



# Powys County Council Statement of Accounts 2021/22



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## Narrative Report

### Financial Overview

The financial year 2021/22 has been another challenging period for the council as it continued to deal with the impacts of COVID-19. The purpose of this narrative statement is to comment on the council's financial performance and use of resources over the financial year. The narrative statement summarises the financial outturn and what has been achieved in line with the corporate priorities. It provides a narrative context to the accounts by presenting a clear and simple summary for residents, and its prospects for future years.

### Impact of the COVID-19 Pandemic

From the start of the first national lockdown on 24 March 2020, through to the lifting of restrictions on 30 May 2022, COVID-19 has greatly influenced the workings of the council from its usual service routines. The council has responded well, delivering a wide range of initiatives and continuing to deliver business as usual services, adapting provision to align to the circumstances.

The pandemic continued to significantly impact the council and its financial position through 2021/22. Not only in terms of the direct costs of responding to COVID-19, and loss of income. In addition, the council has been responding to Welsh Government initiatives whereby the council acted as an agent to distribute financial support to businesses and the public.

The council was able to return to 'business-as-usual' activities and schools have mainly stayed open in year, some staff remained seconded to help priority areas like the Track and Trace service.

There continue to be cost pressures arising from the pandemic, but these have had minimal impact on the financial outturn due to the support from Welsh Government which provided additional funding through the COVID-19 Hardship Fund to meet the additional costs incurred, including Personal Protective Equipment, free school meals, homelessness, and other additional costs including supporting our most vulnerable adults and children. The Hardship Cost Support included reimbursement for £6,800k of support given to the public and businesses for self-isolation payments, statutory sick pay, winter fuel payments and care homes in terms of covering voids costs, fee increases and lateral flow testing.

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Welsh Government Support	Income £'000
Hardship Fund – Cost	11,120
Hardship Fund – Income	627
Track and Trace	4,549
Council Tax Collection	573
Bus Emergency Scheme	1,283
Miscellaneous	488
<b>Total</b>	<b>18,640</b>

The council has once again worked with wider public sector partners across Wales and Welsh Government to provide significant one-off support through numerous funds for support to local businesses, the voluntary sector and a one off £735 payment to carers. The council acted as an agent for the Welsh Government in reviewing, collating, agreeing, and processing these payments across the schemes.

Welsh Government Support	Paid £'000	Paid Number
Business Grants	3,675	1,348
Business Rate Relief	10,413	1,469
Care Payments £735 – External	934	899
Care Payments £735 – Within Powys County Council	2,754	3,353
<b>Total</b>	<b>17,776</b>	<b>7,069</b>

The council has continued to pay its suppliers as promptly as possible to support their cash flow, an average of 86% were paid promptly through the year.

During the year council tax collection rate was reduced by the impact of the pandemic, however at the end of 2021/22 collection levels had recovered to pre-pandemic levels at 97.32%. The use of the Council Tax Reduction Scheme (CTRS) had also dropped back close to pre COVID-19 levels.

The virus is still with us and with the more recent rising cost of living challenges will remain into 2022/23. In response the council has identified up to £2,800k costs across all services that could materialise continuing to respond to the pandemic, reserves have been identified to mitigate the impact and add some resilience to in-year planning. Over the longer term, annual budgets may need to be established if there are post COVID-19 recurrent costs.

## Financial Performance

### *Council budget 2021/22*

The council's revenue budget is funded from Welsh Government grants, redistributed business rates, other grants, locally generated income and council tax income.

The Welsh Government fund 68.4% of the council's 2021/22 net revenue budget and is provided in a settlement known as aggregate external finance (AEF). AEF increased across Wales by an average of 3.8%, Powys received a 4% increase, Powys ranked 8<sup>th</sup> in terms of its increase against other local authorities, this position represents a significant improvement for Powys compared to previous years.

Our council tax was set at £1,404.26 for properties in valuation Band D (£1,364.68 in 2020/21). We collected £97,689k with a collection rate of 97.3% (97.0% in 2020/21), the collection rate for non-domestic rates was 98.5% (98.7% for 2020/21).

Like other councils across Wales, Powys County Council continues to face significant challenges arising from demographic changes, increased service demands, citizen expectations and rising costs. Providing services in a very rural county adds to this challenge. Against that background, over the past twelve months the Cabinet and Executive Management Team have placed a greater focus on longer term financial, service and workforce planning to help provide sustainable solutions to the challenges faced.

In response to Audit Wales proposals for improvement and advice/recommendation from the Chartered Institute of Public Finance and Accountancy (CIPFA) on the Council's financial planning arrangements, the cabinet and the senior leadership team adopted a new Integrated Business Planning (IBP) approach to developing the budget last year. This approach has involved all council services:

- Formalising their service delivery and improvement plans
- Planning service changes to secure delivery of the priority outcomes in the council's corporate improvement plan Vision 2025 and statutory obligations
- Assessing the financial implications of these plans

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  - Reviewing performance against others through comparative data
  - Identifying cost reduction opportunities
  - Identifying any workforce implications of service changes

The further development of the programme has been severely limited by the pandemic with resources focused on business-critical activity, nonetheless progress had been achieved with the IBP process now embedded into the council's planning framework and ways of working.

The Revenue Budget for 2021/22 was approved by the council on the 25 February 2021. Cost reductions of £11,828k were included in the budget.

