20	513	11	92	0	616	0
Balance at 31 March 2020	(683)	(80)	(78)	(287)	(1,128)	(2,225)

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 2020 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. A provision of £2,003k has been made for the aftercare costs of a number of sites within the County Borough. A further provision of £300k has been made to cover future capital works at the capped Llay landfill site.

Benefit Subsidy Provision - this is to meet any potential repayment of grant to the Department of Work and Pensions due to a number of issues arising from the audit of previous years claims.

33. Joint Arrangements and Joint Committees

The Council is currently involved in a number of joint arrangements with neighbouring North Wales authorities, for example:

a) North East Wales Community Equipment Service (Flintshire County Council (host partner) and Betsi Cadwaladr University Health Board) - see note 17 Notes to the Accounts.

b) GwE with Gwynedd County Council as the lead authority and with responsibility for preparing the Joint Committee's financial statements. The Council's contribution for 2019/20 was £772k (£778k in 2018/19). The Council has not included its share of the net liabilities of GwE in the accounts as these are considered to be immaterial. The GwE financial statements can be accessed by the following link:

http://www.gwynedd.gov.uk/gwy_doc.asp?cat=8204&doc=31949&language=1&p=1&c=1

c) Clwydian Range and Dee Valley Area of Natural Beauty (AONB) is a joint committee of the Council, Denbighshire County Council (lead authority) and Flintshire County Council to oversee the management of the AONB. The Council's contribution for 2019/20 was £26.5k (2018/19 £26.5k).

The Council has not included its share of the AONB's assets in the accounts as these are considered to be immaterial.

34. 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 2019	17,526	7,512	25,038
Additions	156	1,165	1,321
Revaluations / Impairment	1,242	0	1,242
Depreciation	(892)	(524)	(1,416)
Reclassification	0	0	0
Value at 31 March 2020	18,032	8,153	26,185

NOTES TO THE ACCOUNTS

34. 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	10,781	3,293	734	14,808
within two to five years	46,405	12,907	3,544	62,856
within six to ten years	65,891	15,982	6,164	88,037
within eleven to fifteen years	73,577	14,603	8,560	96,740
within sixteen to twenty years	48,174	3,252	5,696	57,122
	244,828	50,037	24,698	319,563

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 2020/21 are based on the increases at 1 January 2020 for RPI 2.69%, RPIx 2.75%, Labour Index 3.69% and Derv Index of 3.39%. For subsequent years inflation of 2.5% has been assumed for all indices as assumed in the operator's financial model.

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

	2018/19 £'000	2019/20 £'000
Balance Outstanding at 1 April	(25,614)	(25,304)
Payments during the year	806	954
Capital Expenditure incurred in the year	0	(284)
Other Movements	(496)	(64)
Balance Outstanding at 31 March	(25,304)	(24,698)

35. Leases

Finance Leases

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

	31/03/2019 £'000	31/03/2020 £'000
Vehicles, Plant, Furniture & Equipment	1,921	2,488
	1,921	2,488

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.

	31/03/2019 £'000	31/03/2020 £'000
Finance lease liabilities (net present value of minimum lease payments):		
- current	704	728
- non current	656	933
Finance costs payable in future years	63	76
Minimum lease payments	1,423	1,737

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2019 £'000	31/03/2020 £'000	31/03/2019 £'000	31/03/2020 £'000
Not later than one year	743	768	704	728
Later than one year and not later than five years	680	969	656	933
Later than five years	0	0	0	0
	1,423	1,737	1,360	1,661

NOTES TO THE ACCOUNTS

35. 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:

31/03/2019 £'000		Vehicles, Furniture & Equipment 31/03/2020 £'000	Land & Buildings 31/03/2020 £'000	Total 31/03/2020 £'000
915	Not later than one year	678	262	940
1,625	Later than one year and not later than five years	372	746	1,118
36	Later than five years	0	36	36
2,576		1,050	1,044	2,094

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

Restated Expenditure 2018/19 £'000		Expenditure 2019/20 £'000
328	Environment & Technical	232
1	Planning & Regulatory	0
231	Housing & Economy	251
477	Housing Revenue Account	471
8	Social Care	1
22	Education & Early Intervention	20
35	Schools	24
81	Governance & Customer Services	94
3	Finance & ICT	1
2	Chief Executive's	0
1	Corporate & Central	0
1,189		1,094

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:

31/03/2019 £'000		31/03/2020 £'000
447	Not later than one year	418
2,077	Later than one year and not later than five years	1,723
1,053	Later than five years	567
3,577		2,708

36. 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

36. 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	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	21,600	24,824	0	0
Past service costs *	9,869	2,632	0	0
(Gain) / Loss from curtailments	1,001	249	0	0
Other Operating Income and Expenditure:				
Administrative expenses	779	573	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	6,055	6,886	775	706
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	39,304	35,164	775	706
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)	(15,474)	49,441	0	0
▪ Actuarial gains and losses arising on changes in financial assumptions	46,111	(57,871)	992	(3,882)
Total Post Employment Benefit Charged to CI&ES	69,941	26,734	1,767	(3,176)

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	(39,304)	(35,164)	(775)	(706)
Actual amount charged against General Fund / HRA Balance for Pensions in year				
Employers contributions payable to Clwyd Pension Fund scheme	20,648	20,671		
Retirement benefit payable to pensioners			2,152	2,108

* McCloud Judgement & Post-retirement increases on Guaranteed Minimum Pension (GMP) benefits

The decisions of the Court of Appeal in the Sargeant / McCloud cases (generally referred to for LGPS as "McCloud") have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes, including LGPS. It is highly unlikely that the form of the remedy will be known in the immediate future and any cost at this stage can only be an estimate. The Council included an estimate of the McCloud liabilities of £9,869k in the 2018/19 accounts and the increase was shown as a past service cost. Any difference between this and the 2019/20 estimate has been reflected as an experience gain /loss on liabilities.

At present, public service pension schemes are required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards and may result in further costs to LGPS. The 2019/20 past service cost reflects the potential increase in past service liabilities following a change in indexation of GMP benefits.

