



Wrexham County Borough Council

Statement of Accounts for the financial year ended 31 March 2021

Richard Weigh

Chief Officer Finance & ICT

CONTENTS

	PAGE
Narrative Report	2 - 7
Statement of Responsibilities for the Statement of Accounts	8
Expenditure and Funding Analysis and note	9-10
Financial Statements:	
Comprehensive Income and Expenditure Statement	11
Movement in Reserves Statement	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Accounts:	
1. Accounting Standards that have been issued but have not yet been adopted	15
2. Critical Judgements in Applying Accounting Policies	15
3. Assumptions made about the future and other sources of estimation uncertainty	15 - 16
4. Members' Allowances	16
5. Related Parties	16
6. Adjustments between Accounting Basis and Funding Basis Under Regulations	17 -18
7. Transfers to / (from) Earmarked Reserves	19
8. Other Operating Expenditure	20
9. Financing and Investment Income and Expenditure	20
10. Taxation and Non Specific Grant Income	20
11. Income and Expenditure analysed by nature	20
12. Segmental Income	20
13. Grant Income	21 - 22
14. Agency Income and Expenditure and Other Funds Administered by the Council	22 - 23
15. Health Act pooled funds and similar arrangements	23
16. Audit Costs	23
17. Officers' Remuneration	24 - 25
18. Council Tax	25
19. Non-Domestic Rates (NDR)	25
20. Property, Plant & Equipment	26 -27
21. Revaluations and Reclassifications	28
22. Commitments Under Capital Contracts	28
23. Capital Expenditure & Capital Financing Requirement	29
24. Assets Held for Sale	29
25. Financial Instruments	30 - 34
26. Debtors	35
27. Debtors for Council Tax	35
28. Creditors	35
29. Contingent Liabilities / Assets	35
30. Provisions	36
31. Private Finance Initiatives and Similar Contracts (PFI)	36 - 37
32. Leases	37 - 38
33. Transactions Relating to Post-employment Benefits	38 - 39
34. Pensions Assets and Liabilities Recognised in the Balance Sheet	39 - 40
35. Basis for Estimating Assets and Liabilities	41
36. Defined Contribution Schemes	41
37. Revaluation Reserve	42
38. Capital Adjustment Account	42
39. Pensions Reserve	43
40. Cash Flow - Adjustment to net surplus / deficit on the provision of services	43
41. Cash Flow - Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	43
42. Cash Flow – Operating Activities	43
43. Cash Flow – Investing Activities	43
44. Cash Flow – Financing Activities	44
45. Events after the Reporting Period	44
46. Accounting Policies	45 - 58
Housing Revenue Account and Notes	59 - 62
Independent Auditor's Report	63 - 66
Annual Governance Statement	67

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 2021;
- **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the financial year;
- **Notes to the Accounts including the Council's Accounting Policies**
- **Housing Revenue Account (HRA) and notes** show, in more detail, the income and expenditure on HRA services included in the Comprehensive Income and Expenditure Account.
- **Independent Auditor's Report** gives the auditors opinion of the financial statements.
- **Annual Governance Statement**

2. The Council's Corporate Aims and Objectives

2.1 The Council Plan is the overarching plan that helps the Council to focus its resources and drive improvement. Whilst the current Council Plan sets a vision and framework for a three year period (2020-23), it is also revisited annually (May) with targets and actions for the next twelve months. This year we paused publication of our Council Plan which was due in May 2020 in response to the Covid-19 pandemic, so that we could take the opportunity to review and update our plan in line with the emerging recovery plans. Our Council Plan was published in January 2021.

2.2 The council reports on progress with our Council Plan priorities at quarters 2 and 4. In October each year the council publishes its annual performance evaluation report – 'Focused On Our Performance'. This sets out the overall progress that the council has made towards its objectives, whether this has had the desired impact and what outstanding issues remain. Our Council Plan is available at <https://www.wrexham.gov.uk> with the 'Focused on Our Performance 2020/21' report available online from the 31st October. The council is in the process of reviewing year end performance data, however some highlights from year end are outlined below:

- **Developing the economy:** The council have assisted over 24 businesses in the town centre with over £800,000 property improvement grant funding, secured from Welsh Government. A new visitor information centre has been relocated and developed in Chester Street complementing the regeneration and investment taking place in this part of the town centre. Through the successful work of the Wrexham Gateway Partnership the council has successfully secured £25m through Welsh Government to invest in the Wrexham Gateway Project.
- **Ensuring everyone is safe:** Working in partnership with Welsh Government towards the eradication of rough sleepers contributed to a large reduction in the number of rough sleepers in the County Borough during 2020/21. There has been an increase of 28 new affordable housing units created through the Planned Development Programme and Section 106 completions. At the end of 2020/21, 100% of Vulnerable Person Resettlement Scheme children of school age were attending appropriate full-time education.
- **Ensuring a modern and resilient council:** The availability of on-line services for customers continued to improve throughout the year, with 24 additional services available online and more than 60,000 service requests received online. The completion of a new data centre and upgraded connectivity between office buildings has continued to improve ICT resilience. Construction work is progress well on the development of our modern Community Health and Wellbeing Hub at Crown Buildings.
- **Improving the environment:** 100% of incidents of fly tipping were cleared within 5 working days. Management of waste continues to be successful achieving above national targets and on track to meeting the statutory recycling target of 70% by 2025, achieving 66.7% at year-end. Despite Welsh Government restrictions, the council sustained progress in the percentage of highways inspected of a high or acceptable standard of cleanliness at 92.7%.
- **Improving secondary education:** All schools in Wrexham County Borough continue to have current

NARRATIVE REPORT

accessibility plans in place. In 2020/21 there was an improvement in the number of secondary school buildings which are fully Equality Act 2010 compliant with zero secondary schools currently non compliant. During the pandemic in partnership with the Welsh Government, the service purchased 50 new Chromebooks to support families in immediate need. Alongside this, a number of corporate laptops and older laptops were refurbished and made available and 200 mobile 4G internet devices were procured to support families and learners who do not have an appropriate Internet connection at home.

- **Promoting Good Health and Well-being:** Children's Social Care has seen a reduction in the number of children placed on the child protection register to 3.67%. 98.80% of children were seen as part of their assessment sustaining previous performance. The Accelerated Improvement Board has delivered sustained improvement over the year. Progress made and the continued ability to improve have been recognised by Care Inspectorate Wales.

3. Financial Performance

2020/21 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 2019/20 to 2021/22 highlighted the need for budget savings/cuts of approximately £9.8m to address the budget shortfall over the two year period 2020/21 to 2021/22, of which £5.5m related to the 2020/21 financial year.
- 3.3 On 26 February 2020, following recommendation by the Executive Board, the Council approved a budget totalling £250.2m for the 2020/21 financial year. At that meeting the Council also approved an updated MTFP for the period 2020/21 to 2022/23 and the Treasury Management Strategy Statement and Investment Strategy for 2020/21. The Housing Revenue Account budget and both the Non HRA and HRA Capital Programmes were approved by the Executive Board on 11 February 2020.

Projected Level of Balances

- 3.4 One significant issue, both in relation to the MTFP and also the 2020/21 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 26 February 2020 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 2020/21.

Budget Monitoring

- 3.5 The Council has well established financial management procedures in place to monitor budgets and mitigate any forecast overspending. This has been very successful in acting as an early warning that any approved budget savings are at risk of not being delivered and for service pressures. Revenue budget information, together with progress against planned savings is provided to all members bi monthly. The revenue budget information, together with the management of the risks identified as part of the budget setting process, is also reported to Council 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 of £6,510k and as a consequence services were asked to endeavour to spend below their cash limited budgets. The level of savings to be made had been set at 5% of department's cash limited budgets which equated to just over £3m.
- 3.7 The Corona Virus Pandemic had a significant impact on the Council. For the twelve month period to 31 March 2021 the Council claimed £13,638k in respect of additional costs incurred as a result of the pandemic and £4,732k for loss of income.
- 3.8 The Council also made payments to businesses and to individuals on behalf of Welsh Government amounting to £44m. Further details are outlined in note 14e, Notes to the Accounts.

NARRATIVE REPORT

Revenue Outturn for 2020/21

- 3.9 The Council's 2020/21 revenue outturn position is shown in a table on page 5. Council Fund services (excluding HRA) spent £240,320k against a budget of £250,245k i.e. an underspend of £9,925k (line 2, column c). The net yield from council tax and government funding (line 3, column c) was as expected for the 2020/21 financial year, thus resulting in an overall Council Fund surplus of £9,925k. Schools underspent by £7,543k (line 1, column c). The overspend in Social Care of £5,557k was primarily due to increased demand on Children's services. The underspends in Corporate & Central - Services of £3,062k was primarily due to additional Welsh Government grants (£1,363k), Pension Credit achieved through prepayment of the employers' contributions (£489k) and transfer of balance following voluntary strike off of Wrexham Commercial Services (£411k).
- 3.10 The Council monitors expenditure (which includes planned contributions to and from service, earmarked and grant reserves) against its budget for the year, based on its internal management and departmental structure. The expenditure and council tax income monitored during the year includes the cost of the Council Tax Reduction Scheme (CTRS) but excludes payments and council tax raised in respect of the Police and Crime Commissioner for North Wales and Community Councils precepts.
- 3.11 As a member of the North Wales Economic Ambition Board (NWEAB) the Council is required to show its share (12.5%) of the Joint Committee's balances, income and expenditure in the Council's Balance Sheet and CI&ES. The Council did not include its share of the balances as at 31 March 2020 in the 2019/20 Financial Statements (£62k). The final out-turn position of the NWEAB was an underspend of £241k and was considered by the Board on 14 May 2021.
- <https://democracy.gwynedd.llyw.cymru/ielistdocuments.aspx?mid=4276&x=1>
- 3.12 Adjusting for the service, earmarked and grant reserves transferred by services during the year of (£5,695k) (line 2, column d), the CTRS and Police and Community Council precepts of £7,031k (see column e) and the Council's share of the NWEAB in year surplus and balance brought forward of £92k (see column f) we arrive at the total expenditure and income chargeable to General Fund Balances (including Earmarked Reserves) of £241,564k (line 2, column g) and £257,276k (line 3, column g) respectively i.e. a reported overall surplus of £15,712k (line 4, column g).
- 3.13 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 £4,999k (see line 5, column g) thus increasing HRA balances by £4,999k. The overall net expenditure (including the HRA) becomes £236,565k (line 6, column g), leaving an overall surplus of £20,711k (line 8, column g).

NARRATIVE REPORT

	2020/21	Budget £'000 a	Actual Outturn £'000 b	Variance £'000 c	Net Reserves Transferred In Year £'000 d	Adjust for Police & Community Precepts & CTRS * £'000 e	North Wales Economic Ambition Board # £'000 f	Net Expenditure Chargeable to the General Fund and HRA Balances £'000 g=b+d+e+f
Council Fund Services								
Environment & Technical		34,918	32,640	(2,278)	(864)	0		31,776
Planning & Regulatory		2,189	1,861	(328)	(77)	0		1,784
Housing & Economy		6,526	6,055	(471)	(811)	0	(91)	5,153
Social Care		59,680	65,237	5,557	45	0		65,282
Education & Early Intervention		6,739	5,926	(813)	(454)	0		5,472
1 Schools		89,069	81,526	(7,543)	(206)	0		81,320
Governance & Customer Services		3,391	3,188	(203)	(121)	0		3,067
Finance & ICT		7,188	6,855	(333)	(146)	0		6,709
Chief Executive's		3,108	2,904	(204)	2	0		2,906
Repairs & Maintenance		2,722	2,722	0	0	0		2,722
Corporate & Central - Services		19,196	16,134	(3,062)	(3,071)	(11,248)		1,815
Net Service Expenditure		234,726	225,048	(9,678)	(5,703)	(11,248)	(91)	208,006
Corporate & Central:								
Other Operating Expenditure		7,113	7,113	0	0	18,279	0	25,392
Financing & Investment Income & Expenditure		8,406	8,159	(247)	8	0	(1)	8,166
2 Total Council Fund Services Net Expenditure		250,245	240,320	(9,925)	(5,695)	7,031	(92)	241,564
Financed by:								
Government Grants		(184,296)	(184,296)	0	0	0	0	(184,296)
Council Tax		(65,949)	(65,949)	0	0	(7,031)	0	(72,980)
3 Total Council Fund Income		(250,245)	(250,245)	0	0	(7,031)	0	(257,276)
4 Council Fund Reported (Surplus) / Deficit		0	(9,925)	(9,925)	(5,695)	0	(92)	(15,712)
HRA								
Expenditure		56,928	49,073	(7,855)	0	0	0	49,073
Income		(56,923)	(54,072)	2,851	0	0	0	(54,072)
5 Net Expenditure Reported		5	(4,999)	(5,004)	0	0	0	(4,999)
6 Total Net Expenditure (including HRA)		250,250	235,321	(14,929)	(5,695)	7,031	(92)	236,565
7 Taxation and Non Specific Grant Income		(250,245)	(250,245)	0	0	(7,031)	0	(257,276)
8 Overall (Surplus) / Deficit		5	(14,924)	(14,929)	(5,695)	0	(92)	(20,711)

* The Council Tax Reduction Scheme (CTRS) is included as an expense and the council tax collected is gross of CTRS in the actual outturn. An adjustment is made to show council tax collected net of CTRS (£11,248k) and gross of community and police precepts (£18,279k) in the Comprehensive Income and Expenditure Account.

This represents the Council's share of the NWEAB surplus for the year (£30k) and balance brought forward (£62k).

4. Financial Position at 31 March 2021

- 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 2021. Provisions are disclosed in note 30 Notes to the Accounts.
- 4.2 Reserves are amounts set aside in the accounts for purposes falling outside the definition of provisions. The information regarding reserves is disclosed in the Movement in Reserves Statement on page 12 and in note 7 Notes to the Accounts. The Council's General Fund balance is a measure of the uncommitted reserves which the Council holds, to meet cash flow requirements and unforeseen future events. The General Fund balance,

NARRATIVE REPORT

which was £7.027m at the start of the financial year, totalled £8.433m at 31 March 2021 (see Movement in Reserves Statement on page 12).