Additional funding supported service demands, particularly:

- £1,900k for general pay and price inflation. Welsh Government did not receive any additional funding through the Barnett formula to provide for public sector pay awards next year given the UK Government's decision to pause public sector pay rises. The settlement did not therefore provide for any increase in public sector pay, the implications of potential pay awards in 2021/22 will need to be accommodated within our budget plan. These were therefore included at 1%.
- £1,634k for 2020/21 savings which have now proven to be undeliverable.
- £19,500k of inescapable budget pressures including:
  - £635k to meet the 0.75% of the pay award for 2020/21 which exceeded the 2% accommodated within service budgets.
  - £178k to meet the 2.43% increase in the Mid and West Wales Fire and Rescue Authority annual levy.
  - £951k for the CTRS, an increase in the number of claimants has been seen during 2020/21. This is expected to continue and potentially rise into 2021/22 as the impact of the pandemic falls on businesses and residents. In addition, a proposed council tax increase level of 3.9%, will also need to be considered to meet the increased levels eligible under the scheme.
  - £2,260k for the Education Service (including the Delegated Schools' Budget): supporting education improvement, the new Additional Learning Needs strategy, and pressures falling on schools delegated budgets with an additional £1,500k provided directly to schools, an increase of 2.4%.



- £2,500k to realign the childrens' service base budget to meet existing placements (an additional 45 placements have been made during the period of the pandemic although 8 of these have left the system after short term support), contractual obligations of providers and agency staff costs. Many of which are costs already impacting on the service and reflected in the Services spend in 2020/21 of £1,400k overspend.
- £8,000k to meet inescapable demand and cost pressures in adult social care. £3,300k of this investment will ensure the sustainability and quality in care through our payments to providers of residential and domiciliary care.
- £2,760k is provided to meet the revenue implications of the capital programme, as the minimum revenue provision adjustment is fully utilised.
- £780k for highways, transport and recycling - to meet contract inflation across the service, additional costs in waste services and some support to deal with ash dieback along the county's highway.
- £528k for property, planning and public protection to support compliance work and trading standards.

10 *Council outturn 2021/22*

The council has a robust financial reporting regime, with the budget being closely monitored and controlled during the year with quarterly reports presented to cabinet. The final outturn produced a net underspend, after contributions to specific reserves, of £7,410k against the £202,619k budget a 3.7% variance (excluding schools and the housing revenue account). Additional grants totalling £13,574k have been received to support council services, some of this funding has to be carried forward and utilised next year, whilst other funding is now offsetting expenditure in 2021/22 that the council expected to support. These grants have significantly improved the council's financial position and allowed the funding of the transformation costs £2,800k from revenue rather than capital receipts.

Service Area	Original Budget £'000	Total Working budget £'000	Net Expenditure before Reserve movement £'000	Total Movement to/(from) Reserves £'000	Approved use of Reserves £'000	Service Variance from Budget Under/(Over) spend £'000
Adult Services	71,228	67,434	66,267	1,167	1,086	81
Childrens Services	28,863	26,620	26,003	617	499	118
Commissioning	3,077	2,775	2,200	575	-	575
Workforce & Organisational Development	189	2,049	1,817	232	-	232
Education	103,046	15,654	15,089	565	447	118
Highways, Transport & Recycling	37,266	28,314	30,492	(2,178)	(2,823)	645
Property, Planning & Public Protection	3,973	4,919	4,842	77	(293)	370
Housing General Fund	8,452	5,344	5,209	135	40	95
Digital Services	1,332	4,423	4,387	36	406	(370)
Transformation & Communications	249	1,388	1,142	246	47	199
Legal & Democratic Services	2,555	3,134	2,969	165	83	82
Finance	1,863	6,137	3,919	2,218	1,875	343
Corporate Activities	17,714	34,428	32,255	2,173	(2,749)	4,922
<b>Total</b>	<b>279,807</b>	<b>202,619</b>	<b>196,591</b>	<b>6,028</b>	<b>(1,382)</b>	<b>7,410</b>
Housing Revenue Account (HRA)	-	-	237	(237)	(2,404)	2,167
Schools Delegated	-	77,188	71,453	5,735	(554)	6,289
<b>Total including Schools &amp; HRA</b>	<b>279,807</b>	<b>279,807</b>	<b>268,281</b>	<b>11,526</b>	<b>(4,340)</b>	<b>15,866</b>

Council considered this non-recurring improvement and approved the use of part of the forecast underspend to support its budget setting for 2022/23. In addition, £5,100k has been used to fund capital spend in year, and this will reduce the call on the borrowing requirement, easing pressure on the revenue budget in 2022/23 by £207k. Transfers to pension reserve of £900k and a provision for next year's pay award £1,200k account for the other main movements.

The council approved cost reduction proposals of £13,397k. 70% or £9,397k has been delivered in year, £4,000k (30%) is unachieved. Delivery has deteriorated in the latter part of the year due to childrens services not able to deliver their proposals in full, their projects for achieving greater income, changing service delivery and reducing agency costs were placed on hold due to the need to focus on increased demand. The budget approved by council in February 2022 for 2022/23 removed £1,377k of the unachieved savings from service budgets as they are now considered to be unachievable, thus ensuring a robust and deliverable budget for next year.

12 *Capital Expenditure*

The capital strategy approved in February 2021 set out the priorities for the next 10 years with the provisional capital programme totalling £559,000k (including the housing revenue account (HRA)). This expenditure is financed from a combination of capital receipts, grant funding and the council’s own financial resources. The use of borrowing to finance the capital spend in year has been minimised to reduce the cost of this borrowing in future revenue budgets.

The Capital outturn position for 2021/22 is summarised below.