37. 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	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Present value of the defined benefit obligation	886,236	856,088	30,485	25,199
Fair value of plan assets	(584,307)	(548,094)	0	0
	301,929	307,994	30,485	25,199
Other movements in the liability / (asset)	0	0	0	0
Net liability arising from defined benefit obligation	301,929	307,994	30,485	25,199

NOTES TO THE ACCOUNTS

37. 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	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Fair value of scheme assets at 1 April	553,721	584,307	0	0
Interest Income	14,658	14,132	0	0
Administrative Expenses	(779)	(573)	0	
Remeasurement gain / (loss):				
▪ Return on plan assets	15,474	(49,441)	0	0
Contributions from employer	20,648	20,671	2,152	2,108
Contributions from employees into the scheme	4,238	4,417	0	0
Benefits paid	(23,653)	(25,419)	(2,152)	(2,108)
Fair value of scheme assets at 31 March	584,307	548,094	0	0

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

	Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Balance at 1 April	806,357	886,236	30,870	30,485
Current Service Cost	21,600	24,824	0	0
Interest Cost	20,713	21,018	775	706
Contributions from scheme participants	4,238	4,417	0	
Remeasurement gains and (losses):				
▪ Actuarial losses / (gains) arising on changes in financial assumptions	46,111	(57,871)	992	(3,882)
Past Service cost	9,869	2,632	0	0
Losses / (gains) on curtailment	1,001	249	0	0
Benefits paid	(23,653)	(25,419)	(2,152)	(2,108)
Balance at 31 March	886,236	856,086	30,485	25,201

Local Government Pension Scheme assets comprised:

	Fair Value of scheme assets		Quoted
	2018/19 £'000	2019/20 £'000	
Cash and cash equivalents	1,169	7,323	Y
Equity instruments:			
▪ Global quoted	46,745	42,342	Y
▪ Emerging Markets	36,227	30,417	Y
	82,972	72,759	
Bonds:			
▪ Overseas other	64,858	55,070	Y
▪ LDI	133,222	95,959	Y
	198,080	151,029	
Property:			
▪ UK	32,137	36,445	Y
▪ Overseas	6,427	2,390	Y
	38,564	38,835	
Other Investment funds:			
▪ Hedge Funds	43,823	42,603	Y
▪ Private Equity	67,195	75,224	Y
▪ Infrastructure	21,035	35,977	Y
▪ Timber & Agriculture	7,012	6,313	Y
▪ DGF	114,524	104,843	Y
▪ Private Credit	9,933	13,188	Y
	263,522	278,148	
Total assets	584,307	548,094	

The Coronavirus (COVID-19) pandemic has impacted global financial and property markets. As a result of the volatility in market conditions, year-end valuation reports provided to the Clwyd Pension Fund include statements that there are material valuation uncertainties related to Pooled Property investments managed on behalf of the Fund. The total value of Pooled Property investments held by Clwyd Pension Fund as at 31st March 2020 is £127.5m of which, £38.8m (30.4%) is attributable to the Council.

NOTES TO THE ACCOUNTS

38. 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 Mercers, 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	
	2018/19	2019/20	2018/19	2019/20
Mortality assumptions:				
Longevity at 65 for current pensioners:				
▪ Men	23.2	22.5	23.2	22.5
▪ Women	25.7	24.9	25.7	24.9
Longevity at 65 for future pensioners:				
▪ Men	25.9	24.1		
▪ Women	28.4	26.9		
Rate of Inflation	2.20%	2.10%	2.30%	2.10%
Rate of Increase in salaries	3.45%	3.35%		
Rate of increase in pensions	2.30%	2.20%	2.40%	2.20%
Rate for discounting scheme liabilities	2.40%	2.40%	2.40%	2.40%

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 £'000	Decrease in Assumption £'000
Longevity (increase or decrease in one year)	23,927	(23,927)
Rate of inflation (increase or decrease by 0.1%)	14,752	(14,752)
Rate of increase in salaries (increase or decrease by 0.1%)	1,949	(1,949)
Rate of increase in pensions (increase or decrease by 0.1%)	14,752	(14,752)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(14,510)	14,510

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 £19.2m of expected contributions payable to the scheme in 2019/20. The weighted average of the defined benefit obligation for scheme members is 17 years, 2019/20 (18 years 2018/19).

39. 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 2019/20, the Council paid £8.8m to Capita Teachers' Pensions in respect of teachers' retirement benefits representing 20.7% of pensionable pay. There were no contributions remaining payable at 31 March 2020.

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

40. 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.

2018/19 £'000		2019/20 £'000	£'000
285,815	Balance at 1 April		283,072
4,862	Upward Revaluation of assets	34,231	
(3,096)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(10,357)	
1,766	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services		23,874
(3,345)	Difference between fair value and historical cost depreciation	(4,549)	
(1,164)	Accumulated gains on assets sold or scrapped	(511)	
(4,509)	Amount written off to the Capital Adjustment Account		(5,060)
283,072	Balance at 31 March		301,886

41. 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £'000		2019/20 £'000	£'000
371,193	Balance at 1 April		373,365
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:		
(35,068)	- charges for depreciation, impairment and revaluation losses of non current assets	(32,172)	
(13)	- amortisation of intangible assets	(18)	
0	- income in relation to donated assets	5	
(276)	- revenue expenditure funded from capital under statute	(240)	
(5,100)	- amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(7,455)	
(40,457)			(39,880)
(16)	Transfers to / from Capital Receipts Reserve	(185)	
4,509	Adjusting amounts written out of the Revaluation Reserve	5,060	
4,493	Net written out amount of the cost of non current assets consumed in the year		4,875
	Capital financing applied in the year:		
899	- use of the Capital Receipts Reserve to finance new capital expenditure	4,684	
14,972	- capital grants and contributions credited to the CI&ES that have been applied to capital financing	13,505	
241	- application of grants to capital financing from the Capital Grants Unapplied Account	115	
13,472	- statutory provision for the financing of capital investment charged against the General Fund and HRA balances	15,105	
8,552	- capital expenditure charged against the General Fund and HRA balances	3,830	
38,136			37,239
373,365	Balance at 31 March		375,599

NOTES TO THE ACCOUNTS

42. 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.