5. Capital Investment

5.1 Capital investment (excluding capital accruals) in the year amounted to £65.11m. The following tables give an analysis of this expenditure and the way it was financed:

Where the capital money was spent	2020/21 £'000	%	Where the capital money came from	2020/21 £'000	%
School adaptations and improvements	5,190	7.97	Borrowing	14,372	22.07
Highway improvements	3,030	4.66	Capital Receipts	17	0.03
Economic Development	4,214	6.47	Grants, Contributions & Donations	47,542	73.02
Housing Renovation Grants/Renewal	1,968	3.02	Revenue contributions	2,363	3.63
Council House improvements	43,733	67.17	PFI	814	1.25
Other	6,159	9.46			
PFI – Waste Disposal Facility	814	1.25			
Total	65,108	100	Total	65,108	100

5.2 School adaptations and improvements include expenditure of £1,335k for an extension and improvements at Ysgol Bro Alun and £676k for a new teaching block at the Maelor School Penley. Economic Development includes expenditure of £3,091k for the creation of a Wellbeing Hub in Crown Buildings and Other includes the purchase of a property for Homeless Accommodation (£855k) and Education Technology Equipment (£2,916k).

6. Borrowings

6.1 The Council's principal loan debt at 31 March 2021 was £383.7m. It is the Council's strategy to maintain the level of external borrowing in line with the Capital Financing Requirement. There were no Public Works Loan Board (PWLb) loans taken out during the year.

7. Revaluation and Disposals of Non Current Assets

7.1 The Council has a rolling programme to revalue all assets within five years. During 2020/21 Council Dwellings, Commercial Estates, Environmental and Leisure properties were revalued. The programme for future years is as follows:

2021/22 - Housing & Public Protection Assets, Public Offices and Agricultural Estates
 2022/23 – Markets, Shops and Social Care Properties
 2023/24 - Schools, Youth Clubs and the Waste Disposal PFI facility

7.2 In addition to the rolling programme, an annual review is undertaken for impairment and significant changes in the use of property. During 2020/21, upward revaluations of £17,748k were made, £17,128k of which related to the rolling programme of asset revaluations. There were also downward revaluations / impairments to Council Dwellings of £236,371k, Other Land and Buildings of £8,275k, Surplus Assets of £234k, Community Assets of £769k and Assets Held for Sale (£488k) (of which £214,967k related to the rolling programme of asset revaluations). Of the downward revaluations / impairments, £214,216k was recognised in the Surplus or Deficit on Provision of Services and £31,921k in the Revaluation Reserve.

7.3 There is a significant downward valuation in Council Dwellings. The Council's HRA dwellings are revalued for Asset Valuation purposes using the basis of Existing Use Value as Social Housing (EUV-SH) as of the relevant valuation date. Explicit assumptions are required when assessing the value and the explanation for the drop in the valuation involves several factors including a reduction in the number of dwellings over the 4 year period along with an added annual allowance for repairs & maintenance and management costs. In addition, non-enhancing expenditure in the 4 years prior to the revaluation has not been impaired but has been reflected in the latest valuation. All of these factors have contributed to the significant movement in the valuation.

7.4 During the year the Council sold Council Dwellings of £989k.

NARRATIVE REPORT

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 £358m as at 31 March 2021, 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. Changes and Future Changes to the Statement of Accounts

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

10. Financial Outlook for the Council

On 24 February 2021 the Council approved a Medium Term Financial Plan which highlighted a potential revenue shortfall of approximately £4m for the period 2022/23 to 2023/24. The plan can be accessed by the following link: <https://beta.wrexham.gov.uk/service/finance-documents>

- 10.1 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 more general economic changes following the COVID 19 pandemic which will affect the Council's finances.
- 10.2 It is anticipated that Welsh Government financial support towards additional costs in respect of the pandemic and loss of income will continue for the first half of the 2021/22 financial year.
- 10.3 There may also be short to medium term impact on the assets and liabilities of the Council as a consequence of the pandemic and the financial implications of any changes are outlined in note 3, Notes to the Accounts.

11. Further Information

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

Richard Weigh
Chief Officer Finance & ICT

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 2020/21 (the Code).

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

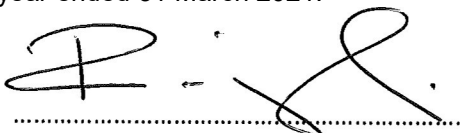
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code

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 2021.



Richard Weigh 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.

2019/20				2020/21		
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
33,981	1,652	35,633	Environment & Technical	31,776	2,009	33,785
2,653	81	2,734	Planning & Regulatory	1,784	211	1,995
6,791	4,045	10,836	Housing & Economy	5,153	5,098	10,251
(6)	(3,608)	(3,614)	Housing Revenue Account	(4,999)	194,722	189,723
59,150	994	60,144	Social Care	65,282	1,634	66,916
6,140	1,212	7,352	Education & Early Intervention	5,472	6,836	12,308
83,063	1,118	84,181	Schools	81,320	1,343	82,663
3,304	89	3,393	Governance & Customer Services	3,067	184	3,251
6,933	471	7,404	Finance & ICT	6,709	541	7,250
2,920	80	3,000	Chief Executive's	2,906	165	3,071
2,151	(41)	2,110	Repair & Maintenance	2,722	(759)	1,963
7,157	1,146	8,303	Corporate & Central	1,815	(291)	1,524
214,237	7,239	221,476	Cost of Services	203,007	211,693	414,700
24,511	500	25,011	Other Operating Expenditure	25,392	639	26,031
8,243	18,345	26,588	Financing and Investment Income and Expenditure	8,166	18,122	26,288
(244,258)	(16,010)	(260,268)	Taxation and Non Specific Grant Income	(257,276)	(45,265)	(302,541)
2,733	10,074	12,807	(Surplus) / Deficit	(20,711)	185,189	164,478
(33,968)			Opening General Fund & HRA	(31,235)		
2,733			Add: (Surplus) / Deficit on General Fund and HRA Balance in Year	(20,711)		
(31,235)			Closing General Fund and HRA Balance at 31 March	(51,946)		

Analysed between General Fund and HRA Balances:

General Fund £'000	HRA £'000	Total £'000		General Fund £'000	HRA # £'000	Total £'000
(28,944)	(5,024)	(33,968)	Opening General Fund & HRA Balance	(26,205)	(5,030)	(31,235)
2,739	(6)	2,733	Add: Surplus / (Deficit) on General Fund and HRA Balances in year	(15,712)	(4,999)	(20,711)
(26,205)	(5,030)	(31,235)	Closing General Fund and HRA Balance at 31 March	(41,917)	(10,029)	(51,946)

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

An analysis of the movements on the HRA balance may be found in the Movement on the Housing Revenue Account Statement on page 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 12.

Adjustment from General Fund and HRA to arrive at the CI&ES amounts	2020/21					2019/20				
	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) £'000	(Note b) £'000	(Note c) £'000	(Note d) £'000	£'000	(Note a) £'000	(Note b) £'000	(Note c) £'000	(Note d) £'000	£'000
Environment & Technical	1,298	657	55	(1)	2,009	1,373	311	(32)	0	1,652
Planning & Regulatory	20	190	1	0	211	20	97	(36)	0	81
Housing & Economy	4,272	911	(21)	(64)	5,098	3,705	369	(11)	(18)	4,045
Housing Revenue Account	194,195	771	(60)	(184)	194,722	(3,700)	688	(9)	(587)	(3,608)
Social Care	296	1,343	(5)	0	1,634	372	651	(38)	9	994
Education & Early Intervention	6,284	550	2	0	6,836	778	414	20	0	1,212
Schools	149	1,289	(96)	1	1,343	(71)	971	203	15	1,118
Governance & Customer Services	0	168	16	0	184	0	99	(10)	0	89
Finance & ICT	157	387	(3)	0	541	247	227	(3)	0	471
Chief Executive's	0	166	(1)	0	165	0	96	(16)	0	80
Repair & Maintenance	(759)	0	0	0	(759)	(41)	0	0	0	(41)
Corporate & Central - Services	1,360	(1,482)	(12)	(157)	(291)	273	1,003	(1)	(129)	1,146
Cost of Services	207,272	4,950	(124)	(405)	211,693	2,956	4,926	67	(710)	7,239
Other Operating Expenditure	6	633	0	0	639	(73)	573	0	0	500
Financing and Investment I&E	10,199	7,697	(179)	405	18,122	10,218	7,592	(175)	710	18,345
Taxation & Non Specific Grant Income	(45,265)	0	0	0	(45,265)	(16,010)	0	0	0	(16,010)
GF or HRA Balance (Surplus) / Deficit	172,212	13,280	(303)	0	185,189	(2,909)	13,091	(108)	0	10,074

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.

2019/20				Notes	2020/21		
Gross Expenditure £'000	Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Income £'000	Net Expenditure £'000
44,295	(8,662)	35,633	Environment & Technical		45,407	(11,622)	33,785
4,109	(1,375)	2,734	Planning & Regulatory		4,653	(2,658)	1,995
59,149	(48,313)	10,836	Housing & Economy		57,289	(47,038)	10,251
51,832	(55,446)	(3,614)	Housing Revenue Account		244,891	(55,168)	189,723
81,866	(21,722)	60,144	Social Care		99,897	(32,981)	66,916
17,909	(10,557)	7,352	Education & Early Intervention		26,152	(13,844)	12,308
98,291	(14,110)	84,181	Schools		99,188	(16,525)	82,663
3,902	(509)	3,393	Governance & Customer Services		4,020	(769)	3,251
8,673	(1,269)	7,404	Finance & ICT		9,425	(2,175)	7,250
3,741	(741)	3,000	Chief Executive's		3,739	(668)	3,071
2,115	(5)	2,110	Repair & Maintenance		1,971	(8)	1,963
14,784	(6,481)	8,303	Corporate & Central		13,582	(12,058)	1,524
390,666	(169,190)	221,476	Cost of Services		610,214	(195,514)	414,700
25,011	0	25,011	Other Operating Expenditure	8	26,031	0	26,031
40,813	(14,225)	26,588	Financing and Investment Income and Expenditure	9	39,504	(13,216)	26,288
0	(260,268)	(260,268)	Taxation and Non Specific Grant Income	10	0	(302,541)	(302,541)
456,490	(443,683)	12,807	(Surplus) or Deficit on Provision of Services		675,749	(511,271)	164,478
		(29,764)	(Surplus) or Deficit on revaluation of non-current assets	37			16,150
		5,890	Impairment losses on non-current assets charged to the revaluation reserve	37			1,440
		(12,312)	Remeasurements of the net defined (asset) / liability	33,34 & 39			11,396
		(36,186)	Other Comprehensive (Income) and Expenditure				28,986
		(23,379)	Total Comprehensive (Income) and Expenditure				193,464

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 2019	28,944	5,024	17,446	2,586	54,000	320,736	374,736
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 6)	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 7)	19,178	0					
Amounts uncommitted	7,027	5,030					
Total Balance	26,205	5,030					
Movement in Reserves during 2020/21							
Surplus / (Deficit) on the provision of services	4,316	(168,794)	0	0	(164,478)	0	(164,478)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(28,986)	(28,986)
Total Comprehensive Income and Expenditure	4,316	(168,794)	0	0	(164,478)	(28,986)	(193,464)
Adjustments between accounting basis & funding basis under regulations (note 6)	11,395	173,794	1,001	1,745	187,935	(187,935)	0
Net Increase / (Decrease) in 2020/21	15,711	5,000	1,001	1,745	23,457	(216,921)	(193,464)
Balance at 31 March 2021	41,916	10,030	21,476	7,037	80,459	124,192	204,651
Analysed over:-							
Amounts earmarked (note 7)	33,484	0					
Amounts uncommitted	8,433	10,030					
Total Balance	41,917	10,030					

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 2020 £'000		Notes	31 March 2021 £'000
1,140,134	Property, Plant & Equipment	20	947,385
555	Heritage Assets		774
31	Intangible Assets		28
338	Long-term Debtors		275
1,141,058	Long Term Assets		948,462
17,002	Short-term Investments	25a	15,501
2,551	Assets Held For Sale	24	2,164
786	Inventories		619
37,479	Short-term Debtors	26	52,183
0	Cash and Cash Equivalents	25c	0
57,818	Current Assets		70,467
(8,450)	Bank Overdrawn	25c	(4,404)
(17,544)	Short-term Creditors	28	(20,721)
(55,837)	Short-term Borrowing	25b	(46,396)
(693)	Grants Receipts in Advance - Capital	13	(5,468)
(179)	Grants Receipts in Advance - Revenue	13	(1,125)
(1,128)	Provisions	30	(1,079)
(83,831)	Current Liabilities		(79,193)
(2,225)	Provisions	30	(2,201)
(8,654)	Long-term Creditors	28	(9,926)
(346,499)	Long-term Borrowing	25b	(340,135)
(26,359)	Other Long-term Liabilities	31 & 32	(24,954)
(333,193)	Net Pension Liability	34	(357,869)
(716,930)	Long Term Liabilities		(735,085)
398,115	Net Assets		204,651
7,027	Council Fund Balance		8,433
5,030	Housing Revenue Account Balance		10,029
19,178	Earmarked Reserves		33,484
20,475	Capital Receipts Reserve		21,476
5,292	Capital Grants Unapplied		7,037
57,002	Usable Reserves:		80,459
301,886	Revaluation Reserve	37	280,400
375,599	Capital Adjustment Account	38	204,537
(1,273)	Financial Instruments Adjustment Account		(1,093)
(333,193)	Pensions Reserve	39	(357,869)
(1,908)	Accumulated Absences Account		(1,785)
2	Deferred Capital Receipts Reserve		2
341,113	Unusable Reserves:		124,192
398,115	Total Reserves		204,651

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.

2019/20 £'000		Notes	2020/21 £'000
12,807	Net deficit on the provision of services		164,478
(51,051)	Adjustment to net surplus / deficit on the provision of services for non cash movements	40	(244,497)
23,541	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	41	46,336
(14,703)	Net cash flows from Operating Activities		(33,683)
51,260	Investing Activities	43	8,710
(32,539)	Financing Activities	44	20,927
4,018	Net increase or decrease in cash and cash equivalents		(4,046)
4,432	Cash and cash equivalents at the beginning of the reporting period		8,450
8,450	Cash and cash equivalents at the end of the reporting period	25	4,404

NOTES TO THE ACCOUNTS

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

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. This applies to the adoption of the following new or amended standards within the 2020/21 Code and require implementation from 1 April 2021:

- a) Definition of a Business: Amendments to IFRS 3 Business Combinations
- b) Interest Rate Benchmark Reform: Amendments to IFRS9, IAS 39 and IFRS 7.
- c) Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS16.