<b>Service Area</b>	<b>2021/22 £'000</b>
Schools	12,929
Social Care	1,871
Highways, Transport & Recycling	21,310
Leisure & Recreation	2,292
Housing	26,201
Property, Planning and Public Protection	1,888
Economy & Digital	6,104
<b>Total</b>	<b>72,595</b>

The Capital programme for 2021/22 was financed by:

<b>Funding Source</b>	<b>£'000</b>	<b>%</b>
Grants	42,696	58.8
Revenue/Reserves	17,548	24.2
Borrowing	12,095	16.7
Capital Receipts	256	0.3
<b>Total</b>	<b>72,595</b>	<b>100</b>

The largest schemes in year saw the delivery of:

- The construction of 39 new council houses with a further 79 in progress. Works continue to the existing housing stock to ensure it meets the Welsh Housing Quality Standard.
- Schools' transformation continues with the new Welshpool Church in Wales school opening and construction of the new Ysgol Gymraeg y Trallwng ongoing with the opening due in 2022/23. The rest of the county's schools continue to require significant investment to ensure they are safe, secure, and operational.
- Works continue to improve leisure and social care facilities together with investment in regenerative schemes within the county.
- Improvements to cycle paths, transport management systems, roads, bridges and footpaths continued in year with works carried out across county's extensive infrastructure.

#### Medium Term Financial Strategy (MTFS) 2022 – 2027

The council is, focused on the medium to long-term resource needs aligned to service and workforce planning. The MTFS is based on an approach which brings together all elements of the council activity to deliver Vision 2025, which represents the long-term plans and aspirations of Powys County Council, a programme of transformation, and one which encompasses service improvement and delivers appropriate levels of statutory service. It will better align revenue and capital to ensure that our limited resources are prioritised to achieve maximum effectiveness and based on securing outcomes that matter to our residents.

The strategy is supported by a detailed five year budget model. The budget model has been improved with scenario planning across best, realistic and worse case scenarios. Funding, pay and price pressures and changes in service demand have been modelled on this basis and the budget gap identified for each year of the plan. This provides the basis for the allocation of funding to each service. The introduction of the integrated business plan has been developed over the last couple of years and the process is now starting to embed across the Council

Powys has received a positive settlement, 9.6% from Welsh Government for 2022/23 and for the first time in many years we have also received indicative allocations for the following two years (3.5% and 2.4% respectively). The settlement provided funding for local authorities to meet the additional costs of introducing the real living wage for care workers and continues to freeze the non-domestic rates multiplier for 2022/23, with funding provided to offset reduced income and additional discretionary rates relief for local businesses and other ratepayers to respond to specific local pressures.

14 The funding provided through the settlement also recognises the decision made around the 2021/22 teachers' pay deal and includes funding for the costs arising from the 2022/23 pay deal, which fall within this settlement year. No further funding will be made available in-year in recognition of the 2022/23 teachers' pay deal, and authorities' budget planning must accommodate these costs. More widely on public sector pay, the settlement includes funding to cover the increased costs local authorities will face arising from the UK Government's announcement to increase National Insurance Contributions for employers.

The financial modelling assumes an annual council tax increase of 5% from 2023/24 onwards. An overall gap of £14,581k is shown but is likely to be higher due to the pressures manifesting through 2022 and will affect the 2022/23 outturn position and may require a call on reserves. These pressures relate to rising costs due to high inflation, the Ukraine crisis and further COVID-19 costs that must be borne by the council and will be costed and included in the financial plans as part of budget process through 2022. Furthermore, our financial planning will need to accommodate the new corporate plan that sets out the vision of the incoming cabinet, this is likely to be approved in September 2022.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
<b>Revenue Income</b>					
Base Funding (Prior Year)	279,782	301,867	313,804	323,854	333,360
Aggregate External Finance (RSG & NNDR Allocation)	18,374	7,359	5,223	4,457	4,546
Council Tax	3,711	4,579	4,827	5,049	5,301
<b>Total Projected Revenue Funding</b>	<b>301,867</b>	<b>313,804</b>	<b>323,854</b>	<b>333,360</b>	<b>343,207</b>
<b>Revenue Expenditure</b>					
Base Budget (Prior Year)	279,782	301,867	316,968	330,502	344,053
General Inflation	3,707	4,288	4,370	4,426	4,514
Total Demographic Pressures	676	1,590	1,677	1,714	1,753
Total Corporate and Service Specific Pressures	22,131	10,863	8,612	7,888	7,717
Savings	(8,075)	(1,640)	(1,127)	(477)	(250)
Undelivered Savings (Prior Years)	1,317	-	-	-	-
Transformation	2,329	-	-	-	-
<b>Total Projected Revenue Expenditure</b>	<b>301,867</b>	<b>316,968</b>	<b>330,501</b>	<b>344,053</b>	<b>357,787</b>
Funding (Shortfall)/Surplus – Cumulative	-	(3,163)	(6,646)	(10,693)	(14,581)
Funding (Shortfall)/Surplus – In Year	-	(3,163)	(3,483)	(4,047)	(3,888)

## Capital 2022-2027

The capital strategy is fundamental to the effective delivery of the council priorities and our Vision 2025. It facilitates a seamless interface between business planning within the council and the management of assets and capital resources. This will ensure that the provision of resources and future investment are prioritised. The provision of the right asset in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services. It is aligned to the asset management plan and the major investment plan for 21<sup>st</sup> century schools, jointly funded with Welsh Government.

The strategy confirms the need to borrow to support the capital programme and continue to be significantly under borrowed. The consequence of which is the reduced cost of borrowing and the revenue budget model and forecast are revised regularly to assist the budgets.