2018/19 £'000		2019/20 £'000
(283,506)	Balance at 1 April	(332,414)
(31,629)	Remeasurement of the net defined benefit liability / (asset)	12,312
(40,079)	Reversal of items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services in the CI&ES	(35,870)
22,800	Employer's pensions contributions and direct payments to pensioners payable In the year	22,779
(332,414)	Balance at 31 March	(333,193)

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

2018/19 £'000		2019/20 £'000
(35,068)	Depreciation, impairment and revaluation losses of non-current assets	(32,172)
(13)	Amortisation of intangible assets	(18)
195	Increase / (Decrease) in inventories	(24)
(10,394)	Increase / (Decrease) in debtors and current intangible assets	599
(3,649)	(Increase) / Decrease in creditors	991
(17,279)	Transfer to / (from) pensions reserve	(13,091)
54	Transfer from / (to) provisions	122
(8)	Amortisation of borrowing / long term debtors	(3)
(5,100)	Carrying amount of non-current assets held for sale, sold or derecognised	(7,455)
(71,262)		(51,051)

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

2018/19 £'000		2019/20 £'000
5,247	Proceeds from sale of non current assets	7,455
17,230	Capital Grants and Contributions credited to income and expenditure	16,326
(276)	Revenue Expenditure funded from capital under statute	(240)
22,201		23,541

45. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2018/19 £'000		2019/20 £'000
(48)	Interest received	(86)
17,911	Interest paid	18,328

46. Cash Flow Statement - Investing Activities

2018/19 £'000		2019/20 £'000
54,379	Purchase of property, plant, equipment, investment property and intangible assets	72,629
15,290	Purchase of short-term and long-term investments	17,000
3,625	Other payments for investing activities	4,921
(5,247)	Proceeds from sale of property, plant, equipment, investment property and intangible assets	(7,455)
0	Proceeds from short-term and long-term investments	(15,290)
(18,686)	Other receipts from investing activities	(20,545)
49,361	Net cash flows from investing activities	51,260

NOTES TO THE ACCOUNTS

47. Cash Flow Statement - Financing Activities

2018/19 £'000		2019/20 £'000
(105,525)	Cash receipts of short-term and long-term borrowing	(143,574)
0	Other receipts from financing activities	0
1,518	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,888
101,432	Repayments of short-term and long-term borrowing	109,194
546	Other payments for financing activities	(47)
(2,029)	Net cash flows from financing activities	(32,539)

48. 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 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 14 Notes to the Accounts. Grant receipts outstanding at 31 March 2020 are also shown in note 14 Notes to the Accounts.

Members and Officers - The Council has arrangements in place requesting members and officers to identify and disclose related party transactions. Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in note 6 Notes to the Accounts. Five members did not return a declaration; in this instance we have relied upon the Council's Register of Interests to gather the information required.

During 2019/20 works and services to the value of £432k (£840k 2018/19) were commissioned from companies that had Council members as appointed representatives on the Committee or Board; the Council also awarded grants to the value of £827k (£869k 2018/19) to organisations on which they had an appointed representative on the management structure. Works and services to the value of £669k (£2,368k 2018/19) were commissioned from companies where a member had declared an interest or was employed by the company; the Council also awarded grants to organisations where Members declared an interest to the value of £55k (£25k 2018/19). The Council paid grants to the value of £207k (£144k 2018/19) to organisations where members of the Council were employed. In all instances, the grants were made with proper consideration of declarations of interest. The Council paid precepts or levies to organisations to the value of £22,333k (£23,386k 2018/19) where members had declared an interest.

During 2019/20 the Council was in receipt of grants to the value of £314k from an organisation where an employee is appointed as a public appointee. The grant award has been included in note 14 Notes to the Accounts.

In respect of the above disclosures, balances as at 31 March 2020 are :

	Owed by the Council £'000	Owed to the Council £'000
Works & Services with appointed representative	4	33
Works & Services where interest declared	1	11

The above balances form part of notes 28 and 30 Notes to the Accounts.

Controlled Companies - Wrexham Commercial Services Limited (WCS) is set up as a company limited by share, with the Council as the sole shareholder. The company was incorporated on 1st October 2014 as a general trading company and provided building cleaning and caretaking services to the Council and external customers. The company ceased trading at 31 December 2019; for the operational period 1 April 2019 to 31 December 2019 the Board consisted of three members in total, two senior council officers and one elected member. The organisation also employed one Council Member; this was reflected in the register of interest. The Board of Directors elected not to pay a dividend to the Council during 2019/20.

Payments and balances as at 31st March 2020 to WCS for building cleaning and caretaking services are as follows:

	2018/19 £	2019/20 £
Payments made	2,328,831	1,748,855
Amounts owed by the Council	45,116	0
Amounts owed to the Council	123,799	0

The financial statements for the financial year 2019/20 are available and can be obtained from Wrexham Commercial Services Limited, Council Offices, Ruthin Road, Wrexham LL13 7TU.

NOTES TO THE ACCOUNTS

49. Accounting Policies

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20, 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, but because of 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.

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.

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.

NOTES TO THE ACCOUNTS

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 – 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.

2018/19 £'000		Notes	2019/20 £'000	£'000
	Expenditure			
20,137	Repairs and Maintenance		25,404	
5,269	Supervision and Management		5,946	
2,417	Special Services		2,354	
118	Rent, rates, taxes and other charges		160	
16,628	Depreciation, impairment and revaluation losses of non-current assets	6	17,906	
60	Debt management costs		62	
0	Sums directed by the Welsh Government	7	0	
0	Increase in bad debt provision	3	0	
44,629	Total Expenditure			51,832
	Income			
(49,248)	Dwelling Rents		(51,031)	
(1,011)	Non-dwelling rents		(1,033)	
(2,385)	Charges for services and facilities		(2,347)	
(20)	Other Income		(18)	
(52,664)	Total Fees, Charges and Other HRA Service Income		(54,429)	
(846)	Contribution towards expenditure	9	(1,017)	
(53,510)	Total Income			(55,446)
(8,881)	Net Income of HRA Services as included in the Comprehensive Income & Expenditure Statement (CI&ES)			(3,614)
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services			0
(8,881)	Net Income of HRA services			(3,614)
	HRA share of the Operating Income and Expenditure included in the CI&ES			
0	Loss / (Gain) on sale of HRA non-current assets			0
10,502	Interest payable and similar charges	3		10,890
(31)	Interest and investment income			(33)
921	Pensions net interest and administrative expenses	8		1,034
(7,735)	Capital Grants and contributions receivable			(7,550)
(5,224)	(Surplus) / Deficit for the year on HRA services			727