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

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 46 Notes to the Accounts, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- a) There is some uncertainty about future levels of funding from the Welsh Government and in particular the receipt of specific revenue and capital grants. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and significantly reduce levels of service provision. The Council has a Medium Term Financial Plan which is reviewed on a periodic basis and is available on the Council's website.
- b) A review of assets, in particular those held for economic development purposes, concluded that the Council has no assets which are held solely for the purpose of income generation or capital appreciation and therefore the Council has no investment properties.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2021 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 £0.73m if the useful lives were reduced by one year and £3.59m 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 £5.2m
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 seventeen years by £20.01m.
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 £17,010k, whereas a 1% decrease in the 2020/21 investment returns will result in an increase in the pension liability of £6,757k. However, the assumptions interact in complex ways. During 2020/21, the Council's actuaries advised that the net pensions liability had increased by £11,396k attributable to updating of the assumptions.

NOTES TO THE ACCOUNTS

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

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 2021 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
Impairment Allowance for doubtful debts	At 31 March 2021, the Council had a balance of sundry debtors of £6m. Against this debtors balance is an impairment loss of £358k. 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 £358k to be set aside as an allowance.
COVID 19 and UK exit from the European Union(EU): asset values and pension liability	There continues to be uncertainty about the medium term implications of the pandemic and the UK's exit from the EU. As a result of the pandemic there have been falls in equity markets but also a rise in AA rated corporate bond yields. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. The assumption made will need to be reviewed regularly.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will vary.

4. Members' Allowances

In 2020/21 allowances totalling £991k (£981k 2019/20) were paid directly to Elected Members and in addition, allowances totalling £5k (£8k in 2019/20) were paid to co-opted Members inclusive of an element of expenses. Further information is available on the Council's website:

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

5. Related Parties

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

Welsh Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in note 13 Notes to the Accounts. Grant receipts outstanding at 31 March 2021 are also shown in note 13 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 2020/21 is shown in note 4 Notes to the Accounts. Declarations were received from all members.

During 2020/21 works and services to the value of £652k (£432k 2019/20) 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 £680k (£827k 2019/20) to organisations on which they had an appointed representative on the management structure. Works and services to the value of £549k (£669k 2019/20) 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 £64k (£55k 2019/20) which includes a payment to Wrexham Youth & Play Partnership (£48k).

The Council paid grants to the value of £104k (£207k 2019/20) to organisations where members of the Council were employed, the total £104k relates to Wrexham Venture Ltd. 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 £19,118k (£22,333k 2019/20) where members had declared an interest.

During 2020/21 the Council was in receipt of grants to the value of £408k from an organisation where an employee is appointed as a public appointee. The grant award has been included in note 13 Notes to the Accounts.

In respect of the above disclosures, balances as at 31 March 2021 are :

Owed by the Council £'000		Owed to the Council £'000
114	Works & Services with appointed representative	80
0	Works & Services where interest declared	2

The above balances form part of notes 26 and 28 Notes to the Accounts.

NOTES TO THE ACCOUNTS

6. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

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

NOTES TO THE ACCOUNTS

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

2019/20 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	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 10)	(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 33 & 39	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 10)	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 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 10)	(99)	(9)	0	0	108
Total Adjustments	9,341	733	3,029	2,706	(15,809)

NOTES TO THE ACCOUNTS

7. Transfers to / (from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and also the amounts posted back from earmarked reserves to meet General Fund in 2020/21.

	Balance at 01/04/2019 £'000	2019/20 Transfers		Balance at 31/03/2020 £'000	2020/21 Transfers		Balance at 31/03/2021 £'000
		Out £'000	In £'000		Out £'000	In £'000	
General Fund:							
Balances held by schools	1,821	(649)	941	2,113	(16)	7,558	9,655
Service Reserves	1,361	(586)	62	837	0	1,227	2,064
Insurance Reserve	2,889	(198)	0	2,691	0	476	3,167
Legal Liabilities Reserve	1,054	(124)	0	930	0	96	1,026
Winter Maintenance Reserve	350	0	0	350	0	0	350
Early Voluntary Retirement	94	(94)	0	0	0	0	0
Transitional EVR Reserve	1,349	0	0	1,349	0	0	1,349
Reshaping Services Reserve	754	(182)	0	572	0	0	572
Invest To Save Reserve	470	0	75	545	(82)	0	463
Capital Reserve	2,726	(439)	0	2,287	0	0	2,287
Repair & Maintenance	10	0	0	10	0	0	10
ITeC Reserve	154	0	0	154	0	0	154
IT Development	42	0	0	42	0	0	42
Customer Access	15	0	0	15	0	0	15
Local Development Plan	174	(174)	60	60	(10)	0	50
Carbon Emission Reserve	524	0	67	591	(46)	5	550
Cremation Plant Replacement	23	0	0	23	0	1	24
Section 278 Reserve	464	(284)	0	180	0	231	411
Financial Instruments Reserve	3,138	(5)	0	3,133	(7)	0	3,126
Miscellaneous	50	(5)	4	49	0	0	49
NW Economic Ambition Board	0	0	0	0	0	92	92
Grant Reserves	4,464	(2,456)	1,239	3,247	(526)	5,307	8,028
Total	21,926	(5,196)	2,448	19,178	(687)	14,993	33,484

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

North Wales Economic Ambition Board - represents Council's share of the Board's reserves.

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

8. Other Operating Expenditure

2019/20 £'000		2020/21 £'000
2,639	Community Council Precepts	2,739
14,856	Police and Crime Commissioner for North Wales Precept	15,540
7,016	North Wales Fire Authority levy	7,113
573	Pensions Administration Costs	633
(73)	Losses / (Gains) on the disposal of non current assets	6
25,011	Total	26,031

9. Financing and Investment Income and Expenditure

2019/20 £'000		2020/21 £'000
19,088	Interest payable and similar charges	18,618
7,592	Pensions Net Interest	7,697
(92)	Interest receivable and similar income	(27)
26,588	Total	26,288

10. Taxation and Non Specific Grant Income

2019/20 £'000		2020/21 £'000
(69,006)	Council tax income	(72,981)
(42,924)	Non-domestic rates	(41,946)
(132,328)	Non-ringfenced government grants	(142,349)
(16,010)	Capital grants and contributions	(45,265)
(260,268)	Total	(302,541)

11. Income and Expenditure analysed by nature

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

2019/20 £'000		2020/21 £'000
(78,319)	Fees, Charges & Other Service Income	(74,154)
(14,225)	Interest and Investment Income	(13,216)
(69,006)	Income from Council Tax	(72,981)
(282,133)	Grants and Contributions	(350,920)
(443,683)	Total Income	(511,271)
161,327	Employee expenses	167,296
14,320	Employee expenses of VA & Foundation schools	14,206
182,828	Other service expenses	191,840
32,191	Depreciation, amortisation, impairment and revaluation losses	236,872
40,813	Interest payments	39,504
24,511	Precepts & Levies	25,392
573	Other	633
(73)	Gain or Loss on Disposal of Non Current Assets	6
456,490	Total Expenditure	675,749
12,807	(Surplus) or deficit on the provision of services	164,478

12. Segmental Income

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

2019/20 £'000		2020/21 £'000
(3,419)	Environment & Technical	(2,964)
(1,291)	Planning & Regulatory	(1,410)
(6,698)	Housing & Economy	(4,674)
(54,429)	Housing Revenue Account (see page 59)	(54,176)
(8,841)	Social Care	(8,424)
(473)	Education & Early Intervention	(364)
(1,328)	Schools	(574)
(438)	Governance & Customer Services	(260)
(848)	Finance & ICT	(827)
(35)	Chief Executive's	(21)
0	Repairs & Maintenance	0
(519)	Corporate & Central	(460)
(78,319)	Total Services	(74,154)

NOTES TO THE ACCOUNTS

13. Grant Income

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

	Restated 2019/20 £'000	2020/21 £'000
Credited to Taxation and Non Specific Grant Income:		
Non Domestic Rates	42,924	41,946
Revenue Support Grant	132,328	142,349
Major Repairs Allowance Grant	7,550	7,539
HRA Capital Expenditure Grant (Funding to be displaced for Western Gateway Project)	0	25,000
General Capital Grant	3,254	3,288
School Maintenance Grant	1,348	1,305
21st Century Schools	636	164
Welsh Medium School Grant	186	663
Economic Stimulus Grant	504	288
Collaborative Change Programme	750	0
Road Refurbishment Programme	743	735
Road Safety Grant	213	111
Childcare Offer Grant	0	646
Reducing Infant Class Sizes	0	280
Intermediate Care Fund	212	1,647
Hwb In-Schools Infrastructure Grant Scheme	0	2,916
Other Capital Grants and Contributions	614	683
	191,262	229,560
Credited to Services:		
Welsh Government - General Capital Grant	91	289
Targeted Regeneration Programme - Renewal Areas & Other	1,773	1,803
School Maintenance Grant	544	851
Waste Strategy Grant	834	703
Supporting People Grant	4,981	0
Education Improvement Grant	4,656	4,615
Post 16 Provision in schools	1,189	1,254
Teachers' Pension Grant	1,661	0
Children & Communities Grant (formerly Flying Start & Families First)	5,728	5,883
Concessionary Fares re-imbursement grant	2,445	2,553
Substance Misuse Action Fund	5,619	5,863
Social Care Workforce and Sustainability	1,299	1,716
Social Care Workforce Development	324	325
Youth Support Grant	15	439
Pupil Development Grant	3,649	4,056
Professional Learning Grant	640	291
Bus Services Support Grant	403	392
Housing Support Grant	0	5,109
LA Education Grant	0	5,139
Education Learning Needs Grant	0	719
Circular Economy Grant	0	299
Road Maintenance Grant	0	441
Support For Families & Vulnerable	0	327
Complex Needs Grant	0	246
Homeless Phase 2 Grant	0	200
Unhypothecated General Grant	0	2,110
Council Tax Arrears Grant	0	913
Council Tax Reduction Scheme Grant	0	456
Hardship Fund Grant - additional costs #	0	13,830
Loss of Income Grant	0	4,732
Bus Emergency Support Funding *	0	1,055
Administration Fees Grant	0	481
Other	4,953	3,320
Department for Work and Pensions	34,282	31,893
Integrated Care Fund	5,153	4,965
Welsh European Funding Office - TRAC & ADTRAC	986	1,069
Home Office - Syrian Resettlement Programme	464	369
Contributions & Donations	6,701	8,883
Other	2,481	3,771
	90,871	121,360

Includes Council's own costs claimed in respect of Storm Christoph (£54k) and the Council's share of amount claimed by Flintshire County Council (FCC) in respect of a temporary mortuary in North Wales (£138k)

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

NOTES TO THE ACCOUNTS

13. Grant Income cont'd

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

	31/03/2020 £'000	31/03/2021 £'000
Current Liabilities:		
Grants Receipt in Advance - Revenue:		
Welsh Government - Education - PDG Access Element	23	1
Free School Meals Grant	54	0
Local Transport Grant	8	43
WLGA EU Settlement	19	6
Covid Business Grants	0	1,055
Covid Business Rates Relief	0	19
Other	75	1
	179	1,125

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
	Childcare Offer Grant	203	88
	Economic Stimulus Grant	292	0
	Targeted Regeneration Investment	32	2,931
	Ultra Low Emission Vehicles	0	283
	21 St Century Schools	0	31
	North Wales Growth Deal Grant	0	2,000
	Other	19	27
Other		40	1
		693	5,468

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

a) The Council has an agreement with Gwynedd County Council (GCC), lead authority for the North & Mid Wales Trunk Road Agency, whereby the Council is responsible for maintaining highways in the County Borough. GCC reimburses the Council for the work including a contribution towards administration costs. Reimbursement for work carried out amounted to £1,526k (£1,403k 2019/20).

b) The Council maintains individual Safe Custody accounts for service users living in the community, who are unable to deal with their financial affairs due to their mental incapacity. The Chief Officer Social Care is the appointee with the Department for Work & Pensions for each of the service users. The balance of monies held by the Council at 31 March 2021 was £4,689k. (£4,584k at 31 March 2020).

c) 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 2021 was £337k.

d) Welsh Government (WG) has provided funding to the Council to provide recyclable loans for housing and town centre regeneration. The funding is repayable to WG within 9 years, with the exception of Wrexham Town Centre Regeneration which is repayable £1.5m within 12 years and £1m within 15 years; Home Improvements and Empty Properties back into use which is repayable within 14 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	193	49	2,200	1,014	460	205	500	250	4,871
Received in year from WG	0	0	1,000	0	0	0	0	0	1,000
Loans Issued	(85)	(187)	(50)	(121)	(30)	(50)	0	0	(523)
Loans Repaid	24	150	0	430	16	0	0	0	620
Balance at 31 March	132	12	3,150	1,323	446	155	500	250	5,968

NOTES TO THE ACCOUNTS

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

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

	Business Grants £'000	Freelancer (Cultural) Grants £'000	Social Care £500 bonus scheme £'000	SSP Enhancement £'000	Self Isolation Payments £'000	Floods (£500) to Households £'000	Total £'000
Balance due from / (to) WG at 1 April	2,540	0	0	0	0	0	2,540
Payments made by Council	41,215	327	1,975	199	442	34	44,192
Grant Received from WG	(44,810)	(327)	(1,966)	0	(178)	0	(47,281)
Balance due from / (to) WG at 31 March	(1,055)	0	9	199	264	34	(549)

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

Freelancer - Payments to freelancers in the culture sector

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

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

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

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

Floods - £500 to each householder flooded or evacuated. £1,000 if not insured or flooding not covered by insurance.