The table below summarises the five year capital expenditure plans and how these plans are being financed through capital or revenue resources. Any shortfall of resources results in a requirement to fund through borrowing, this figure is shown as the net financing need.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Council Capital Budget	83,295	67,547	51,633	32,423	19,964
<b>Funded By</b>					
Capital Grants & Other Contributions	36,187	42,887	30,949	9,782	7,598
Capital Receipts	2,385	2,248	1,248	1,248	1,248
Revenue Contributions	4,346	2,185	5,552	4,060	3,001
Net Financing Need (Borrowing)	40,376	20,227	13,884	17,333	8,117
HRA Budget	31,195	33,123	33,434	23,643	21,752
<b>Funded By</b>					
Capital Grants & Other Contributions	5,832	5,832	5,832	5,832	5,832
Capital Receipts	-	1,000	1,000	-	-
Revenue Contributions	6,837	5,800	5,800	5,800	5,800
Net Financing Need (Borrowing)	18,526	20,491	20,802	12,011	10,120

16 Financial Management Code

Compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management (FM) Code has become a requirement in 2021/22. The objectives of this code are “to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability”. The FM code has several components, including CIPFA’s 6 ‘Statement of Principles of Good Financial Management’. The FM code translates the principles of good financial management into a series of standards. These standards address the aspects of an authority’s operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved. It is up to each authority to determine the extent to which it complies with the code and to identify what action it may wish to take to better meet the standards that the FM code sets out.

The council completed a pilot year in 2020/21 and drew up an action plan that identified what was required to show improvement in year, this analysis was presented to cabinet and Executive Management Team in October 2021, evidencing the council have made many improvements and strengthened financial management. These actions have been delivered and the table below shows the red- on-track/amber-on track with minor issues/green status on track with major issues of the closing actions as at 31 March 2022, with 59% now been delivered. The amber and red actions will be taken forward into 2022/23. The Annual Governance Statement includes in it’s appendices the actions taken forward.

Standard	Green	Amber	Red
The responsibilities of the Chief Finance Officer and leadership team	12	6	2
Governance and financial management style	11	5	1
Medium and long term financial management	8	3	1
The annual budget	1	-	-
Stakeholder engagement and business cases	1	6	-
Monitoring financial performance	3	1	1
External financial reporting	1	-	-
<b>Total</b>	<b>37 (59%)</b>	<b>21 (33%)</b>	<b>5 (8%)</b>

In summary, we have made many improvements and strengthened financial management over the last year, even with COVID-19 and business critical demands, but there is still significant work to deliver finance transformation through to 2024.



## Performance

Our Vision 2025 activities have been updated in recognition of the impact of the pandemic and the council’s revised strategic objectives. The performance of the council is reported on the council’s website each quarter and is reviewed by cabinet and scrutiny committees. The overall performance assessment of the objectives for the year was:

Wellbeing Objective	No Status	Blue	Green	Amber	Red
We will develop a vibrant <b>economy</b>	-	5	15	3	-
We will lead the way in providing effective, integrated <b>health and care</b> in a rural environment	-	-	11	7	1
We will strengthen <b>learning and skills</b>	4	-	6	-	-
We will support our <b>residents and communities</b>	-	2	5	-	1
Total	4 (7%)	7 (12%)	37 (62%)	10 (16%)	2 (3%)

Blue - Action is complete

Green - Action is on track

Amber - Action is on track with some minor issues

Red - Action is on track with some major issues

18 The narrative report has focused on the financial aspects of the council in 2021/22, however it is important to reflect on what this funding has achieved and how we have performed as set out below:

✓ **Good** performance against our measures:

- 93% (target 70%) of children, young people and their families report that they achieve their family goal through accessing Early Help.
- An additional 695 (target more than 575) unique adult clients supported in their own home through assistive technology.
- The average age of admission to residential care has increased from 85 to 86.2
- 88% (target 75%) of young people who used the Intervention and Prevention services demonstrate positive progression
- 100% of learners in Powys sixth forms will be offered a laptop to ensure they are digitally equipped to carry out their studies.
- 3 (target 1) areas have piloted the Nurture Programme during 2021/22
- 1,173 local suppliers engaged in the council's procurement process, compared to 634 in 2020/21
- 24 (target 4) communities and industrial estates supported to gain access to good quality, reliable, broadband, doubling the number of communities (12) who were supported last year
- The mean gender pay gap has reduced from 7.6% to 7.3%
- 187 (target 168) homes have benefitted from the Fit for Life programme,
- 3,098 (target >2771 qualifiers) children who are entitled to free school meals have taken up the service.
- There have been an increasing number of staff being deployed in flexible working arrangements and / or working from home on a regular basis to 576 workers (target 500).

— **Average** performance against our measures:

- In real terms the total amount spent with Powys based suppliers has reduced from 39% to 37%.
- 17 (target 5) funding applications submitted to support Powys communities and the local economy.
- There were 4,170k (target 4,500k) visitors to Powys for tourism purposes (STEAM survey)
- 83% (target 85%) of children who the Intervention and Prevention Service work with around placement stability remained in placement.
- 88% (target 90%) of statutory visits for Children Looked After were carried out within statutory timescales
- The average number of days to deliver aids, adaptations and disabled facility grant funded works has maintained as 134 days (target 130 days).
- The number of pupils educated through the medium of Welsh in Year 1 has decreased from 22% to 21%
- There has been a reduction in the number of foster carers, to 70 carers (target 73)
- Overall tenant satisfaction with the housing services provided by the Council has reduced from 85% to 71% (STAR survey) (target 75%)

✗ **Poor** performance against our measures:

- We have completed 39 units of council homes, with an additional 79 under construction, against a target of 250 by 2025.
- 30 learners (against a target of 40) commenced an Institute of Leadership & Management 2 – 7 programme during the year
- 16% (target 7%) of Looked After Children have had 3 or more placement moves during the year
- There were 92k visits (physical and virtual) for libraries, museums and archives last year, a decrease from 117k in the previous year (target 200k).