MOVEMENT ON THE HRA STATEMENT

2018/19 £'000		Notes	2019/20	
			£'000	£'000
5,030	Balance on the HRA at 1 April			5,024
5,224	(Deficit) / Surplus for the year on the HRA Income & Expenditure Statement		(727)	
(5,230)	Adjustments between accounting basis and funding basis under Statute		733	
(6)	Net Increase / (Decrease) before transfers to or from reserves			6
0	Transfers (to) / from Earmarked Reserves			0
(6)	Increase / (Decrease) in year on the HRA			6
5,024	Balance on the HRA at 31 March			5,030
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:				
16,628	Charges for depreciation, impairment and revaluation losses of non current assets		17,906	
5	Revenue expenditure funded from capital under statute - Other		69	
(7,735)	Capital grants and contributions applied		(7,550)	
3,751	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES		7,455	
Insertion of items not debited or credited to the CI&ES:				
(7,702)	Statutory provision for the financing of capital investment		(8,740)	
(7,600)	Capital Expenditure funded from HRA balances		(2,665)	
Adjustments primarily involving the Capital Receipts Reserve:				
(3,751)	Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the HRA I&E Statement		(7,455)	
(15)	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:				
3,725	Reversal of items relating to retirement benefits debited or credited to the HRA I&E Statement - see note 8		4,406	
(2,528)	Employer's pension contributions payable in the year		(2,684)	
Adjustments involving the Accumulated Absences Account:				
(8)	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		(9)	
(5,230)			733	

NOTES TO THE HRA STATEMENT

1. Housing Stock

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

As at 31/03/19		As at 31/03/20
6,927	Houses	6,862
1,051	Bungalows	1,051
2,486	Flats	2,480
656	Warden Controlled Units	657
11,120		11,050

2. Rent Arrears

The total amount of rent arrears at 31 March 2020 was £2,379k. The corresponding figure for 31 March 2019 was £2,035k.

3. Impairment Allowance for Doubtful Debts

The Impairment Allowance for Doubtful Debts was increased by a charge to the I&E account of £563k in 2019/20 to give a balance at the year end of £1,739k. 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.

2018/19 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	2019/20 Total Capital Investment £'000
41,674	Expenditure in Year	60,644	149	1,556	69	62,418
560	Add: Movement in Capital accrual	(919)	(74)	(26)	0	(1,019)
42,234		59,725	75	1,530	69	61,399
	Financed by:-					
7,572	Major Repairs Allowance Grant	7,550	0	0	0	7,550
163	Other Capital Grants and Contributions	0	0	0	0	0
7,599	Capital Expenditure Charged to Revenue	2,621	0	44	0	2,665
900	Capital Receipts	3,935	75	605	69	4,684
26,000	Borrowing - Unsupported	45,619	0	881	0	46,500
42,234		59,725	75	1,530	69	61,399

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:

2018/19 £'000		2019/20 £'000
3,747	Sale of Council Houses	7,411
4	Sale of Council Houses - Discount Repaid	44
0	Mortgages Repayment	0
15	Sale of Land and Other Property	0
3,766		7,455

NOTES TO THE HRA STATEMENTS

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

2018/19 Total £'000		Depreciation £'000	Impairment £'000	2019/20 Total £'000
	Non-Current Assets			
14,984	Dwellings	12,803	3,489	16,292
1,087	Other Land and Buildings	962	97	1,059
557	Vehicles, Plant & Equipment	555	0	555
16,628		14,320	3,586	17,906

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 relates.

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. Sums Directed by the Welsh Government

There were no deductions in the Rent Rebate Subsidy by the Department for Work and Pensions (DWP) in 2019/20, as the Council's rents were within the DWP limit for rent.

8. Transactions Relating to Retirement Benefits

The policy on accounting for pension costs has been applied to the HRA (see page 46).

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	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
Current service cost	2,692	3,220	0	0
Curtailment loss	112	152	0	0
<i>Other Operating Income and Expenditure:</i>				
Administrative Expenses	97	74	0	0
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest expense	755	893	69	67
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,656	4,339	69	67
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	(3,656)	(4,339)	(69)	(67)
Actual amount charged against HRA Balance for Pensions in year:				
Employers contributions payable to Clwyd Pension Fund scheme	2,379	2,529		
Retirement benefit payable to pensioners			149	155

9. Contribution towards expenditure

This relates to Supporting People Grant which is used to fund the Tenancy Support service (£311k) and the housing related support element of Sheltered Housing (£507k), 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 a contribution from the Affordable Housing Grant Reserve (£22k). Also included in 2019/20 is funding provided by Welsh Government to cover additional costs incurred by the HRA in response to Covid 19 (£9k).

INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF WREXHAM COUNTY BOROUGH COUNCIL

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Wrexham County Borough Council for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Wrexham County Borough Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement and the Housing Revenue Account Income and Expenditure Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Wrexham County Borough Council as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – effects of Covid-19 on the Council's assets valuations

I draw attention to Note 22 in the financial statements, which describes the material valuation uncertainty clause in the valuation report on the Council's property arising from circumstances caused by the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Emphasis of Matter – effects of Covid-19 on the Council's property pension fund valuations

I draw attention to Note 36 to the financial statements, which describes material valuation uncertainty clauses in the valuation report's on Pooled Property Funds held by the Clwyd Pension Fund arising from circumstances caused by the Covid-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF WREXHAM COUNTY BOROUGH COUNCIL

- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the Statement of Accounts. The other information comprises the information included in the Statement of Accounts other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

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

INDEPENDENT AUDITOR'S REPORT OF THE AUDITOR GENERAL FOR WALES TO THE MEMBERS OF WREXHAM COUNTY BOROUGH COUNCIL

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error. In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Anthony J Barrett
For and on behalf of the Auditor General for Wales
25 September 2020

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of Wrexham County Borough Council's website is the responsibility of the Council; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Wrexham County Borough Council

Annual Governance Statement

for the year ended 31 March 2020



Foreword

“To ensure that Wrexham and its people are supported and enabled to fulfil their potential, prosper and achieve a high standard of well-being”.

This is the Council’s stated purpose as contained in the Council Plan for 2018-22. The Plan sets out what we will do to achieve this, continuing to look for ways to improve services and, as far as possible, prioritising frontline services against a background of shrinking public sector finances while at the same time, planning for a sustainable future.

Effective corporate governance is essential to support the Council in meeting our challenges, whatever they may be, both now and in the future.

All who use our services and all who pay for them, together with our suppliers and partners, must be able to have confidence in our governance arrangements - that our ways of working enable us to provide the right services effectively and efficiently and on a consistent basis, and that we take informed, transparent and lawful decisions. They must also be assured that we properly account for the money we receive and spend.

While our corporate governance arrangements have been effective in supporting the Council through the many changes it has gone through in recent years, we will ensure that this continues to be the case in 2020-21 and in to future years as we continue to meet our challenges. At the time of writing, the Authority is responding to the Covid-19 pandemic. Our governance arrangements are working well in these unprecedented circumstances, and while we cannot yet say what the long term impacts of Covid-19 will be for public finance and public services, the change could be profound, and we need to continue to ensure that our Governance Framework is fit for purpose.