15. Health Act pooled funds and similar arrangements

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

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

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

2019/20		2020/21	
Joint Equipment £'000	Care Homes £'000	Joint Equipment £'000	Care Homes # £'000
1,209	93,903	1,075	93,035
Total Expenditure:			
Funding:			
(419)	(38,556)	(424)	(36,013)
(285)	(11,059)	(287)	(12,203)
(300)	(44,288)	(302)	(44,819)
(226)	0	(153)	0
(1,230)	(93,903)	(1,166)	(93,035)
(21)	0	(91)	0
(Surplus) / Deficit			

The contributions for Q4 are included for information only and have not been accrued in each partners' accounts. As per the Partnership Agreement, these payments will be made in arrears during 2021/22.

16. Audit Costs

In 2020/21 the Council incurred the following fees relating to external audit and inspection:

2019/20 £'000		2020/21 £'000
176	Fees payable to the Wales Audit Office with regard to external audit services	176
84	Fees payable to the Wales Audit Office for the Local Government measure	95
85	Fees payable to the Wales Audit Office for the certification of grant claims and returns	56
345		327

NOTES TO THE ACCOUNTS

17. Officers' Remuneration

(a) Under Section 9 (2) of the Accounts and Audit (Wales) Regulations 2014, the Council is required to disclose the Council's remuneration ratio. The ratio of the remuneration of the Council's Chief Executive to the median remuneration of all the Council's employees is 5.53 : 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:

2019/20			Salary Banding	2020/21		
Schools	Non-schools	Total		Schools	Non-schools	Total
15	1	16	£60,000 - £64,999	12	2	14
9	4	13	£65,000 - £69,999	14	4	18
6	0	6	£70,000 - £74,999	8	0	8
4	0	4	£75,000 - £79,999	6	1	7
1	0	1	£80,000 - £84,999	2	0	2
1	0	1	£85,000 - £89,999	2	0	2
0	0	0	£90,000 - £94,999	1	0	1
0	0	0	£95,000 - £99,999	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:-

2019/20				Postholder Information (Post Title)	2020/21			
Salary £	Other Payments £	Pension contributions £	Total £		Salary £	Other Payments £	Pension contributions £	Total £
119,928	0	34,311	154,239	Chief Executive	127,588	0	29,958	157,546
17,320	82,438	4,955	104,713	Executive Director People (Customer and Customer Engagement)	0	0	0	0
86,700	0	24,805	111,505	Chief Officer Governance & Customer	91,181	0	21,409	112,590
90,780	0	25,972	116,752	Chief Officer Finance & ICT	95,373	0	22,394	117,767
82,971	0	23,738	106,709	Chief Officer Social Care	68,386	0	16,057	84,443
90,780	0	25,972	116,752	Chief Officer Education & Early Intervention (former)	39,739	0	9,331	49,070
0	0	0	0	Chief Officer Education & Early Intervention	65,841	0	15,460	81,301
90,780	0	25,972	116,752	Chief Officer Housing & Economy	95,373	0	22,394	117,767
90,780	0	25,972	116,752	Chief Officer Planning & Regulatory	95,373	0	22,394	117,767
86,700	0	24,805	111,505	Chief Officer Environment & Technical	91,181	0	21,409	112,590
59,568	0	17,042	76,610	Service Manager - HR & OD Services	62,411	0	14,654	77,065
48,977	0	14,012	62,989	Service Manager - Performance, Improvement, Partnerships and Scrutiny	51,722	0	12,144	63,866

Salary includes all pensionable pay with the exception of amounts paid in respect of election duties. The former Chief Officer Education & Early Intervention Officer left the Council on 31 August 2020. The Chief Officer Social Care commenced with the Council on 1 July 2020 and the current Chief Officer Education & Early Intervention commenced with the Council on 2 August 2020. 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.

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

17. 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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
							£'000	£'000
£0 - £20,000	51	23	3	3	54	26	191	108
£20,001 - £40,000	5	1	2	1	7	2	167	55
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	1	0	1	0	70	0
£80,001 - £100,000	0	0	1	0	1	0	85	0
£100,001 - £150,000	0	0	0	3	0	3	0	389
£150,001 - £250,000	0	0	0	1	0	1	0	196
Total	56	24	7	8	63	32	513	748

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

18. Council Tax

Council Tax income derives from charges raised according to the value of residential properties which have been classified into nine valuation bands, using estimated 1 April 2003 values for this purpose. Charges are calculated by taking the amount of income required for the year by the Council and the Police & Crime Commissioner for North Wales, and dividing this amount by the council tax base. The council tax base is the total number of properties in each band, adjusted by a proportion to convert the number to a band 'D' equivalent, adjusted for discounts and exemptions - 53,475 for 2020/21. The basic amount for a band 'D' property (£1,575.10 in 2020/21) 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 31/03/21	4,366	12,696	17,051	10,132	8,092	5,046	2,536	716	292

Analysis of the net proceeds from council tax :-

2019/20 £'000		2020/21 £'000
69,271	Council Tax raised	74,104
(265)	Add: increase in provision for bad debts	(1,123)
69,006	Net proceeds from Council Tax	72,981

19. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Welsh Government specifies an amount for the rate multiplier (53.5p in 2020/21) 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 £43,026k for 2020/21. The total rateable value at 31 March 2021 was £102,333k. The analysis of the net proceeds are as follows:-

2019/20 £'000		2020/21 £'000
45,088	Non-domestic rates raised	43,026
	Less:	
(44,829)	amount paid into NDR Pool	(42,763)
(259)	cost of collection	(263)
<u>0</u>		<u>0</u>
42,924	Receipts from the pool	41,946
42,924	Net proceeds from NDR	41,946

NOTES TO THE ACCOUNTS

20. Property, Plant & Equipment

Movements in 2020/21

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

NOTES TO THE ACCOUNTS

20. Property, Plant & Equipment cont'd

Comparative Movements in 2019/20

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Assets Included in Property, Plant & Equipment PFI	Leases
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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
Derecognition - Other	0		0	0				0	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 and 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
Derecognition - Other	0	0	0	0		0	0	0	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. 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.

There is a significant downward valuation in Council Dwellings. The Council's HRA dwellings are revalued for Asset Valuation purposes using the basis of Existing Use Value as Social Housing (EUV-SH) as of the relevant valuation date. Explicit assumptions are required when assessing the value and the explanation for the drop in the valuation involves several factors including a reduction in the number of dwellings over the 4 year period along with an added annual allowance for repairs & maintenance and management costs. In addition, non-enhancing expenditure in the 4 years prior to the revaluation has not been impaired but has been reflected in the latest valuation. All of these factors have contributed to the significant movement in the valuation.

As part of the Council's rolling programme, Commercial Estates, Environmental and Leisure properties and Council Dwellings were selected for review as at 1 April 2020. 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 £17,748k of which £17,128k related to the rolling programme and downward revaluations amounted to £246,137k of which £214,967k related to the rolling programme. The revaluations by asset classification is as follows:

	Upward Revaluations Surplus/Deficit			Downward Revaluations / Impairment Surplus/Deficit		
	Revaluation Reserve £'000	Provision for Services £'000	Rolling Programme £'000	Revaluation Reserve £'000	Provision for Services £'000	Rolling Programme £'000
Council Dwellings	1,078	1,722	2,799	(26,991)	(209,380)	(210,020)
Other Land & Buildings	12,695	1,695	13,794	(4,774)	(3,501)	(4,947)
Community Assets	243	0	243	0	(769)	0
Surplus Assets	128	0	105	(156)	(78)	0
Heritage Assets	187	0	187	0	0	0
Total Property, Plant & Equipment	14,331	3,417	17,128	(31,921)	(213,728)	(214,967)
Assets Held for Sale	0	0	0	0	(488)	0
Total	14,331	3,417	17,128	(31,921)	(214,216)	(214,967)

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

Fair Value Measurement of Surplus Assets

The Council's Surplus Assets as at 31 March 2021 can be categorised as follows in line with IFRS 13 Fair Value

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair Value at 31/03/2021 £'000
Surplus Assets	0	1,101	4,157	5,258

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

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

Level 3 - Unobservable inputs for the asset or liability

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

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

22. Commitments Under Capital Contracts

As at 31 March 2021 the Council was contractually committed to capital works on the following schemes:

	£'000
Crown Buildings - Refurbishment	2,844
HRA properties	18,164
	21,008

NOTES TO THE ACCOUNTS

23. Capital Expenditure & Capital Financing Requirement

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

2019/20 Total £'000		Property, Plant & Equipment £'000	2020/21 Revenue Expenditure Funded from Capital under Statute £'000	Heritage Assets £'000	Intangible Assets £'000	Total £'000
79,559	Expenditure in Year	62,510	3,957	32	11	66,510
(490)	Less: movement in capital accrual	(1,283)	(119)	0	0	(1,402)
79,069		61,227	3,838	32	11	65,108

Financed By:-

	Increase in underlying need to borrow:					
3,534	- supported by government financial assistance	3,567	0	0	0	3,567
47,181	- unsupported by government financial assistance	10,784	21	0	0	10,805
5	Donated Asset	0	0	0	0	0
1,235	Finance Lease	0	0	0	0	0
284	PFI	814	0	0	0	814
4,684	Capital Receipts	17	0	0	0	17
18,316	Grants and Contributions	43,739	3,765	27	11	47,542
3,830	Capital Expenditure Charged to Revenue	2,306	52	5	0	2,363
79,069		61,227	3,838	32	11	65,108

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:

2019/20 £'000		2020/21 £'000
1,140,134	Property, Plant and Equipment	947,385
(2,534)	Less: in year capital accrual	(3,936)
555	Heritage Assets	775
31	Intangible Assets	28
2,551	Assets Held for Sale	2,164
69	Loans to third parties	56
1,627	Short term Debtors - Private Finance Initiative	1,136
(301,886)	Revaluation Reserve	(280,400)
(375,599)	Capital Adjustment Account	(204,537)
464,948	Capital Financing Requirement at 31 March	462,671

24. Assets Held for Sale

	2019/20 Current £'000	Non-Current £'000	2020/21 Current £'000	Non-Current £'000
Balance outstanding at 1 April	1,163	0	2,551	0
Assets newly classified as held for sale:				
- Property, Plant & Equipment	1,388	0	100	0
Revaluation losses	0	0	(487)	0
Assets declassified as held for sale:				
- Property, Plant & Equipment	0	0	0	0
Assets sold	0	0	0	0
Balance outstanding at 31 March	2,551	0	2,164	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 2021; 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

25. Financial Instruments

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

a) Financial Assets

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

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

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

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

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

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

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

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

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

	Note	Short-term		Long-term	
		31/03/2020	31/03/2021	31/03/2020	31/03/2021
		£'000	£'000	£'000	£'000
Investments at amortised cost:					
Principal		17,000	15,500	0	0
Accrued Interest		2	1	0	0
Loss Allowance		0	0	0	0
Total Investments		17,002	15,501	0	0
Cash and Cash Equivalents at amortised cost:					
Principal		58	58	0	0
Accrued Interest		0	0	0	0
Loss Allowance		0	0	0	0
Total Cash and Cash Equivalents	25c	58	58	0	0
Debtors at amortised cost:					
Trade Debtors		13,255	18,323	0	0
Accrued Interest		6	4	0	0
Loss allowance		(2,110)	(2,359)	0	0
Loans made for service purposes		0	8	70	50
Included in Debtors **	26	11,151	15,976	70	50
Total Financial Assets		28,211	31,535	70	50

** The Debtors balance in note 26 to the Notes to the Accounts includes £36,207k (£26,328k 2019/20) short-term and £225k (£268k 2019/20) 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

25. Financial Instruments cont'd

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

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

		Short-term		Long-term	
	Note	31/03/2020 £'000	31/03/2021 £'000	31/03/2020 £'000	31/03/2021 £'000
Loans at amortised cost:					
PWLB					
Principal sum borrowed		(6,299)	(6,681)	(324,858)	(318,178)
Accrued Interest		(2,608)	(2,679)	0	0
Market					
Principal sum borrowed		0	0	(23,800)	(23,800)
Accrued Interest		(149)	(150)	(748)	(735)
Effective Interest Rate Adjustment:		0	0	4,182	4,139
IFRS 9 Remeasurement		0	0	0	0
Government Bodies					
Principal sum borrowed		(403)	(443)	(1,377)	(1,683)
Accrued Interest		0	0	0	0
Effective Interest Rate Adjustment		39	49	102	122
Bonds & Other Local Authorities					
Principal sum borrowed		(46,285)	(36,460)	0	0
Accrued Interest		(132)	(32)	0	0
Total Borrowing		(55,837)	(46,396)	(346,499)	(340,135)
Cash Overdrawn	25c	(8,508)	(4,462)	0	0
Total Cash Overdrawn		(8,508)	(4,462)	0	0
Liabilities at amortised cost:					
Finance Leases	32	0	0	(1,661)	(933)
Private Finance Initiative (PFI)	31	0	0	(24,698)	(24,021)
Total Other Long Term Liabilities		0	0	(26,359)	(24,954)
Trade Creditors	28	(9,567)	(13,061)	(169)	(80)
Included as Creditors **		(9,567)	(13,061)	(169)	(80)
Total Financial Liabilities		(73,912)	(63,919)	(373,027)	(365,169)

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 £7,660k (£7,977k 2019/20) short-term and £9,846k (£8,485k 2019/20) 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.