## 20 Explanation about the accounts

The Statement of Accounts 2021/22 provide details of the council's financial position for the year ended 31 March 2022. The information presented on pages 1 to 127 is in accordance with the requirements of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) based on International Financial Reporting Standards (IFRSs), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts consist of:

- The **Movement in Reserves Statement** which 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.
- The **Expenditure and Funding Analysis** shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The **Comprehensive Income and Expenditure Statement** which 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. The council tax position is shown in the Movement in Reserves Statement.
- The **Balance Sheet** which sets out the financial position of the council at 31 March 2022.
- The **Cash Flow Statement** which shows the changes in cash and cash equivalents of the council during the financial year.
- The **Notes to the Core Financial Statements** which provide further information to the Core Financial Statements.
- The **Housing Revenue Account (HRA)** and notes which show in more detail the income and expenditure on HRA services included in the Comprehensive Income and Expenditure Account.

# Statement of Responsibilities for the Statement of Accounts

## The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signature:                                      Date: 20 January 2023

Governance and Audit Committee Chair

## Head of Finance Responsibilities

The Head of Finance 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 ("the Code of Practice"). These accounts are required to present a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year.

In preparing this Statement of Accounts, the Head of Finance has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Head of Finance has also:

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

## **Certificate of the Head of Finance on the Accounts of Powys County Council for 2021/22.**

I certify that the accounts set out on pages 1 to 128 present a true and fair view of the financial position of Powys County Council as at 31 March 2022 and its income and expenditure for the year then ended.

Signature:                                      Date: 20 January 2023

J Thomas Head of Finance

## The independent auditor's report of the Auditor General to the members of Powys County Council

### Opinion on financial statements

I have audited the financial statements of Powys County Council for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

Powys County Council's financial statements comprise the Movement in Reserves Statement, the Expenditure and Funding Analysis, 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 UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

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

### Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Powys County Council 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 2021-22;
- 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 Powys County 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, including the group financial statements, 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.

## POWYS COUNTY COUNCIL

In preparing the statement of accounts, the responsible financial officer is responsible for assessing Powys County Council 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, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Powys County Council's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- Obtaining an understanding of Powys County Council's framework of authority as well as other legal and regulatory frameworks that the Council and group 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 the 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 and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- 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



## STATEMENT OF ACCOUNTS

business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

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

I certify that I have completed the audit of the accounts of Powys County 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  
25 January 2023

24 Cathedral Road  
Cardiff  
CF11 9LJ

**The maintenance and integrity of Powys County Council's website is the responsibility of the Section 151 Officer; 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.**

## Movement in Reserves Statement

	Council Fund £'000	Earmarked Reserves (Note 8) £'000	HRA £'000	Capital Receipts £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves (Note 21) £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2020 Carried Forward</b>	<b>9,471</b>	<b>19,114</b>	<b>3,919</b>	<b>9,236</b>	<b>1,402</b>	<b>43,142</b>	<b>83,011</b>	<b>126,153</b>
<b>Movement in Reserves During 2020/21</b>								
Surplus or (Deficit) on Provision of Services	(19,455)	-	10,130	-	-	(9,325)	-	(9,325)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	(81,215)	(81,215)
<b>Total Comprehensive Income and Expenditure</b>	<b>(19,455)</b>	<b>-</b>	<b>10,130</b>	<b>-</b>	<b>-</b>	<b>(9,325)</b>	<b>(81,215)</b>	<b>(90,540)</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	38,646	-	(9,568)	1,950	(323)	30,705	(30,705)	-
<b>Net Increase/(Decrease) Before Transfers To Earmarked Reserves</b>	<b>19,191</b>	<b>-</b>	<b>562</b>	<b>1,950</b>	<b>(323)</b>	<b>21,380</b>	<b>(111,920)</b>	<b>(90,540)</b>
Transfers To/(From) Earmarked Reserves	(15,028)	15,028	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	4,163	15,028	562	1,950	(323)	21,380	(111,920)	(90,540)
<b>Balance at 31 March 2021 Carried Forward</b>	<b>13,634</b>	<b>34,142</b>	<b>4,481</b>	<b>11,186</b>	<b>1,079</b>	<b>64,522</b>	<b>(28,909)</b>	<b>35,613</b>
<b>Movement in Reserves During 2021/22</b>								
Surplus or (Deficit) on Provision of Services	(10,476)	-	3,484	-	-	(6,992)	-	(6,992)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	156,683	156,683
<b>Total Comprehensive Income and Expenditure</b>	<b>(10,476)</b>	<b>-</b>	<b>3,484</b>	<b>-</b>	<b>-</b>	<b>(6,992)</b>	<b>156,683</b>	<b>149,691</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	22,240	-	(3,721)	1,256	(593)	19,182	(19,182)	-
<b>Net Increase/(Decrease) Before Transfers To Earmarked Reserves</b>	<b>11,764</b>	<b>-</b>	<b>(237)</b>	<b>1,256</b>	<b>(593)</b>	<b>12,190</b>	<b>137,501</b>	<b>149,691</b>
Transfers To/(From) Earmarked Reserves	(16,063)	16,063	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	(4,299)	16,063	(237)	1,256	(593)	12,190	137,501	149,691
<b>Balance at 31 March 2022 Carried Forward</b>	<b>9,335</b>	<b>50,205</b>	<b>4,244</b>	<b>12,442</b>	<b>486</b>	<b>76,712</b>	<b>108,592</b>	<b>185,304</b>