As always, there are some opportunities for improvement which have been identified as a result of our monitoring and review arrangements. We will ensure that the necessary action is taken to address these.



Ian Bancroft, Chief Executive



Councillor Mark Pritchard, Leader

What is Corporate Governance?

Corporate governance refers to the processes by which organisations are directed, controlled, led and held to account. It is also about culture and values - the way that councillors and employees think and act.

The Council's corporate governance arrangements aim to ensure that it does the right things in the right way for the right people in a way that is timely, inclusive, open, honest and accountable.

This Statement describes the extent to which the Council has, for the year ended 31 March 2020, complied with its Governance Code and the requirements of the Accounts and Audit (Wales) Regulations 2014. It also describes how the effectiveness of the governance arrangements has been monitored and evaluated during the year and sets out any changes planned for the 2020-21 period.

The Statement has been prepared in accordance with guidance produced in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the 'Delivering Good Governance in Local Government Framework'. It embraces the elements of internal control required by the 'Code of Practice on Local Authority Accounting in the United Kingdom'.

This statement is also published in Welsh.

The Council's Governance Responsibilities

The Council is responsible for ensuring that it conducts its business in accordance with the law and to proper standards and that public money is properly accounted for and is used economically, efficiently and effectively. It also has a duty to continuously improve the way that it functions, having regard to effectiveness, quality, service availability, fairness, sustainability, efficiency and innovation.

To meet these responsibilities, the Council acknowledges that it has a duty to have in place sound and proper arrangements for the governance of its affairs, including a reliable system of internal control (a process to ensure that objectives will be achieved), and for reviewing the effectiveness of those arrangements.

Our Governance Framework

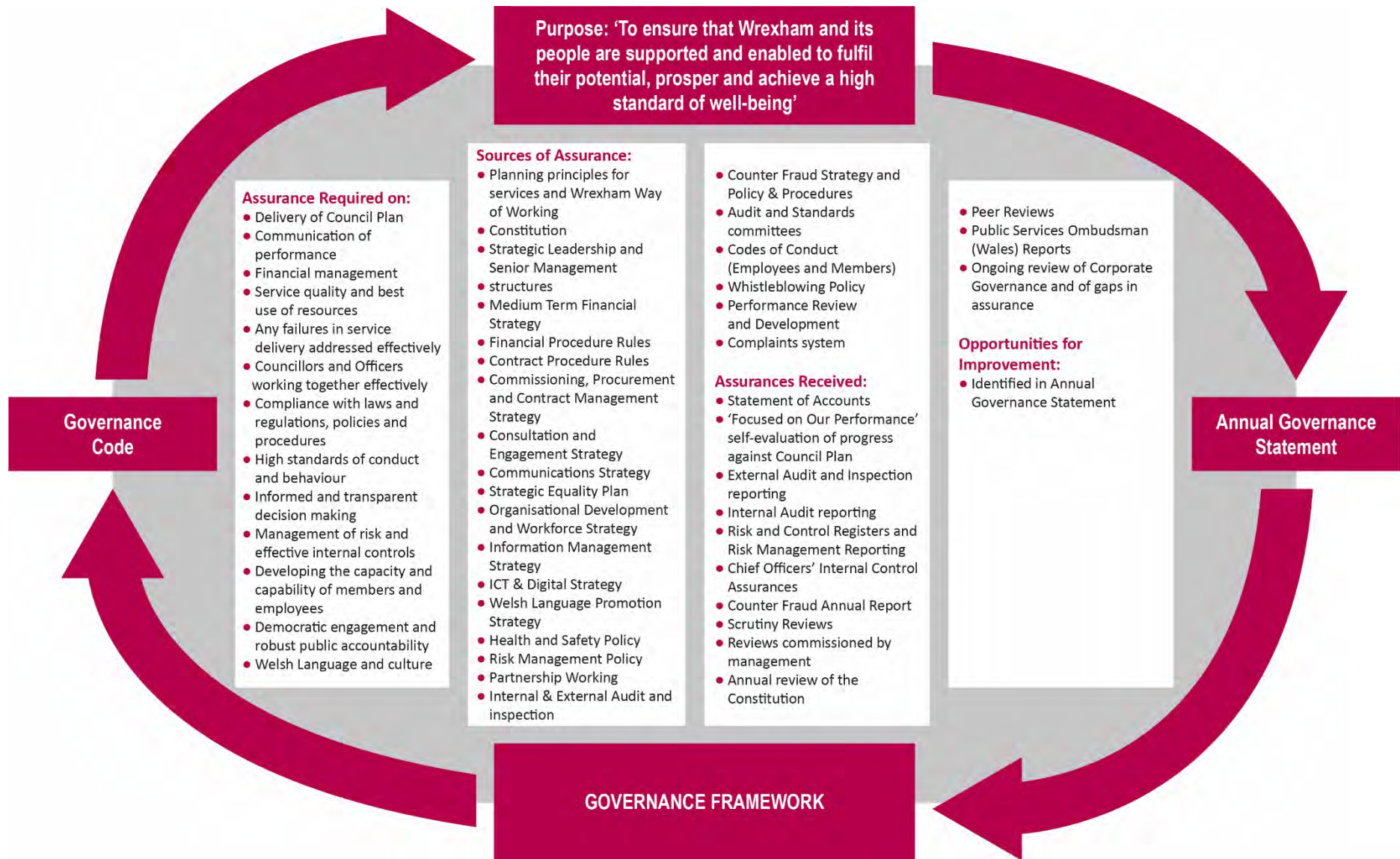
The Council is committed to good corporate governance and has agreed its own Code of Corporate Governance. The Code states the importance to the Council of good corporate governance and to the principles involved, and sets our own Governance Framework. It follows guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) which applies to all UK local authorities. The Code can be accessed on our website ([Governance Code](#)) or is available upon request from the Chief Officer Finance & ICT.

Our Governance Framework is based upon the 'core principles' which underpin the CIPFA/SOLACE Corporate Governance Framework.

Wrexham County Borough Council Governance Code (2017)	
Our commitment to good governance is made across the following core principles:	
A.	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
B.	Ensuring openness and comprehensive stakeholder engagement.
C.	Defining outcomes in terms of sustainable economic, social, and environmental benefits.
D.	Determining the interventions necessary to optimise the achievement of intended outcomes.
E.	Developing the Council's capacity, including the capability of its leadership and the individuals within it.
F.	Managing risks and performance through robust internal control and strong public financial management.
G.	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Code sets out in detail the arrangements we have in place to ensure that we adhere to these Core Principles. It sets out the systems and processes by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It also includes our values and culture.