	31/03/2020 £'000	31/03/2021 £'000
Cash in hand	58	58
Bank current accounts	(8,508)	(4,462)
Call accounts	0	0
Net Position on Balance Sheet	(8,450)	(4,404)

NOTES TO THE ACCOUNTS

25. Financial Instruments cont'd

d) Financial Instruments - Gains and Losses

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

Total 2019/20 £'000		Financial Liabilities at amortised cost Note	2020/21 £'000	Financial Assets at amortised cost 2020/21 £'000	Total 2020/21 £'000
18,355	Interest Expense		18,207	0	18,207
699	Impairment losses		0	392	392
34	Fees paid		19	0	19
19,088	Interest Payable & similar charges	9	18,226	392	18,618
(92)	Interest Income		0	(27)	(27)
(92)	Interest and Investment Income	9	0	(27)	(27)

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 2021 using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 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	
		31/03/2020 £'000	31/03/2021 £'000	31/03/2020 £'000	31/03/2021 £'000
Financial Liabilities held at amortised cost:					
Long term loans from PWLB	2	(333,765)	(327,538)	(439,184)	(433,001)
Long term LOBO loans	2	(11,951)	(11,982)	(24,527)	(24,570)
Other Long term loans	2	(8,564)	(8,564)	(13,685)	(13,677)
Loans from Government Bodies	2	(1,639)	(1,955)	(1,744)	(2,095)
PFI Liabilities	3	(24,698)	(24,021)	(46,946)	(48,069)
Finance Lease Liabilities	3	(1,661)	(933)	(1,658)	(961)
Total		(382,278)	(374,993)	(527,744)	(522,373)
Liabilities for which fair value is not disclosed *					
Short-term borrowing i.e. Bonds & Other Local Authorities		(46,417)	(36,492)		
Cash Overdrawn		(8,508)	(4,462)		
Trade Creditors		(9,736)	(13,141)		
Total		(64,661)	(54,095)		

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

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

NOTES TO THE ACCOUNTS

25. Financial Instruments cont'd

Financial Assets held at fair value:

	Balance Sheet Value	
	31/03/2020 £'000	31/03/2021 £'000
Assets for which fair value is not disclosed *		
Short-term investments	17,002	15,501
Loans made for service purposes	70	58
Trade Debtors	11,151	15,968
Cash and Cash Equivalents	58	58
Total	28,281	31,585

* 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 2020/21 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 2021:

	Maturity of Investment		Total £'000
	0-3 Months £'000	3-12 Months £'000	
UK - Government Debt Management Office	15,500	0	15,500
Total Investments (Principal)	15,500	0	15,500

The above table shows that the deposits outstanding as at 31 March 2021 met the Council's credit rating criteria. At 31 March 2021 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:

	31/03/2020 £'000	31/03/2021 £'000
Neither past due nor impaired *	7,845	11,334
Past due < 3 months	2,332	2,848
Past due < 3 - 6 months	143	1,062
Past due < 6 - 12 months	80	304
Past 12 months	193	131
	2,748	4,345

* Includes social care deferred payments with a charge on the property of £1,935k (£1,974k 2019/20).

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

NOTES TO THE ACCOUNTS

25. Financial Instruments cont'd

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

	Range of Allowances set	Gross Receivable £'000	Loss Allowance £'000	Net Receivable £'000
HRA Tenants	0% - 95%	2,461	(1,806)	655
General Fund Housing Tenants	100%	195	(195)	0
Other	0% - 100%	4,345	(358)	3,987
		7,001	(2,359)	4,642

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

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

Liquidity risk

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

	£'000
Less than one year	7,123
Between one and two years	6,743
Between two and five years	31,202
Between five and ten years	48,124
Between ten and twenty years	161,953
Between twenty and thirty years	21,312
Between thirty and forty years	59,027
More than forty years	0
Uncertain Date *	15,300
	350,784

* 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 paying due regard to the previous set limit of 30% of total debt being exposed to variable interest rates. As at 31 March 2021, 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	(89)
Increase in Government grant receivable for financing costs	0
Impact on the CI&ES	(89)
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)	55,815

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

Price risk

The Council does not generally invest in equity shares.

Foreign Exchange risk

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

NOTES TO THE ACCOUNTS

26. Debtors

	Short-term		Long-term	
	31/03/2020 £'000	31/03/2021 £'000	31/03/2020 £'000	31/03/2021 £'000
Central government bodies	20,864	28,220	0	0
Other local authorities	1,766	5,976	0	0
NHS bodies	1,463	3,774	0	0
Loans to third parties and mortgages	0	8	70	50
Other	13,386	14,205	268	225
	37,479	52,183	338	275
The above debtors' figures are net of impairment losses and are also analysed as follows:				
Trade Debtors / Third Party Loans	11,151	15,976	70	50
Prepayments	3,408	4,522	268	225
Other	22,920	31,685	0	0
	37,479	52,183	338	275

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 (£42k) and two loans to voluntary bodies (£6k).

27. Debtors for Council Tax

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

	31/03/2020 £'000	31/03/2021 £'000
Debts of 0 -12 months	3,237	3,376
Debts of over 12 months	2,583	4,492
	5,820	7,868

28. Creditors

	Short-term		Long-term	
	31/03/2020 £'000	31/03/2021 £'000	31/03/2020 £'000	31/03/2021 £'000
Central government bodies	(1,057)	(3,823)	(4,871)	(5,968)
Other local authorities	(2,786)	(1,193)	0	0
NHS bodies	(367)	(1,065)	0	0
Other entities and individuals	(13,334)	(14,640)	(3,783)	(3,958)
	(17,544)	(20,721)	(8,654)	(9,926)
Trade Creditors	(9,567)	(13,061)	(169)	(80)
Other	(7,977)	(7,660)	(8,485)	(9,846)
	(17,544)	(20,721)	(8,654)	(9,926)

29. Contingent Liabilities / Assets

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

The directors of MMI triggered the Scheme on 13 November 2012 and imposed an initial levy of 15%. On 16 March 2016 the levy was increased to 25%. The Council has recognised a provision for 25% of the outstanding claims as at 31 March 2021 in respect of WMBC and CCC (see note 30 Notes to the Accounts).

Although no further changes to the payment percentage and the levy rate are currently anticipated the projection of future claims is uncertain because of the nature of the claims that MMI is still receiving. A further levy of 10% would equate to approximately £431k.

NOTES TO THE ACCOUNTS

30. Provisions

	Current				Non Current	
	Insurance Provision £'000	MMI Insurance Provision £'000	Landfill Provision £'000	Benefits Subsidy Provision £'000	Total Provision £'000	Landfill Provision £'000
Balance at 1 April 2020	(683)	(80)	(78)	(287)	(1,128)	(2,225)
Reduction in / (Additional) provisions made in 2020/21	(340)	(50)	(24)	0	(414)	24
Amounts used in 2020/21	375	51	37	0	463	0
Balance at 31 March 2021	(648)	(79)	(65)	(287)	(1,079)	(2,201)

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 2021 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.

31. Private Finance Initiatives and Similar Contracts (PFI)

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

	Land & Buildings £'000	Vehicles, Plant Furniture & Equipment £'000	Total £'000
Value at 1 April 2020	18,032	8,153	26,185
Additions	0	857	857
Revaluations / Impairment	0	0	0
Depreciation	(901)	(566)	(1,467)
Derecognition / Disposals	0	(23)	(23)
Value at 31 March 2021	17,131	8,421	25,552

NOTES TO THE ACCOUNTS

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

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

	Fair Value of Service Charge £'000	Interest & Contingent Rents £'000	Repayment of Liability £'000	Total Unitary Payment £'000
within one year	10,737	3,485	724	14,946
within two to five years	45,869	12,976	3,834	62,679
within six to ten years	64,687	15,687	7,313	87,687
within eleven to fifteen years	64,538	18,535	8,135	91,208
within sixteen to twenty years	23,126	7,745	4,015	34,886
	208,957	58,428	24,021	291,406

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 2021/22 are based on the increases at 1 January 2021 for RPI 1.38%, RPIx 1.58%, Labour Index 2.38% and reduction in the Derv Index of 9.17%. 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:

	2019/20 £'000	2020/21 £'000
Balance Outstanding at 1 April	(25,304)	(24,698)
Payments during the year	954	1,000
Capital Expenditure incurred in the year	(284)	(814)
Other Movements	(64)	491
Balance Outstanding at 31 March	(24,698)	(24,021)

32. Leases

Finance Leases

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

	31/03/2020 £'000	31/03/2021 £'000
Vehicles, Plant, Furniture & Equipment	2,488	1,574
	2,488	1,574

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.

	31/03/2020 £'000	31/03/2021 £'000
Finance lease liabilities (net present value of minimum lease payments):		
- current	728	384
- non current	933	549
Finance costs payable in future years	76	35
Minimum lease payments	1,737	968

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2020 £'000	31/03/2021 £'000	31/03/2020 £'000	31/03/2021 £'000
Not later than one year	768	409	728	384
Later than one year and not later than five years	969	559	933	549
Later than five years	0	0	0	0
	1,737	968	1,661	933

NOTES TO THE ACCOUNTS

32. Leases cont'd

Operating Leases

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

31/03/2020 £'000		Vehicles, Furniture & Equipment 31/03/2021 £'000	Land & Buildings 31/03/2021 £'000	Total 31/03/2021 £'000
940	Not later than one year	183	247	430
1,118	Later than one year and not later than five years	189	259	448
36	Later than five years	0	28	28
2,094		372	534	906

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

Expenditure 2019/20 £'000		Expenditure 2020/21 £'000
232	Environment & Technical	105
251	Housing & Economy	293
471	Housing Revenue Account	489
1	Social Care	47
20	Education & Early Intervention	57
24	Schools	12
94	Governance & Customer Services	55
1	Finance & ICT	11
1,094		1,069

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:

31/03/2020 £'000		31/03/2021 £'000
418	Not later than one year	264
1,723	Later than one year and not later than five years	819
567	Later than five years	548
2,708		1,631

33. Transactions Relating to Post-employment Benefits

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

The Council participates in two post-employment schemes:

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

The Clwyd Pension Fund is operated under the regulatory framework for the Local Government Pension scheme and the governance of the scheme is the responsibility of the Clwyd Pension Fund Panel. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the panel.

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

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

NOTES TO THE ACCOUNTS

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

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	24,824	25,110	0	0
Past service costs *	2,632	0	0	0
(Gain) / Loss from curtailments	249	776	0	0
Other Operating Income and Expenditure:				
Administrative expenses	573	633	0	0
Financing and Investment Income and Expenditure:				
Net Interest expense	6,886	7,117	706	580
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	35,164	33,636	706	580
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)	49,441	(114,884)	0	0
▪ Actuarial gains and losses arising on changes in financial assumptions	(57,871)	124,595	(3,882)	1,685
Total Post Employment Benefit Charged to CI&ES	26,734	43,347	(3,176)	2,265

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	(35,164)	(33,636)	(706)	(580)
Actual amount charged against General Fund / HRA Balance for Pensions in year				
Employers contributions payable to Clwyd Pension Fund scheme	20,671	18,891		
Retirement benefit payable to pensioners			2,108	2,045

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

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.

34. Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Present value of the defined benefit obligation	856,088	1,006,725	25,199	25,421
Fair value of plan assets	(548,094)	(674,277)	0	0
	307,994	332,448	25,199	25,421
Other movements in the liability / (asset)	0	0	0	0
Net liability arising from defined benefit obligation	307,994	332,448	25,199	25,421

NOTES TO THE ACCOUNTS

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

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Fair value of scheme assets at 1 April	584,307	548,094	0	0
Interest Income	14,132	13,188	0	0
Administrative Expenses	(573)	(633)	0	0
Remeasurement gain / (loss):				
▪ Return on plan assets	(49,441)	114,884	0	0
Contributions from employer	20,671	18,891	2,108	2,045
Contributions from employees into the scheme	4,417	4,860	0	
Benefits paid	(25,419)	(25,007)	(2,108)	(2,045)
Fair value of scheme assets at 31 March	548,094	674,277	0	0

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

	Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Balance at 1 April	886,236	856,086	30,485	25,201
Current Service Cost	24,824	25,110	0	0
Interest Cost	21,018	20,305	706	580
Contributions from scheme participants	4,417	4,860	0	0
Remeasurement gains and (losses):				
▪ Actuarial losses / (gains) arising on changes in financial assumptions	(57,871)	124,595	(3,882)	1,685
Past Service cost	2,632	0	0	0
Losses / (gains) on curtailment	249	776	0	0
Benefits paid	(25,419)	(25,007)	(2,108)	(2,045)
Balance at 31 March	856,086	1,006,725	25,201	25,421

Local Government Pension Scheme assets comprised:

	Fair Value of scheme assets		Quoted
	2019/20 £'000	2020/21 £'000	
Cash and cash equivalents	7,323	11,463	Y
Equity instruments:			
▪ Global quoted	42,342	71,473	Y
▪ Emerging Markets	30,417	71,473	Y
	72,759	142,946	
Bonds:			
▪ Overseas other	55,070	77,542	Y
▪ LDI	95,959	164,524	Y
	151,029	242,066	
Property:			
▪ UK	36,445	33,714	Y
▪ Overseas	2,390	6,743	Y
	38,835	40,457	
Other Investment funds:			
▪ Hedge Funds	42,603	45,177	Y
▪ Private Equity	75,224	68,102	Y
▪ Infrastructure	35,977	31,691	Y
▪ Timber & Agriculture	6,313	5,394	Y
▪ DGF	104,843	71,473	Y
▪ Private Credit	13,188	15,508	Y
	278,148	237,345	
Total assets	548,094	674,277	

The Coronavirus (COVID-19) pandemic has impacted global financial and property markets. As a result of the volatility in market conditions the year-end valuation reports provided to the Clwyd Pension Fund as at 31 March 2020 included statements that there were material valuation uncertainties related to Pooled Property investments managed on behalf of the Fund.

No material uncertainties in property valuations are being reported as at 31 March 2021. Investments held by Clwyd Pension Fund as at 31st March 2021 is £131m of which, £40.5m (30.4%) is attributable to the Council.

NOTES TO THE ACCOUNTS

35. Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension scheme and discretionary benefits liabilities have been estimated by 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	
	2019/20	2020/21	2019/20	2020/21
Mortality assumptions:				
Longevity at 65 for current pensioners:				
▪ Men	22.5	22.6	22.5	22.6
▪ Women	24.9	25.0	24.9	25.0
Longevity at 65 for future pensioners:				
▪ Men	24.1	24.2		
▪ Women	26.9	27.0		
Rate of Inflation	2.10%	2.70%	2.10%	2.70%
Rate of Increase in salaries	3.35%	3.95%		
Rate of increase in pensions	2.20%	2.80%	2.20%	2.80%
Rate for discounting scheme liabilities	2.40%	2.10%	2.40%	2.10%

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)	31,280	(31,280)
Rate of inflation (increase or decrease by 0.1%)	17,296	(17,296)
Rate of increase in salaries (increase or decrease by 0.1%)	2,072	(2,072)
Rate of increase in pensions (increase or decrease by 0.1%)	17,296	(17,296)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(17,010)	17,010

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 £20.5m of expected contributions payable to the scheme in 2021/22. The weighted average of the defined benefit obligation for scheme members is 17 years, 2020/21 (17 years 2019/20).

36. Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pension. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. In 2020/21, the Council paid £10.4m to Capita Teachers' Pensions in respect of teachers' retirement benefits representing 23.7% of pensionable pay. There were no contributions remaining payable at 31 March 2021.

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

NOTES TO THE ACCOUNTS

37. Revaluation Reserve

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

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

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

2019/20 £'000		2020/21 £'000	£'000
283,072	Balance at 1 April		301,886
34,231	Upward Revaluation of assets	14,331	
(10,357)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(31,921)	
23,874	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services		(17,590)
(4,549)	Difference between fair value and historical cost depreciation	(3,863)	
(511)	Accumulated gains on assets sold or scrapped	(33)	
(5,060)	Amount written off to the Capital Adjustment Account		(3,896)
301,886	Balance at 31 March		280,400

38. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CI&ES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £'000		2020/21 £'000	£'000
373,365	Balance at 1 April		375,599
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:		
(32,172)	- charges for depreciation, impairment and revaluation losses of non current assets	(236,858)	
(18)	- amortisation of intangible assets	(14)	
5	- income in relation to donated assets	0	
(240)	- revenue expenditure funded from capital under statute	(237)	
(7,455)	- amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	(1,012)	
(39,880)			(238,121)
(185)	Transfers to / from Capital Receipts Reserve	(12)	
5,060	Adjusting amounts written out of the Revaluation Reserve	3,896	
4,875	Net written out amount of the cost of non current assets consumed in the year		3,884
	Capital financing applied in the year:		
4,684	- use of the Capital Receipts Reserve to finance new capital expenditure	17	
13,505	- capital grants and contributions credited to the CI&ES that have been applied to capital financing	43,775	
115	- application of grants to capital financing from the Capital Grants Unapplied Account	47	
15,105	- statutory provision for the financing of capital investment charged against the General Fund and HRA balances	16,973	
3,830	- capital expenditure charged against the General Fund and HRA balances	2,363	
37,239			63,175
375,599	Balance at 31 March		204,537

NOTES TO THE ACCOUNTS

39. Pensions Reserve

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

2019/20 £'000		2020/21 £'000
(332,414)	Balance at 1 April	(333,193)
12,312	Remeasurement of the net defined benefit asset / (liability)	(11,396)
(35,870)	Reversal of items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services in the CI&ES	(34,216)
22,779	Employer's pensions contributions and direct payments to pensioners payable In the year	20,936
(333,193)	Balance at 31 March	(357,869)

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

2019/20 £'000		2020/21 £'000
(32,172)	Depreciation, impairment and revaluation losses of non-current assets	(236,858)
(18)	Amortisation of intangible assets	(14)
(24)	(Decrease) in inventories	(167)
599	Increase in debtors and current intangible assets	10,640
991	Decrease / (Increase) in creditors	(3,866)
(13,091)	Transfer (to) pensions reserve	(13,280)
122	Transfer from provisions	73
(3)	Amortisation of borrowing / long term debtors	(13)
(7,455)	Carrying amount of non-current assets held for sale, sold or derecognised	(1,012)
(51,051)		(244,497)

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

2019/20 £'000		2020/21 £'000
7,455	Proceeds from sale of non current assets	1,006
16,326	Capital Grants and Contributions credited to income and expenditure	45,567
(240)	Revenue Expenditure funded from capital under statute	(237)
23,541		46,336

42. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2019/20 £'000		2020/21 £'000
(86)	Interest received	(24)
18,328	Interest paid	18,236

43. Cash Flow Statement - Investing Activities

2019/20 £'000		2020/21 £'000
72,629	Purchase of property, plant, equipment, investment property and intangible assets	60,456
17,000	Purchase of short-term and long-term investments	15,500
4,921	Other payments for investing activities	3,838
(7,455)	Proceeds from sale of property, plant, equipment, investment property and intangible assets	(1,006)
(15,290)	Proceeds from short-term and long-term investments	(17,000)
(20,545)	Other receipts from investing activities	(53,078)
51,260	Net cash flows from investing activities	8,710

NOTES TO THE ACCOUNTS

44. Cash Flow Statement - Financing Activities

2019/20 £'000		2020/21 £'000
(143,574)	Cash receipts of short-term and long-term borrowing	(50,935)
0	Other receipts from financing activities	0
1,888	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,728
109,194	Repayments of short-term and long-term borrowing	66,714
(47)	Other payments for financing activities	3,420
(32,539)	Net cash flows from financing activities	20,927

45. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Officer Finance & ICT on 23 September 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this.

NOTES TO THE ACCOUNTS

46. Accounting Policies

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21, supported by International Financial Reporting Standards (IFRS).

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

1. ACCRUALS OF INCOME AND EXPENDITURE

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

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

2. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

4. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

NOTES TO THE ACCOUNTS

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

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

5. EMPLOYEE BENEFITS

Benefits Payable during Employment

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

Termination Benefits

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

Post Employment Benefits

Council employees are members of two separate pension schemes:

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

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

The Local Government Pension Scheme

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

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

NOTES TO THE ACCOUNTS

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

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

Discretionary Benefits

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

6. EVENTS AFTER THE BALANCE SHEET DATE

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

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

NOTES TO THE ACCOUNTS

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

7. FINANCIAL INSTRUMENTS

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

NOTES TO THE ACCOUNTS

Expected Credit Loss Model

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

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

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

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

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

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

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

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

8. FOREIGN CURRENCY TRANSACTIONS

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

9. GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

NOTES TO THE ACCOUNTS

10. HERITAGE ASSETS

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

a) Civic Regalia

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

b) Museum Object Collection

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

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

Industrial and Economic History:

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

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

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

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

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

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

c) Archaeological Sites

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

NOTES TO THE ACCOUNTS

d) Statuary and Monuments

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

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

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

Heritage Assets – General

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

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

11. INTANGIBLE ASSETS

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

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

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

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

12. INTEREST IN COMPANIES AND OTHER ENTITIES

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

NOTES TO THE ACCOUNTS

13. LOCAL AUTHORITY SCHOOLS

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

14. INVENTORIES AND LONG TERM CONTRACTS

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

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

15. INVESTMENT PROPERTY

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

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

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

16. JOINT OPERATIONS

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

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

17. LEASES

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

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

NOTES TO THE ACCOUNTS

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

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

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

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

NOTES TO THE ACCOUNTS

Operating Leases

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

18. OVERHEADS AND SUPPORT SERVICES

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

19. PROPERTY, PLANT & EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

NOTES TO THE ACCOUNTS

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

20. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

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

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

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

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

NOTES TO THE ACCOUNTS

21. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

Contingent Liabilities

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

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

Contingent Assets

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

22. RESERVES

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

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

23. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

24. VALUE ADDED TAX (VAT)

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

NOTES TO THE ACCOUNTS

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

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

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

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

26. FAIR VALUE MEASUREMENT

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

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

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

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

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

HRA INCOME AND EXPENDITURE STATEMENT

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

2019/20 £'000		Notes	2020/21 £'000	£'000
	Expenditure			
25,404	Repairs and Maintenance		19,939	
5,946	Supervision and Management		5,490	
2,354	Special Services		2,285	
160	Rent, rates, taxes and other charges		444	
17,906	Depreciation, impairment and revaluation losses of non-current assets	6	216,657	
62	Debt management costs		76	
0	Increase in Bad Debt Provision	3	0	
51,832	Total Expenditure			244,891
	Income			
(51,031)	Dwelling Rents		(50,963)	
(1,033)	Non-dwelling rents		(915)	
(2,347)	Charges for services and facilities		(2,295)	
(18)	Other Income		(3)	
(54,429)	Total Fees, Charges and Other HRA Service Income		(54,176)	
(1,017)	Contribution towards expenditure	8	(992)	
(55,446)	Total Income			(55,168)
(3,614)	Net (Income) / Expenditure of HRA Services as included in the Comprehensive Income & Expenditure Statement (CI&ES)			189,723
0	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services			0
(3,614)	Net (Income) / Expenditure of HRA services			189,723
	HRA share of the Operating Income and Expenditure included in the CI&ES			
0	Loss / (Gain) on sale of HRA non-current assets			0
10,890	Interest payable and similar charges	3		10,708
(33)	Interest and investment income			(3)
1,034	Pensions net interest and administrative expenses	7		1,034
(7,550)	Capital Grants and contributions receivable	9		(32,667)
727	Deficit for the year on HRA services			168,795

MOVEMENT ON THE HRA STATEMENT

2019/20 £'000		Notes	2020/21	
			£'000	£'000
5,024	Balance on the HRA at 1 April			5,030
(727)	(Deficit) / Surplus for the year on the HRA Income & Expenditure Statement		(168,795)	
733	Adjustments between accounting basis and funding basis under Statute		173,794	
6	Net Increase / (Decrease) before transfers to or from reserves			4,999
0	Transfers (to) / from Earmarked Reserves			0
6	Increase / (Decrease) in year on the HRA			4,999
5,030	Balance on the HRA at 31 March			10,029
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:				
17,906	Charges for depreciation, impairment and revaluation losses of non current assets		216,657	
69	Revenue expenditure funded from capital under statute - Other		5	
(7,550)	Capital grants and contributions applied		(32,667)	
7,455	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES		989	
Insertion of items not debited or credited to the CI&ES:				
(8,740)	Statutory provision for the financing of capital investment		(10,596)	
(2,665)	Capital Expenditure funded from HRA balances		(1,350)	
Adjustments primarily involving the Capital Receipts Reserve:				
(7,455)	Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the HRA I&E Statement		(989)	
0	Revenue Income defined as capital under statute		0	
Adjustments involving the Financial Instruments Adjustment Account:				
0	Amount by which finance costs charged to the HRA I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements		0	
Adjustments involving the Pensions Reserve:				
4,406	Reversal of items relating to retirement benefits debited or credited to the HRA I&E Statement - see note 7		4,213	
(2,684)	Employer's pension contributions payable in the year		(2,408)	
Adjustments involving the Accumulated Absences Account:				
(9)	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		(60)	
733			173,794	

NOTES TO THE HRA STATEMENT

1. Housing Stock

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

As at 31/03/20		As at 31/03/21
6,862	Houses	6,852
1,051	Bungalows	1,052
2,480	Flats	2,480
657	Warden Controlled Units	659
11,050		11,043

2. Rent Arrears

The total amount of rent arrears at 31 March 2021 was £2,363k. The corresponding figure for 31 March 2020 was £2,379k.

3. Impairment Allowance for Doubtful Debts

The Impairment Allowance for Doubtful Debts was increased by a charge to the I&E account of £171k in 2020/21 to give a balance at the year end of £1,634k (£1,739k, 31 March 2020). 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.

2019/20 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	2020/21 Total Capital Investment £'000
62,418	Expenditure in Year	42,231	10	1,947	5	44,193
(1,019)	Add: Movement in Capital accrual	(529)	74	(5)	0	(460)
61,399		41,702	84	1,942	5	43,733
	Financed by:-					
7,550	Major Repairs Allowance Grant	7,539	0	0	0	7,539
0	Other Capital Grants and Contributions	24,834	10	284	0	25,128
2,665	Capital Expenditure Charged to Revenue	662	74	609	5	1,350
4,684	Capital Receipts	0	0	0	0	0
46,500	Borrowing - Unsupported	8,667	0	1,049	0	9,716
61,399		41,702	84	1,942	5	43,733

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:

2019/20 £'000		2020/21 £'000
7,411	Sale of Council Houses	980
44	Sale of Council Houses - Discount Repaid	9
0	Mortgages Repayment	0
0	Sale of Land and Other Property	0
7,455		989

NOTES TO THE HRA STATEMENTS

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

2019/20 Total £'000		Depreciation £'000	Impairment £'000	Revaluation Losses £'000	2020/21 Total £'000
	Non-Current Assets				
16,292	Dwellings	7,457	24,354	183,305	215,116
1,059	Other Land and Buildings	836	142	0	978
555	Vehicles, Plant & Equipment	563	0	0	563
17,906		8,856	24,496	183,305	216,657

A review of all HRA Capital Expenditure incurred during the year was undertaken to which the Impairment charged to the HRA Income and Expenditure Statement includes. Also, as part of the Council's rolling programme of asset valuations, HRA Non-Current assets were selected for review as at 1 April 2020 to which the Revaluation Losses 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. 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	
	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
Current service cost	3,220	3,179	0	0
Curtailment loss	152	0	0	0
<i>Other Operating Income and Expenditure:</i>				
Administrative Expenses	74	80	0	0
<i>Financing and Investment Income and Expenditure:</i>				
Net Interest expense	893	901	67	53
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	4,339	4,160	67	53

Movement in Reserves Statement

Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(4,339)	(4,160)	(67)	(53)
Actual amount charged against HRA Balance for Pensions in year:				
Employers contributions payable to Clwyd Pension Fund scheme	2,529	2,261		
Retirement benefit payable to pensioners			155	147

8. Contribution towards expenditure

This relates to Supporting People Grant which is used to fund the Tenancy Support service (£304k) and the housing related support element of Sheltered Housing (£459k), Affordable Housing Grant received for the year (£168k) which is given as a revenue contribution towards the costs incurred in the development and maintenance of Affordable Council Housing. Also included in 2020/21 is funding provided by Welsh Government to cover additional costs incurred by the HRA in response to Covid 19 (£58k) and costs incurred as a result of Storm Christoph (£3k).

9. Capital Grants and Contributions

This includes a £25m Welsh Government Grant received in the year to fund HRA Capital expenditure. Funding displaced by this grant will require release of equivalent resources for investment in the Wrexham Gateway Project from 2021/22 onwards. Also included is the Major Repairs Allowance Grant (£7.5m) and funding received with respect to the Safer Streets Project (£128k).

The independent auditor's report of the Auditor General for Wales to the members of Wrexham County Borough Council

Opinion on financial statements

I have audited the financial statements of Wrexham County Borough Council for the year ended 31 March 2021 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021.

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 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. 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 - effect of COVID-19 on the Council's assets valuations

I draw attention to Note 21 in the financial statements, which describes the material valuation uncertainty clause in the valuation reports in 2019-20 and 2020-21 on the Council's property arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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 2021;
- 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:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- 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.