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## Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21 Reclassified Net Expenditure Chargeable to the Council Fund and HRA Balances £'000	2020/21 Reclassified Adjustments between the Funding and Accounting Basis £'000	2020/21 Reclassified Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES) £'000		2021/22 Net Expenditure Chargeable to the Council Fund and HRA Balances £'000	2021/22 Adjustments between the Funding and Accounting Basis £'000	2021/22 Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES) £'000
65,207	3,036	68,243	Adult Services	69,594	3,801	73,395
27,117	1,036	28,153	Childrens' Services	28,494	2,057	30,551
3,229	462	3,691	Commissioning	2,636	847	3,483
251	222	473	Workforce & Organisational Development	246	421	667
17,900	12,928	30,828	Education	16,760	5,182	21,942
25,652	10,386	36,038	Highways Transport & Recycling	32,956	5,974	38,930
1,843	5,095	6,938	Property, Planning & Public Protection	2,414	3,682	6,096
5,043	7,389	12,432	Housing & Community Development	6,719	2,721	9,440
466	1,189	1,655	Digital Services	969	1,517	2,486
172	173	345	Transformation & Communications	78	330	408
2,381	360	2,741	Legal & Democratic Services	2,650	455	3,105
1,192	793	1,985	Finance	(1,120)	1,284	164
12,370	467	12,837	Corporate Activities	18,109	(4,183)	13,926
(3,857)	(2,318)	(6,175)	Housing Revenue Account (HRA)	(3,295)	5,395	2,100
70,657	1,480	72,137	Schools Delegated	73,162	4,315	77,477
<b>229,623</b>	<b>42,698</b>	<b>272,321</b>	<b>Net Cost of Services</b>	<b>250,372</b>	<b>33,798</b>	<b>284,170</b>

28,401	6,665	35,066	Other Operating Expenditure	29,599	10,032	39,631
13,291	5,959	19,250	Financing and Investment Income and Expenditure	14,209	6,274	20,483
(291,068)	(26,244)	(317,312)	Taxation and Non Specific Grant Income Operations not Included in Net Cost Of Services	(305,707)	(31,585)	(337,292)
<b>(19,753)</b>	<b>29,078</b>	<b>9,325</b>	<b>Surplus or Deficit</b>	<b>(11,527)</b>	<b>18,519</b>	<b>6,992</b>
(32,504)			Opening Council Fund and HRA Balance at 31 March	(52,257)		
(19,753)			Add (Surplus)/Deficit on Council Fund and HRA Balance in Year	(11,527)		
<b>(52,257)</b>			<b>Closing Council Fund and HRA Balance at 31 March</b>	<b>(63,784)</b>		

A split of the Council Fund and HRA balances are shown in the Movement in Reserves Statement.

The 'Adjustments between the Funding and Accounting Basis' are disclosed in more detail in Note 6.

The Expenditure and Funding Analysis and the Comprehensive Income & Expenditure Statement have been reclassified in 2020/21 to reflect changes made in the council reporting structure.

Service	From	To	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Adjustments between the accounting and funding basis £'000	Net expenditure chargeable to the Council Fund and HRA Balances £'000
Regeneration	Regeneration	Digital Services	3,925	(3,072)	853	366	487
Catering & Cleaning	Property, Planning & Public Protection	Housing & Community Development	5,857	(3,588)	2,269	399	1,870
Schools Delegated Other	Education	Schools Delegated	2,097	(7,538)	(5,441)	-	-

## Comprehensive Income & Expenditure Statement (CIES)

2020/21 Reclassified Gross Exp. £'000	2020/21 Reclassified Gross Inc. £'000	2020/21 Reclassified Net Exp. £'000		2021/22 Gross Exp. £'000	2021/22 Gross Inc. £'000	2021/22 Net Exp. £'000
102,904	(34,661)	<b>68,243</b>	Adult Services	106,354	(32,959)	<b>73,395</b>
30,957	(2,804)	<b>28,153</b>	Childrens' Services	34,790	(4,239)	<b>30,551</b>
12,541	(8,850)	<b>3,691</b>	Commissioning	17,777	(14,294)	<b>3,483</b>
1,589	(1,116)	<b>473</b>	Workforce & Organisational Development	2,110	(1,443)	<b>667</b>
36,057	(5,229)	<b>30,828</b>	Education	33,300	(11,358)	<b>21,942</b>
65,456	(29,418)	<b>36,038</b>	Highways Transport & Recycling	66,733	(27,803)	<b>38,930</b>
13,342	(6,404)	<b>6,938</b>	Property, Planning & Public Protection	12,372	(6,276)	<b>6,096</b>
21,432	(9,000)	<b>12,432</b>	Housing & Community Development	22,367	(12,927)	<b>9,440</b>
6,185	(4,530)	<b>1,655</b>	Digital Services	8,325	(5,839)	<b>2,486</b>
732	(387)	<b>345</b>	Transformation & Communications	887	(479)	<b>408</b>
3,384	(643)	<b>2,741</b>	Legal & Democratic Services	4,081	(976)	<b>3,105</b>
4,711	(2,726)	<b>1,985</b>	Finance	3,733	(3,569)	<b>164</b>
43,338	(30,501)	<b>12,837</b>	Corporate Activities	42,915	(28,989)	<b>13,926</b>
20,463	(26,638)	<b>(6,175)</b>	Housing Revenue Account (HRA)	28,996	(26,896)	<b>2,100</b>
90,042	(17,905)	<b>72,137</b>	Schools Delegated	101,409	(23,932)	<b>77,477</b>
<b>453,133</b>	<b>(180,812)</b>	<b>272,321</b>	<b>Cost of Services</b>	<b>486,149</b>	<b>(201,979)</b>	<b>284,170</b>
		<b>35,066</b>	Other Operating Expenditure (Note 9)			<b>39,631</b>
		<b>19,250</b>	Financing and Investment Income and Expenditure (Note 10)			<b>20,483</b>
		<b>(317,312)</b>	Taxation and Non Specific Grant Income and Expenditure (Note 11)			<b>(337,292)</b>
		<b>9,325</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>6,992</b>
		<b>(10,357)</b>	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets (Note 21)			<b>(31,599)</b>
		<b>5,172</b>	Impairment losses on Non-current Assets Charged to the Revaluation Reserve (Note 21)			<b>12,536</b>
		<b>86,400</b>	Re-measurements of the Net Defined Benefit (Asset)/Liability (Note 21)			<b>(137,620)</b>
		<b>81,215</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(156,683)</b>
		<b>90,540</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(149,691)</b>