Some of the key elements of the Framework can be found below:



Key contributors to developing and maintaining the Governance Framework

The following bodies and structures fulfil an important role in reviewing and ensuring the effectiveness of the Framework.

Contributor	Role
Council	All 52 Elected Members; Approves the Council Plan; Agrees the Council's Constitution; Approves policy and financial frameworks.
Executive Board	Primary decision making body of the Council; Comprises the Leader of the Council and Executive Members who have responsibility for specific portfolios.
Key Governance Officers	The Constitution sets out the functions of key governance officers, including the statutory posts of 'Head of Paid Service' (Chief Executive) , 'Monitoring Officer' (Chief Officer – Governance and Customer) and 'Section 151 Officer' (Chief Officer – Finance and ICT) and explains the role of these officers in ensuring that processes are in place for enabling the Council to meet its statutory obligations and also for providing advice to Members, officers and committees on staff management, financial, legal and ethical governance issues.
Council Priority Programme Boards	Focus on the achievement of the Council's priorities as set out in the Council Plan; Report to Members via performance reporting arrangements.
Standards Committee	Promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of Conduct.
Scrutiny Committees	Comprises non-Executive Council Members; Review and scrutinise the decisions and performance of Council, Executive Board and Committees; Review and scrutinise the decisions and performance of other public bodies and partnerships as appropriate.
Senior Leadership Team & Managers	Responsible for developing, maintaining and implementing the Council's governance, risk and control framework; Contribute to the effective corporate management and governance of the Council.
Governance & Risk Officers' Group	Ongoing review of the effectiveness of the Governance Framework; Ongoing review and challenge of risk management arrangements; Accountable to Audit Committee and Senior Leadership Team.
Internal Audit	Provide an independent opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements;

Contributor	Role
	<p>Delivers a programme of risk based audits, including counter-fraud and investigation;</p> <p>Identifies areas for improvement in the management of risk;</p> <p>Accountable to the Chief Officer Finance & ICT and the Audit Committee.</p>
Audit Committee	<p>A statutory committee providing independent assurance on the Council's internal control environment;</p> <p>Agrees the Annual Governance Statement and the Annual Statement of Accounts;</p> <p>Oversees Internal Audit's independence and effectiveness;</p> <p>Monitors the effectiveness of value for money arrangements;</p> <p>Considers the effectiveness of Risk Management, including risks of bribery, fraud and corruption;</p> <p>Considers External Audit and Inspectors' reports.</p>
External Audit	<p>Audits and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources and concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources.</p>

Reviewing Effectiveness

Audit and Audit Assurances

The effectiveness of governance arrangements is measured in several ways. The Internal Audit Service is a key means of assurance, being responsible for reviewing the adequacy of controls throughout all areas of the Council. It is managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS). The Annual Internal Audit report is presented to the Audit Committee and summarises the findings of the audit work undertaken, including any areas of significant weakness in the internal control environment.

The Head of Internal Audit's opinion for 2019-20, taking into account all available evidence, was that he is able to give assurance to the Audit Committee and management that the Council's control environment is generally effective in achieving the organisation's objectives. This is subject to a general caveat that in giving this opinion, it should be noted that levels of assurance can never be absolute. Wrexham Internal Audit Services (WIAS) can only ever provide to the Council a reasonable assurance that there are no major weaknesses in the aspects of risk management, governance and control processes that have been audited.

This is the same assurance as was given in the previous year.

The Head of Internal Audit has highlighted the following areas for improvement during the next year, and these will be taken forward in service business plans:

1. Governance of financial systems - instances where employees operating financial systems that involve imprest accounts, receipt of cash or payment of monies, were unaware of agreed procedures;
2. Welsh Language Standards compliance;
3. Supported Living Service - in relation to lack of controls linked to vulnerable adults;
4. The turnover of staff in the Environment and Social Care departments – the potential impact on governance issues and the ability of WIAS to carry out assurance work in a timely and effective manner.

The Audit Committee was scheduled to approve the Internal Audit Charter 2020-21 at its March meeting but the meeting was cancelled due to the ongoing Covid-19 pandemic. The Chief Executive, in consultation with the Chair of the Audit Committee, made a decision under the Urgency powers contained in the Constitution to approve the Audit Charter and the Internal Audit Plan for 2020-21. The Internal Audit Plan 2020-21 is compiled using a risk-based approach taking account of the departmental Risk & Control Registers, the Principal Risk Register, the governance framework and the strategic planning framework. Audits which could not be undertaken as a result of the

Covid-19 pandemic in 2019-20 will be added to the Audit Plan 2020-21. WIAS has and will continue to provide advice and guidance as required as the recovery stage from Covid-19 progresses. Account will be taken within audits, of any changes to service delivery or increased risks that have occurred during 2020-21 as a result of Covid-19. If any additional audits are required then the internal Audit Plan 2020-21 will be amended in discussion with Chief Officers and the Audit Committee will be advised as part of the normal reporting arrangements.

Audit Committee

The Audit Committee is a key component of the Council's corporate governance framework. This year, Audit Wales (previously Wales Audit Office) supported the Council's Audit Committee in undertaking a self-assessment against the core functions of an Audit Committee with the aim of realising a positive impact on its focus, work programme and member development. A number of areas for improvement were identified and these were considered by the Audit Committee in February 2020. These have been included in the Audit Committee Development programme 2020/21 and progress will be monitored by the Audit Committee during the year.

One meeting of the Audit Committee was cancelled as a result of the Covid-19 pandemic, however meetings from May onwards will be held under the Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020.

The opinion of the Audit Committee is sought as part of the preparation of the AGS. This year, the meeting to review the Committee's opinion and consider the content of the draft AGS was cancelled due to the Covid-19 situation. A draft of the AGS was instead shared by email with committee members.

External Audit and Inspection

Audit Wales

Audit Wales, our External Auditor, assesses the Council's arrangements for delivering continuous improvement and subsequent performance, the results of which are published in their Annual Improvement Report.

In 2019 (reviewing the Council's 2018-19 arrangements) the Auditor General assessed that 'the Council is meeting its statutory requirements to continuous improvement but, as with all councils in Wales, it faces challenges going forward'. The Auditor General did not make any formal recommendations.