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, 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.

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

My procedures included the following:

- Enquiring of management, the Council's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Wrexham County Borough Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following area: management override; and
- Obtaining an understanding of Wrexham County Borough Council's framework of authority as well as other legal and regulatory frameworks that Wrexham County Borough Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Wrexham County Borough Council.

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

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

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

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

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

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales

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 Council

Annual Governance Statement for the year ended 31 March 2021

Contents

Introduction

Section 1 Executive summary

Section 2 Identification of key governance arrangements

2.1 Description of our governance arrangements

2.2 An overview of the impact of Covid-19 and adaptations to our governance arrangements

Section 3 Evaluating the effectiveness of governance arrangements

3.1 Effectiveness of the assurance process underpinning the evaluation process

3.2 Effectiveness of governance arrangements in supporting the achievement of sustainable outcomes and fulfilling the 7 principles of good governance (A-G) and identification of significant governance issues

Section 4 Accountability and Action Plans

4.1 Action taken to address significant issues identified in previous year's AGS

4.2 Action Plan to address significant governance issues

Introduction

This Annual Governance Statement (AGS) meets the requirements of the Accounts and Audit (Wales) Regulations 2014 which require a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with its published Statement of Accounts. The AGS therefore presents an assessment of the extent to which the council has, for the year ended 31 March 2021, complied with its Code of Governance, how it has monitored and evaluated this during the year, and whether its arrangements remain fit for purpose.

Section 1 - Executive Summary

Corporate governance refers to the processes by which organisations such as the council are directed, controlled, led and held to account. It is also about culture and values – the way that elected members and employees think and act.

The council is committed to the principles of good governance as identified in the 'Delivering Good Governance in Local Government Framework 2016' – doing the right things in the right way, in a way which is timely, inclusive, open, honest and accountable. It acknowledges that it has a duty to have in place sound and proper arrangements for the governance of its affairs and is committed to keeping its governance arrangements under review and to improving governance on a continuing basis across the council as a whole.

The pandemic and the emergency response has meant that the council has faced the most difficult year in its history – the review of our governance arrangements has shown that we have continued to focus on and make progress with our objectives, and have continued to monitor and adapt our governance arrangements to ensure that at all times we continue to do the right things, in the right way.

Our assessment is that while there have been areas of governance which have been impacted by the need to respond to the emergency and resulted in limitations to our usual levels of assurance (in particular the assurance provided by the Head of Internal Audit), overall our governance arrangements have remained fit for purpose within the context of the pandemic. While there have inevitably been changes in the way we work and the services we have been able to provide during this period, the council has maintained its stability and its focus on delivering its stated outcomes.

As we enter 2021-22, the arrangements remain fit for purpose, and the council is in a good position to move out of response to regional and local recovery in a sustainable and dynamic way.

This assessment, set within the context of the challenges and changes ahead of us, including the ongoing impact of Covid-19, means that we have identified our significant issues for 2021-22 as continuing to improve children's services and secondary education and ensuring that the council as an organisation is resilient. These areas will continue to be monitored by our Senior Leadership Team and Governance & Audit Committee and reported in our next annual review.



Ian Bancroft
Chief Executive (May 2021)



Cllr Mark Pritchard
Leader (May 2021)

Section 2 - Identification of key governance arrangements

2.1 Description of our governance arrangements

The council's [Code of Governance](#) states the importance to the council of good corporate governance and sets out our own governance framework. It is based on the 7 'core principles' identified in the 'Delivering Good Governance in Local Government Framework 2016' which are designed to underpin the governance of all public sector bodies.

Wrexham County Borough Council Governance Code	
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.

Our 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.

Across the council, there is a range of bodies and structures which fulfil an important role in developing and maintaining the governance framework.

Contributor	Role
Council	All 52 Elected Members. Approves the Council Plan. Agrees the Constitution, policy and financial frameworks
Executive Board	Primary decision making body of the Council

Contributor	Role
	Comprises the Leader of the Council and Lead 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.
Priority Boards	Focus on the achievement of the council's priorities as set out in the Council Plan Report to elected members via corporate 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	Comprise non-Executive elected members Review and scrutinise the decisions and performance of the council and Executive Board. 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 Officers' Group	Ongoing review of the effectiveness of the governance framework Accountable to Governance & 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 Delivers a programme of risk based audits, including counter-fraud and investigation Identifies areas for improvement in the management of risk Accountable to the Chief Officer Finance & ICT and the Governance & Audit Committee
Governance & Audit Committee	A statutory committee providing independent assurance on the council's internal control environment Agrees the Annual Governance Statement and the Annual Statement of Accounts Oversees Internal Audit's independence and effectiveness Monitors the effectiveness of value for money arrangements

Contributor	Role
	Considers the effectiveness of risk management, including risks of bribery, fraud and corruption Considers external audit, inspection and regulators' reports
External audit, regulation and inspection	External and independent assurance regarding the council's financial statements and arrangements in place to secure economy, efficiency and effectiveness in the use of resources to achieve the council's stated outcomes and statutory responsibilities.

2.2 An overview of the impact of Covid-19 and adaptations to our governance arrangements

The impact of the ongoing Covid-19 pandemic has been felt across the council – responding to this ongoing and unprecedented emergency has had the potential to affect all aspects of council policy and practice, including the focus of our improvement priorities and all other partnership and service plans, as well as the way we conduct business and the services we are able to provide.

In terms of the impact on our governance arrangements, this has included:

- Adaptations to reflect new ways of working and emergency arrangements;
- Changes to 'business as usual' governance and assurance activities; and
- Longer term changes to priorities, programmes, strategies and plans.

These changes have been reactive, unplanned and may be subject to further change. At the start of the year, it was recognised that the impact of the emergency constituted a significant governance issue, and as a result this was identified as a significant issue for action in the AGS 2020. This was led and monitored by the Chief Officer Governance & Customer and the Senior Leadership Team (SLT) and was reported to the Governance Officer Group (GOG) and Audit Committee (see Section 4). The GOG, which monitors compliance with the our governance framework and progress with AGS actions, operated as normal throughout, and reported as planned to SLT and Audit Committee. Assurance and effective accountability was adversely affected by Covid-19 – delays to external inspection and regulation, reduction in scrutiny capacity, and most significantly the impact on the effectiveness of the internal audit service, which resulted in a limitation in scope of the Head of Internal Audit annual opinion. These issues have been resolved going forward into 2021-22.

The [Council Plan \(2020-2023\)](#) is a key governance document which sets out the well-being objectives and improvement priorities as required by legislation, and explains how our activities and programmes will help us achieve our vision for the County Borough and Wales' Well-being Goals. At the start of the pandemic, preparation of the Plan was well underway. Originally scheduled for approval by Council in May, this was delayed, not only to allow us to focus resources on the emergency response, but to allow Priority Boards and elected members to review

(and amend where necessary) the draft actions and milestones in the six Council Plan objectives alongside the emerging recovery plans. This ensured that the Council Plan would be reflective of the need to target improvements and align resources with the recovery planning. The Council Plan (2020-23) was agreed by Council in December 2020, however the impact of this delay was minimal – the 6 priorities had been included as in-year priorities in the Council Plan (2019-22) meaning services were already focussed on the priorities and governance arrangements were already established.

The council invoked its emergency planning arrangements in March 2020 and throughout the year, other than a short period in September, where possible the workforce has operated from home in accordance with Welsh Government guidance. Decisions about services were taken in accordance with national legislation and restrictions: during spring and summer of 2020 the council provided critical services only, with some of these decisions impacting on ‘business as usual’ governance’ (detailed in Section 3). The provision of services was expanded very quickly through home-working such that since the autumn and winter of 2020-21, an almost full range of services (other than public access to council buildings) has been provided.

Covid-19 has impacted considerably on our workforce – in terms of both new ways of working and capacity. In addition to the ongoing management and co-ordination of the emergency response, the workforce has had to adapt the way we deliver our services to comply with Covid-19 restrictions, as well as an increase in areas such as the administration of grants (emergency grants to small businesses, freelancers and businesses forced to close, together with SSP/Self-Isolation grants, payments to are workers and grants for flooding) and the introduction of new services such as Test, Trace and Protect.

The council has used learning from these experiences as an opportunity for positive change and a means of unlocking potential for future efficiencies, accelerating our ‘Modern Ways of Working’ programme. ICT and digital solutions have been rapidly developed to support new working arrangements and the council has agreed a set of principles to guide our future way of working, which will in broad terms consist of three styles of working – office based, home working and site based.

The suspension of face to face meetings from March 2020 meant that decisions were taken in accordance with the Urgency Powers in the Constitution, being presented to the Executive Board and regulatory committees as they resumed business.

Governance arrangements for local, sub regional, regional and national recovery models were reported to the Executive Board in June 2020.

Considerable effort was put into supporting officers and elected members to prepare for the introduction of virtual meetings. Welsh Government’s Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 enabled the introduction of virtual meetings and a prioritised calendar of virtual meetings was introduced from 28th May 2020. These meetings were well managed, open and transparent:

recordings of all publicly held meetings have been posted online on the webcast library, with remote attendance facilitated for the press and public observers / participants likewise from 28th May. Live streaming commenced on 11th November, and the council was ahead of many other authorities in terms of both publishing recorded meetings and live streaming them.

During the suspension of face to face meetings, weekly situation reports, which included the identification and management of risks, and member briefings took place. A reduced schedule of scrutiny committee meetings was in place between September – February, with work programmes reviewed to reflect the response and recovery priorities during this period, and Scrutiny Chairs supported to link direct with Chief Officers to provide a conduit for committee members' questions and assurance.

The Authority has worked closely with Audit Wales, both in terms of Audit Wales' public sector Covid-Learning project and in terms of actively seeking assurance on our arrangements – this included regular meetings, exchanges of information and oversight of our response to the pandemic and future recovery. Audit Wales issued an [Interim Assurance - Covid-19 response and recovery letter](#) in August 2020 which provided assurance in relation to our arrangements, stating that Audit Wales was 'assured that the council's recovery from the impact of the pandemic had benefited from proactive engagement at both a regional and local level'; 'the council's planning and decision-making processes have shown strong and consistent collective leadership'; and 'the council's approach to recovery is well structured and well thought through.'

An assessment of the effectiveness of our governance arrangements during 2020-21 in relation to each of the 7 principles of good governance is contained in Section 3.

Section 3 – Evaluation of the effectiveness of governance arrangements

The council is required to undertake an annual review of the effectiveness of the arrangements it has in place to fulfil each of the principles of good governance and support the achievement of sustainable outcomes. In undertaking the review, the council considers assurance from a range of sources, and these are summarised in paragraph 3.1 below.

The annual review has been structured around the core principles of good governance, considering developments during the year, identifying gaps and opportunities for improvements, and examining where Covid-19 has impacted on our 'business as usual' governance activities and assurances. Where possible, it offers an assessment of the significance of this impact, taking into account any adaptations we have made and how effective these have been in ensuring we continue to adhere to the principles of good governance. The review has been used to inform the overall assessment of our governance arrangements and to identify the significant governance issues for 2021-22. The conclusions and significant issues are set out in paragraph 3.2 below.

There is no official CIPFA definition of what constitutes a 'significant issue', however in the context of Wrexham Council, we consider that a significant issue might be defined as:

- New obligations required of the organisation / new challenges caused by the impact of the pandemic, restoration of business as usual activities;
- Issues that undermine or threaten the achievement of organisational objectives;
- A significant failure to meet the principles (and sub principles) of good governance;
- An area of significant concern to an inspector, external audit or regulator;
- An area recommended for inclusion by the Head of Internal Audit, one of the statutory officers, or an issue that has required formal action being taken by the Chief Finance Officer or Monitoring Officer;
- An issue that cuts across the organisation and required cooperation to address it;
- An issue that has resulted in significant public interest or has seriously damaged reputation; or,
- An issue that has required a significant diversion of resources.

3.1 Effectiveness of the assurance process underpinning the evaluation of effectiveness.

The following provides a brief outline of the key sources of assurance considered in the review and their effectiveness during 2020-21. Further detail in relation to specific principles is referenced in 3.2 and section 4.

Internal audit and audit assurances

Internal audit is an assurance function that undertakes work that will inform the Head of Internal Audit's annual opinion on the overall adequacy of the council's framework of governance, risk management and control, including all its operations, resources and services and responsibilities in relation to other bodies. To do this, the internal audit service delivers scheduled programme of audits (Audit Plan) on a risk-based needs assessment. In 2020-21, the impact of Covid-19 on the ability to carry out planned and unplanned audits and related team staffing pressures led to only 65% of the original plan and 60% of unplanned work being completed. This reduced level of assurance was significant and resulted in the Head of Internal Audit's annual opinion being 'limited' in scope, early notification of which was reported to the Audit Committee in December 2020:

"I am able to give assurance to the Governance & Audit Committee and management that in the areas examined, the council's framework of governance, risk management and control is generally adequate and effective in achieving the council's objectives. The opinion however must exclude the following areas as there is insufficient assurance available to offer reasonable assurance:

- (i) Education & Early Intervention – where no specific audits of schools were completed during the year (seven of eleven planned audits for this department were either cancelled or deferred); and
- (ii) Social Care – Children's Services – where three of the four planned audits in this department, as well as another two audits carried forward from 2019-20, could not be completed during the year."

Governance & Audit Committee (*title of Audit Committee and terms of reference revised in May 2021 to reflect requirements of the Local Government & Elections (Wales) Act 2021*)

The Governance & Audit Committee is a key component of the governance framework, providing a high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. During the year the committee met as scheduled and regularly reviewed its work programme to ensure that the committee's terms of reference were fulfilled. The Head of Internal Audit's early notice of a limitation in scope of his annual opinion was reported to the committee in December. The committee has expressed concern about the resilience of the internal audit service (staffing levels) and the impact on independent assurance.