## Balance Sheet

Balance as at 31 Mar 21 £'000		Note	Balance as at 31 Mar 22 £'000
839,133	Property, Plant And Equipment	12	876,593
1,211	Heritage Assets		1,211
3,701	Investment Property	13	3,988
1,171	Intangible Assets		1,537
982	Long Term Investments	15	982
3,260	Long Term Debtors	15	2,929
<b>849,458</b>	<b>LONG TERM ASSETS</b>		<b>887,240</b>
33,000	Short Term Investments	15	33,009
1,850	Assets Held for Sale		2,169
1,103	Inventories		1,071
49,727	Short Term Debtors	16	74,987
21,381	Cash and Cash Equivalents	17	5,804
<b>107,061</b>	<b>CURRENT ASSETS</b>		<b>117,040</b>
(73,399)	Short Term Borrowing	15	(64,286)
(66,377)	Short Term Creditors	18	(77,205)
(3,476)	Short Term Provision	19	(3,885)
(10,832)	Capital Grant Receipts in Advance	33	(5,007)
<b>(154,084)</b>	<b>CURRENT LIABILITIES</b>		<b>(150,383)</b>
(68)	Provisions		(46)
(287,803)	Long Term Borrowing	15	(301,087)
(5,291)	Long Term Creditors	18	(750)
(473,660)	Liability Related to Defined Benefit Pension	39	(366,710)
<b>(766,822)</b>	<b>LONG TERM LIABILITIES</b>		<b>(668,593)</b>
<b>35,613</b>	<b>NET ASSETS</b>		<b>185,304</b>
64,522	Usable Reserves	20	76,712
(28,909)	Unusable Reserves	21	108,592
<b>35,613</b>	<b>TOTAL RESERVES</b>		<b>185,304</b>



## Cash Flow Statement

2020/21 £'000		Note	2021/22 £'000
	<b>OPERATING ACTIVITIES</b>		
	<b>Cash Outflows</b>		
131,218	Cash Paid to and on Behalf of Employees		135,280
50,145	Other Operating Cash Payments		57,135
216,778	Cash Paid to Suppliers of Good and Services		228,873
13,468	Housing Benefit Paid Out		12,429
28,404	Precepts and Levies Paid		29,601
11,459	Interest Paid		10,910
<b>451,472</b>	<b>TOTAL OUTFLOWS</b>		<b>474,228</b>
	<b>Cash Inflows</b>		
(15,228)	Rents (After Rebates)		(16,344)
(94,335)	Council Tax Income		(101,006)
(42,531)	National Non-Domestic Rate Receipts from Pool		(44,985)
(141,758)	Revenue Support Grant		(146,912)
(15,041)	DWP Grants for Benefits		(13,327)
(66,309)	Other Government Grants	25	(82,879)
(85,570)	Cash Received for Goods and Services		(84,787)
(92)	Interest Received		(17)
<b>(460,864)</b>	<b>TOTAL INFLOWS</b>		<b>(490,257)</b>
(9,392)	<b>NET CASH OUTFLOW/(INFLOW) FROM OPERATING ACTIVITIES</b>		(16,029)
58,398	<b>INVESTING ACTIVITIES</b>	23	52,185
(73,886)	<b>FINANCING ACTIVITIES</b>	24	(20,579)
(24,880)	<b>DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS</b>		15,577
<b>(3,499)</b>	<b>Cash and Cash Equivalent Balance as at 1 April</b>		<b>21,381</b>
<b>21,381</b>	<b>Cash and Cash Equivalent Balance as at 31 March</b>	<b>17</b>	<b>5,804</b>

## Notes to the Core Financial Statements

### Note 1: Accounting Policies

#### i. General principles

The Statement of Accounts summarises the authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022 on a going concern basis. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

The objective of the accounts is to provide information about the financial position, performance and cash flows in a way that meets the 'common needs of most users'. It will explain the financial facts rather than comment on the policies of the authority and also has the aim of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them.

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.

#### ii. Accruals of income and expenditure

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

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

### iii. Cash and cash equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management. No loans, long term deposits or investments have been included in the opening or closing cash balances. These are separately disclosed.

Powys County Council, under its Treasury Management Strategy, can hold fairly substantial amounts in call accounts and Money Market Funds at any one time but not all of this would be to meet short term cash flow requirements. As such, an appropriate split between cash/cash equivalents and investments is made based on short term needs.

### iv. Exceptional items

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

### v. Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

### vi. Charges to revenue for Non-Current Assets

Services and support services 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
- 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 non-current assets attributable to the service.