External Audit and Inspection work undertaken in the year ended 31 March 2019 (see below) did not result in any formal recommendations.

- Well-being of Future Generations: An Examination of Creating a Digital Wrexham (November 2019)
- Integrated Care Fund (supplementary report to a national report) (July 19)
- Leisure Services (June 2019)
- Financial Sustainability (February 2020)
- Delivering with Less – Environmental Health Services Follow-up Review (January 2020)

Audit Wales' annual audit includes examining and certifying whether financial statements are 'true and fair' and assessing our arrangements for securing economy, efficiency and effectiveness in the use of resources.

The Annual Audit Letter for the year 2018/19, published in November 2019, stated that the Council had complied with its responsibilities relating to financial reporting and use of resources and that the Auditor General was satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Each year Audit Wales publish an Audit Plan which sets out the planned programme of audit work for the coming year. It is based on their assessment of the financial and operational risks facing the Council, as well as a General Risk and Assurance Review which gives the Council the opportunity to meet with its key regulators to review the combined view of the key risks, challenges and opportunities from the perspective of audit and inspectorate bodies. The Plan identifies where audit work may be required in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. In addition to national and regional projects, the 2020 Audit Plan identifies the following work specific to Wrexham Council to be undertaken in the coming year:

- Financial – A review of the risk of management override of controls
- Performance – A project to review the Council's arrangements for consolidating and improving performance and delivering its corporate objectives.

Discussions with Audit Wales have confirmed that while the intention is for the Plan to proceed as set out, all work is effectively on hold at the present time in recognition that circumstances may mean a different focus of some work to take account of COVID-19 and that Project briefs cannot be finalised with the Council at this time.

Estyn

The Council's schools, education and training services are assessed by Estyn (Her Majesty's Inspectorate for Education and Training in Wales). In October 2019, Estyn undertook an inspection of the local authority's education services and concluded that the scale of the challenge to improve outcomes in secondary schools means that Wrexham is an authority that is causing significant concern. This area has been included as an area for improvement in the Governance Action Plan for 2020-21.

Care Inspectorate Wales

Our social services are subject to ongoing review by the Care Inspectorate Wales.

CIW Improvement Conferences held in 2019 identified that improvements were required in relation to risk and the quality of casework in Children's Services. In response we have established an Accelerated Improvement Board, Support Team and Action Plan. Short to medium improvements will be delivered by March 2021 and long term continuous improvement thereafter.

This area has been included as an area for improvement in the Governance Action Plan for 2020-21.

Senior Management Assurances

We recognise the importance of achieving consistent standards of governance and control across all services. As well as being responsible for the identification and mitigation of risks within their services, senior managers undertake an assessment of governance within their services each year and complete an Internal Control Assurance Statement (ICAS). These are reviewed to identify any governance issues either within a specific service or across the organisation which the Council needs to address. All ICAS for the period ended 31 March 2020 were completed and reviewed.

The ICAS returns showed good compliance with the governance framework, but there were several areas common to a number of services. These were –

- Welsh Language Standards
- Information Management Strategy
- Completion of PRDs (impacted by the Covid-19 crisis from mid-March)
- Inductions for Agency Staff

The Governance & Risk Officers' Group (GROG) reviewed these areas and was assured by Chief Officers' commentary which gave an account of action being taken and progress being made. These areas had also been identified in the AGS 2019-20 Action Plan and were either complete or will be taken forward in service business plans in 2020-21.

Management of Risk

In accordance with our Risk Management Policy, Members and senior management identify the principal risks to the Council Plan's outcomes, and these, together with the risks to planning and delivering services are recorded in Risk and Control Registers, which also record the controls we put in place to manage to risks. The Audit Committee has an important role in monitoring the effective development and operation of risk management in the Council and Risk and Control Registers are regularly reviewed and challenged by both Audit Committee and senior management. Neither the Audit

Committee nor senior management has identified any issues of concern. Risk and Control Registers are being challenged and updated in the light of Covid-19. The UK formally left the European Union on January 31st 2020 and is currently in a transition period during which time both sides will need to agree the nature of its future relationship. This period is due to end on 31st December 2020. Whether Covid-19 will impact on this timetable is not yet clear, however the Council continues to regularly review its risks in relation to Brexit.

Governance and Risk Officers' Group (GROG)

The GROG met throughout the year and continued its ongoing review of the Governance Framework. It monitored and challenged the progress made during 2019-20 on the significant issues identified in last year's Annual Governance Statement and reported on this to senior management and the Audit Committee.

Impact of Covid-19 Pandemic on Governance

In the short term, the impact of Covid-19 is being felt across the Council – both in the ways we conduct our business and the services we are able to provide. For example, the pandemic has had implications for our decision-making processes, ability to transact business, involvement of elected members and risk management, and has tested the capacity, capability and resilience of our workforce. Broadly speaking, our governance arrangements have worked well, our service continuity plans proved successful and we have responded to Government and Regulators' regulation and guidance. But changes in the way we work and the services we provide have implications for our governance arrangements, and while we are in the early stages of assessing the impact of Covid-19, we must ensure that we identify and plan for the longer term impacts on our ability to deliver value for money and achieve our priorities while maintaining good corporate governance. This will include assessing the impact of Covid-19 on our Improvement Plan, financial and organisational resilience, accountability and stakeholder engagement, as well as the effectiveness of the Council's risk management and control and governance processes. This will be an important undertaking and has been included as an area for improvement in the Governance Action Plan for 2020-21.

Improving Governance

The progress made during 2019-20 on the significant issues identified in our 2018-19 Annual Governance Statement is shown below:

Action 1 - Health & Safety

Effective mitigation of all significant health and safety risks.

Agreed Action: Ensure that all actions contained in the Corporate Health & Safety Action Plan 2019-20 are implemented.

Status as at 31 March 2020: 64% of actions were completed by 31 March 2020 as a number were delayed due to the coronavirus emergency. By 30 June 2020, it is expected that the majority of actions will have been completed. Actions and risks are monitored on an ongoing basis by the Leader, Chief Executive and the Senior Leadership Team and it is acknowledged that significant improvements in health and safety arrangements have occurred during the year.

Reviewed by the Customers Performance Resources and Governance Scrutiny Committee in July 2019 & January 2020. No further reports have been requested.

Recommendation from Governance & Risk Officers' Group (GROG) that there is no requirement to carry this forward in the AGS Action Plan. Ongoing actions to be taken forward in service business planning.