External audit and inspection

Planned audit and inspection work was delayed by Covid-19. Audit Wales' [Audit Plan 2020](#) included a programme of performance audit work in relation to value for money, continuous improvement and sustainable development. Some of this work – specifically relating to financial sustainability and consolidating and accelerating improvement was delayed due to Covid-19 and reported in July 2021, and the outcome of a North Wales review of residential and nursing home commissioning is awaited. A review on the Well-being of Future Generations Act (Wales) 2015 was replaced by Covid-19 learning and support work across all authorities. Audit Wales

issued an [Interim Assurance - Covid-19 response and recovery letter](#) in August 2020 which provided positive assurance in relation to our arrangements. Audit Wales' Annual Audit Summary (published in January 2021) contained no formal recommendations, and an unqualified true and fair opinion on our financial statements for 2019-20 was issued.

Estyn (Her Majesty's Inspectorate for Education and Training in Wales) suspended all inspection work in March 2020, and this delayed the follow up improvement conference work on the 2019 Estyn report into the council's education services, in particular the progression of the Post Inspection Action Plan. The improvement conference was held in [November 2020](#) and found that the local authority has a thorough understanding of issues and is developing appropriate plans to progress them. Local Authority Inspector visits commenced in December. A thematic review into work carried out across the authority to support schools during the pandemic was carried out in November 2020.

Care Inspectorate Wales (CIW) undertook a full inspection of Social Services in [October 2020](#) followed by a monitoring visit in May 2021. The inspection findings letter reflected the significant change made in culture in children's services and indicated positive prospects for ongoing improvement, while acknowledging that continued practice improvements remained a priority across the service. The monitoring visit found no safeguarding concerns.

The annual assurance and risk assessment review (Audit Wales, Estyn and CIW) proceeded in January 2021 and helped inform the identification of significant issues for 2021-22.

A summary of external regulatory reports was reported to Audit Committee in [May 2020](#) and [February 2021](#).

Compliance with Financial Management Code

Local authorities are expected to be fully compliant with the CIPFA Financial Management (FM) Code in 2021-22 – the aim of which is to embed enhanced standards of financial management. The resource implications of Covid-19 in relation to the financial aspects of the national response has meant that a review of our compliance and identification of any additional actions required was not undertaken during 2021-22. CIPFA has acknowledged the impact of the pandemic and has concluded that although 2021-22 will remain the first year of compliance, authorities may do so within a more flexible framework which may involve demonstrating a direction of travel rather than full compliance.

Chief Officer assurances

Chief Officers undertake an assessment of governance within their services each year and complete an Internal Control Assurance Statement (ICAS) to identify any governance issues either within a specific service or across the organisation which need to be addressed. Details are included in section 3.2 by governance principle. The ICAS will be reviewed during 2021-22 to ensure it remains current and fit for purpose.

Ongoing review of effectiveness of arrangements - Governance Officer Group

The council is committed to improving governance on a continuing basis across the council as a whole, through a process of ongoing evaluation and review, culminating in an annual review which informs the AGS. The Governance Officer Group, consisting of officers who lead on key areas of the governance framework, as well as service representatives, meets quarterly to lead on this work. It reviews the governance arrangements and effectiveness by core principle, identifies areas for improvement, and monitors and reports on progress with the AGS actions. The [Terms of Reference](#) were strengthened in 2020-21 to ensure clear reporting responsibilities to SLT and Audit Committee at quarters 2 and 4. GOG is a key contributor to the annual review and the preparation of the AGS.

Management of Risk

Risk management operated as intended during 2020-21. Risk registers were updated with Covid-19 specific risks, and 'principal' (corporate) risks were embedded in service risk registers. Risk registers are reported to SLT and Audit Committee at [quarter 2 \(December 2020\)](#) and quarter 4 (scheduled July 2021). No concerns about the operation of risk management have been raised.

The council's Priority Boards have also identified those risks within service risk registers which relate to the achievement of the council's priorities, to enable these to be managed.

3.2 Evaluation of the effectiveness of governance arrangements in supporting the achievement of sustainable outcomes and fulfilling the principles of good governance, and the identification of significant governance issues.

This section sets out each of the 7 principles of good governance and their supporting definitions (A-G), along with the assessment of our effectiveness and any significant issues identified for inclusion in the AGS action plan.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

"Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they achieve. They have the overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law."

Assessment:

The council responded well to the impact of national restrictions on face to face meetings, and its decision making complied with the council's Constitution and

legislation. The council has good resources and processes in place to support high standards of behaviour, ethical standards and adherence to the rule of law – however it needs to ensure that inductions and training are utilised effectively.

Significant issues for inclusion in AGS Action Plan:

- Organisational resilience - To ensure the council is compliant with the requirements of the Local Government & Elections (Wales) Act 2021

Principle B: Ensuring openness and comprehensive stakeholder engagement.

“Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizen and service users, as well as institutional stakeholders.”

Assessment:

The council performed well against this principle within the context of the pandemic. The most significant impact of Covid-19 was in relation to the reduced scrutiny function, however this has been resolved for 2021-22. There are new challenges and opportunities in relation to working with partners at a regional level.

Significant issues for inclusion in AGS Action Plan:

- Organisational resilience - To ensure the council is compliant with the requirements of the Local Government & Elections (Wales) Act 2021

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

“The long term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that there should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes and remain within the limits of authority and purpose. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for finite resources.”

Assessment:

The council has identified its well-being and improvement outcomes and is effectively engaged in defining post-Covid recovery outcomes at a local, sub-regional and regional level.

Significant issues for inclusion in AGS Action Plan:

- None

Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.

“Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions (course of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various type of resource inputs while still enabling effective and efficient operations. Decisions need to be reviewed frequently to ensure that achievement of outcomes is optimised.”

Assessment:

Overall the council performed well in relation to this principle, in particular reviewing its corporate performance management arrangements to ensure that interventions are identified and monitored. While some elements of this principle, such as the scrutiny function, were adversely impacted by Covid-19, there is no evidence of any significant impacts on outcomes and the council is well-placed going forward. The council will need to focus on preparations to undertake the annual self-assessment required by the Local Government & Elections (Wales) Act 2021.

Significant issues for inclusion in AGS Action Plan:

- Secondary schools - improve outcomes in secondary schools in accordance with Estyn’s recommendations (R1-R4)
- Children’s services - improvements required in the areas of risk and quality of casework.
- To ensure the council is compliant with the requirements of the Local Government & Elections (Wales) Act 2021

Principle E: Developing the council’s capacity, including the capability of its leadership and the individuals within it.

“The council must have appropriate structures and leadership, as well as people with the right skills, qualifications and mind-set to operate efficiently and effectively and achieve the intended outcomes within the specified periods. It must ensure it has both the capacity to fulfil its own mandate and to make certain there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which the council operates will change over time, there will be a continuous need to develop the council’s capacity, as well as skills and experience of individual staff members. Leadership will be strengthened by the participation of people with many different types of backgrounds reflecting the structure and diversity of communities.”

Assessment:

The council had already recognised the need to ensure a modern and resilient council prior to Covid-19, and has accelerated its modern ways of working programme not only to meet these demands, but also to use learning to unlock

potential for future efficiencies. Workforce planning is underway to support the delivery of the council's aspirations and this will be key to the resilience of the council and recovery planning which is underway at local, sub-regional and regional levels supports building community capacity. Training and development for elected members (current and future) and school governors needs to be monitored for effectiveness, and the council needs to ensure that inductions and training for the workforce are utilised effectively.

Significant issues for inclusion in AGS Action Plan:

- Organisational resilience - A workforce that is sustainable and deployed effectively to ensure capability for post-Covid recovery.
- Organisational resilience - Elected members are supported to contribute to the success of the organisation

Principle F: Managing risks and performance through robust internal control and strong public financial management.

“The council needs to ensure that it has implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important parts of this system and crucial to the achievement of outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes. It is essential that the council has a culture and structure for scrutiny as a key part of accountable decision-making, policy making and review.”

Assessment:

Much of the internal control environment continued to work well and even progress during the year (risk management, performance management), however the robustness of the controls in relation to scrutiny and internal audit was significantly reduced because of capacity and practical difficulties as a result of Covid-19. These issues have been resolved going forward into 2021-22, however, the council acknowledges the need for a resilient internal audit service, and strong public financial management to support both long term and short-term operational performance going forward.

Significant issues for inclusion in AGS Action Plan:

- Organisational resilience - Financial Management practices, budget monitoring and budget setting ensure that the council is financially resilient and dynamic in meeting the post-Covid financial risks.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

“Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only on actions completed, but also on ensuring that stakeholders are able to understand as the

council plans and carries out its activities in a transparent manner. Both internal and external audit contribute to effective accountability.”

Assessment:

The council maintained transparency in its reporting throughout the year, including corporate reporting according to timescales and the adherence to quality controls for reports, as well as reporting on the effectiveness of our governance arrangements culminating in the AGS. However, assurance and effective accountability was adversely affected by Covid-19 – delays to external inspection and regulation, reduction in scrutiny capacity, and most significantly the impact on the effectiveness of the internal audit service, which resulted in a limitation in scope of the HoIA annual opinion. These issues have been resolved going forward into 2021-22, however, the council acknowledges the need for a resilient internal audit service, and strong public financial management to support both long term and short-term operational performance going forward.

Significant issues for inclusion in AGS Action Plan:

- None

Section 4 Accountability and Action Plans

4.1 Action taken to address significant issues identified in previous year's AGS.

Issue #1 – Securing ICT Infrastructure

While 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 and resilient council, 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.

Agreed action: Agree a new ICT & Digital Strategy.

Responsible Officer: Chief Officer Finance & ICT

Conclusion: Good progress has been made in this area, which has been accelerated by the impact of the pandemic. A new ICT and Digital Strategy has been agreed by Senior Leadership Team and received formal approval at the Executive Board November 2020. While work is ongoing, there is good governance in place via the ICT & Digital Programme Board and the Priority Board and there is no requirement to include this as a significant issue in 2021.

Issue #2 – Secondary School Education

In 2019 an 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.

Agreed action:

- (1) Implementation of the Post Inspection Action Plan (PIAP)
- (2) Recruitment of Chief Officer for Education and Early Intervention / ensure statutory requirements of the post are fulfilled.

Conclusion: Despite the impact of Covid-19, the authority has maintained its focus on this area and this has been recognised positively by Estyn. However, the need to maintain this focus means this will remain a significant issue in 2021.

Issue #3 – Children's Services

Care Inspectorate Wales (CIW) improvement conferences held in 2019 and 2020 identified improvements required in the areas of risk and quality of casework.

Agreed action: Implementation of the Accelerated Improvement Plan

Conclusion: Despite the impact of Covid-19 on services, the authority has maintained its focus on this area and this has been recognised positively by CIW. However, the need to maintain this focus on improvement means this will remain a significant issue in 2021.

Issue #4 – Assessing the impact of Covid-19 on our governance arrangements.

We need to consider the impact of the Covid-19 pandemic and associated government guidance and legislation on our governance arrangements.

Agreed action:

- (1) Consider how democratic services will be delivered through virtual meetings, etc;
- (2) Review of council and resource priorities; and
- (3) Produce recovery plans for services.

Conclusion: The council responded quickly to new legislation in order to establish virtual meetings and operated in accordance with legislative and constitutional requirements. Full meeting capacity is in place by the end of 2020-21. Council well-being and improvement objectives have been agreed. Recovery planning underway and is supported by robust governance arrangements. Although work will continue in this area, it has not been identified as a significant issue for 2021-22.

4.2 Action plan to address the significant governance issues.

The effectiveness of our governance arrangements are reviewed throughout the year, culminating in an annual review. The review has identified the following as significant issues to be addressed in 2021-22:

1. Improving Secondary Education
2. Improve Children's Services
3. Organisational Resilience
 - Financial
 - Workforce
 - Political

The action plan to address these issues is set out below. Progress will be monitored quarterly by the Governance Officers' Group during 2021-22 and reported to the Senior Leadership Team and to the Audit Committee at quarters 2 and 4 (annual review).

AGS 2021 Action Plan

Issue	Outcome	Actions	Date
1.Improving Secondary Education (CO E&EI)	Improve outcomes in secondary schools in accordance with Estyn's recommendations (R1-R4)	Redefine the success criteria, outcomes and milestones in Post Inspection Action Plan	Complete
		Implement revised service structure	Complete
		Implementation of the Post Inspection Action Plan	Termly Local Authority Link Inspector visits have commenced from May 2021 A further Improvement Conference will be scheduled for the autumn 2021.
2.Improve Children's Services (CO SC)	Improvements required in the areas of risk and quality of casework.	Implementation of Accelerated Improvement Plan in order to attain an assessment of our services as 'adequate' at the next CIW inspection.	Monitoring visit November/December 2021. Full inspection May 2022
		Commission independent evaluation to assess progress towards achieving an assessment of 'adequate' at the CIW Inspection in May 22.	Independent evaluation of progress c. Jan 2022 (following Nov/Dec 2021 Monitoring Visit)
		Support work of the Scrutiny Task & Finish Group as a source of assurance on progress	Interim report (May) Final report (November)

Issue	Outcome	Actions	Date
3.Organisational Resilience (CE)	Enable the organisation to move forward, post Covid-19, in a way that is sustainable and dynamic.		
Financial (CO FICT)	Financial Management practices, budget monitoring and budget setting ensure that	Compliance with Financial Management Code - complete review and identify actions to improve compliance	Complete
		Implement actions to improve compliance with Code <ul style="list-style-type: none"> 1. Ensure Governance & Audit Committee development programme covers relevant and emerging governance topics. (July 2022) 2. Complete training for Heads of Service and Finance officers for relevant business case development and appraisal. (July 2022) 3. Review timing of capital monitoring to services (March 2022) 	July 2022
		Early insight into in-year budget pressures for elected members through workshops and reporting.	Ongoing
- Workforce (CE HR&OD)		Launch workforce planning process for 2021-22 to support Chief Officers to have workforce plans which include succession plans.	SLT agreed annual approach & timescales (14 May 2021)
			Launched May 2021. Quarterly monitoring by Modern & Resilient Priority Board.

Issue	Outcome	Actions	Date
			Q2 and Q4 reporting to Executive Board. Employee Survey Autumn 2021
	To ensure the council is compliant with the requirements of the Local Government & Elections (Wales) Act 2021	Implement LG&E (Wales) 2021 Action Plan	Various - depending on when regulations come into force.
		Refresh member development strategy and support elected members (Democratic Services Committee) to effectively monitor its effectiveness	Submit to Council following 2022 local government elections.
			May 2022