Action 2 - Securing ICT Infrastructure

A robust, resilient and secure platform to support the aims of a modern and resilient Council.

Agreed Action: Continue the implementation of ICT & Digital Strategy and complete new Data Centre and associated connections.

Status as at 31 March 2020: A new ICT & Digital Strategy to be produced in 2020/21. The planned completion date for the new data Centre is July 2020.

Progress made, but recommendation that the continued evolution of ICT makes this an ongoing requirement which should be carried forward into 2020-21 AGS Action Plan.

Action 3 – Welsh Language

Facilitate, increase and promote the use of the Welsh language in the County Borough and give residents the opportunity to live their lives through the medium of Welsh if they so wish; to create an increased understanding of the Welsh language and Welsh culture amongst non-Welsh speaking residents.

Agreed Action: Continue to address the reasons for non-compliance with the Standards and continue to raise awareness of Welsh language & culture by:

- (i) Implementing an action plan to actively promote Welsh Language compliance;
- (ii) Addressing the need for improved signage, a fully bilingual website and improvements to our housing benefits systems.

Status as at 31 March 2020: An Action Plan to address issues in relation to non-compliance was agreed November 2019 and is being implemented. Highlights include:

- Guidance developed for third party contractors outlining their responsibilities in relation to the Standards.
- Detailed procedures for the creation of new signs completed and our Communications Toolkit updated.
- No further investigations in regard to non-compliant signage have been opened following the new guidance.
- New fully bilingual Council website live from March 2020. Work is ongoing to maintain this.

An Internal Audit of compliance with the Welsh Language Standards provided a “Red Amber” assurance and made recommendations to improve compliance. These were all accepted and a completed Action plan” has been received. A follow-up audit will take place in 2020.

Recommendation from Governance & Risk Officers’ Group (GROG) that there is no requirement to carry this forward in the AGS Action Plan. Ongoing actions to be taken forward in service business planning.

Progress with other areas highlighted for improvement action during the year:

- New Asset Management software to improve performance management arrangements for land and property assets was procured. Implementation will continue in 2020.
- A new Internal Communications Strategy aimed at increasing the workforce’s awareness of the Council’s priorities and their engagement in meeting these was agreed. Implementation of the strategy will be ongoing into 2020-21.
- Our new Council website was launched, expanding the availability and accessibility of on-line information and services for customers.
- Elected Members agreed a revised Constitution. The Constitution sets out how the Council operates, how decisions are made and the procedures for ensuring

that the Council is efficient, transparent and accountable. The revised document is now easier to understand as well as being compliant with statutory requirements and national guidance.

- Our Information Management Plan explains how we deal with the creation, storage, access, protection and lifecycle of information and data. In 2019 we completed our project plan to enable us to comply with our statutory requirements under the General Data Protection Regulation (GDPR) 2016 and ongoing issues have now been transferred to the Information Management Plan 2019-22.
- Our Service Continuity Plans, which ensure that the Council is able to deal with sudden and significant losses of staff, property and / or systems, have been completed and are checked and updated. The current Covid-19 situation is a major test of our Service Continuity Plans and exercises we have previously undertaken have been invaluable.
- The inter authority agreement and Service Level Agreement (SLA) for the North Wales Councils' Regional Emergency Planning Service (NWCREPS) was renewed in January 2020 for a further three years. A performance review against national indicators for the Civil Contingencies Act and other relevant legislation was undertaken by the regional board and found that the framework is effective.

Areas where improvement will continue to be taken forward in service business plans:

- Work to launch an improved staff intranet which will ensure that managers and staff are provided with an effective means of accessing all relevant governance information is underway and will be ongoing in 2020-21
- Ensuring employees receive Personal Review & Development (PRDs) and that all staff, including temporary and agency staff, receive induction
- Ensuring the Council considers the Well-being of Future Generations (WBFG) Act in its decision making

Looking ahead

Based on our review of the Governance Framework and taking into account all available evidence and opinion, the following significant issues will be addressed in 2020-21:

Issue and required outcome	Agreed Action
<p>1. Securing ICT Infrastructure Chief Officer Finance & ICT</p> <p>We have invested in our ICT infrastructure to ensure it can provide a robust, resilient and secure platform to support the aims of a modern & resilient Council.</p> <p>We need to ensure that we continue to build upon the progress we have made and the continuing evolution of ICT makes this an ongoing requirement.</p>	<p>We will agree a new ICT & Digital Strategy.</p>
<p>2. Secondary School Education Chief Officer Education & Early Intervention</p> <p>The 2019 Estyn inspection of the local authority's education services concluded that the scale of the challenge to improve outcomes in secondary schools means that Wrexham is an authority that is causing significant concern.</p> <p>The Authority's Chief Officer Education and Early Intervention post will become vacant in September 2020.</p>	<p>Implementation of the Post Inspection Action Plan (PIAP).</p> <p>Recruit Chief Officer for Education and Early Intervention / ensure statutory requirements of the post are fulfilled.</p>
<p>3. Children's Services Chief Officer Social Care</p> <p>Care Inspectorate Wales (CIW) Improvement Conferences held in 2019 and 2020 identified improvements required in the areas of risk and quality of casework.</p>	<p>Implementation of the Accelerated Improvement Plan</p>
<p>4. Assessing the impact of Covid-19 on our governance arrangements. Chief Executive</p> <p>We need to consider the impact of Covid-19 Pandemic and associated government guidance and legislation on our governance arrangements</p>	<p>Consider how democratic services will be delivered through virtual meetings, etc; Review of council and resource priorities; Produce recovery plans for services</p>

Progress on these issues will be monitored during 2020-21 and reported to the Senior Leadership Team and to the Audit Committee.

No other major changes to the Council's governance framework are planned for 2020-21, but we will continue to review and adapt it so that it continues to support the Council in meeting its challenge and in fulfilling its purpose, and ensure that the framework remains proportionate to the risks that are faced.

We will also continue to raise awareness of the Governance Framework and its requirements with employees across the Council, in schools and with Members.

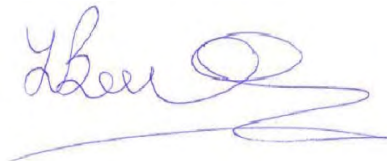
ASSURANCE

Subject to the above issues being resolved, we can provide an overall substantial assurance that Wrexham County Borough Council's governance arrangements remain fit for purpose.

We propose over the coming year to take steps to address the significant issues set out above to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:



Ian Bancroft, Chief Executive (May 2020)



Councillor Mark Pritchard, Leader (May 2020)