## POWYS COUNTY COUNCIL

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

The MRP on supported borrowing on Council Fund debt is calculated using the annuity method over 50 years using the authority's average rate of borrowing.

### vii. Employee benefits

#### *Benefits payable during employment*

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave 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 authority. An accrual is made for the cost of the 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 benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### *Termination benefits*

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to a corporate service segment line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructure.

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

*Post-Employment Benefits*

Employees of the authority are members of two separate pension schemes:

- The Teachers' Pension Scheme administered by the Teachers' Pensions Agency.
- The Local Government Pensions Scheme administered by Powys County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions) earned as employees worked for the authority.

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

*The Local Government Pension Scheme*

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

- The liabilities of the Powys County Council Pension Fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality corporate bond (Aon Single Agency AA Curve)).
- The assets of Powys County Council Pension Fund attributable to the authority are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value.

## POWYS COUNTY COUNCIL

The change in the net pensions liability is analysed into the following components:

- Service cost compromising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities 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 Comprehensive Income and Expenditure Statement as part of Corporate Activities.
  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement- this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period- taking into account and changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Remeasurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the defined benefit 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 Powys County Council 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 Council Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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 Council Fund of being required to account for the retirement benefits on the basis of cash flows rather than as benefits earned by the employees.

*Discretionary Benefits*

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

## vii. Events after the Balance Sheet date

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

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

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

## ix. Interests in companies and other entities

The authority has an interest in the Heart of Wales Property Services Limited that has the nature of an associate. Due to materiality the entries are included in the single entity accounts and no Group Accounts have been prepared. The accounts have been prepared on the equity method.

## x. Long term contracts

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.

## xi. 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. Properties under operating lease will not be held for investment.

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 Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

## POWYS COUNTY COUNCIL

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund balance. The gains and losses are therefore reversed out of the Council Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### xii. Jointly controlled operations and jointly controlled assets

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

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

### xiii. 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.

#### *The Authority as lessee:*

##### *Finance leases*

Property, plant and 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 authority 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 charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).



Property, plant and 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 authority at the end of the lease period).

The authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution, the minimum revenue provision, 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 Council Fund 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 Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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 Authority as lessor:*

#### Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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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 Council Fund balance in the Movement in Reserves Statement.

### Operating leases

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

### xiv. Property, plant and equipment

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

### Capitalisation

All assets falling into the following categories are capitalised:

Intangible assets which can be valued, are capable of being used in the council's activities for more than one year and have a cost equal to or greater than £10,000.

Purchased computer licences are capitalised as intangible non-current assets where expenditure of at least £10,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic life.

Tangible assets which are capable of being used for a period which exceeds one year and provides delivery benefits or service potential which:

- Individually have a cost equal or greater than £10,000
- Collectively have a cost equal or greater than £10,000 and individually have a cost more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- Form part of the initial equipping and setting up cost for a new building irrespective of their individual or collective cost; or
- Form part of an IT network which collectively has a cost of more than £10,000 and individually have a cost of more than £250.
- All vehicles with a registration number, irrespective of value.
- Are part of external financing or contribution.

*Depreciation & Amortisation*

All tangible Non-Current assets other than land have been depreciated on a straight line basis using the following methods:

Asset	Years
Operational buildings	Useful life
Garages	20
Mobile offices/portacabins	20
Council dwellings	15 – 30
Vehicles, plant, equipment and fittings	4, 5, 7, 10, Useful life
Infrastructure	7, 18, 20, 50, Useful life
Surplus	Useful Life
Intangible	4, 7

Depreciation is not charged in the year of acquisition or addition. Depreciation is charged in full following a revaluation.

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

The useful life is determined by the valuer.

*Valuation*

Intangible non-current assets held for operational use are valued at historical cost. Infrastructure, community assets and assets under construction are measured at historic cost. Assets under construction include any existing land and buildings under the control of a contractor. All other tangible operational non-current assets are measured at current value. If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the depreciated replacement cost approach is used to estimate the fair value, on a modern equivalent basis.

The Council Dwellings are valued on an Existing use – Social Housing basis. The beacon method has been adopted with a 38% of the market value used in the revaluations.

As a temporary relief from the reporting periods commencing 1 April 2021 through to 31 March 2025 local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. This temporary relief is applied from the 2021/22 Code up to and including the 2024/25 Code but may also apply to local authority financial statements before this period where the auditor's opinion on those statements has not been given. This temporary relief has been introduced to the Code because historical information deficits resulting from the reporting requirements mean that this information is unlikely to faithfully represent what it purports to represent.

### *Impairment*

The value of each category of non-current asset is reviewed at the year end to establish if there has been a material change in value during the period. If an impairment loss on a fixed asset occurs it will be recognised and treated in accordance to the treatment prescribed by the Code of Practice. This treatment is:

- Where there is a balance of revaluation gains on the Revaluation Reserve for the relevant asset, the impairment loss is charged against that balance until it is used up. The loss debited to the Revaluation Reserve is recognised in Other Comprehensive Income and Expenditure as a reduction in the net worth of the authority and is presented in the Comprehensive Income and Expenditure Statement.
- Thereafter, or if there is no balance of revaluation gain (i.e. the asset is being carried at depreciated historical cost), the impairment loss is charged against the relevant service line(s) in the Surplus or Deficit on the provision of Services in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

### *Componentisation*

Land and building are separate assets and will always be accounted for separately, even when they are acquired together. Three factors will be taken into account to determine whether a separate valuation of components is to be recognised in the accounts.

**1. Materiality with regards to the council's financial statements:**

Componentisation will only be considered for individual non-land assets that represent more than 1% of the opening gross book value of total non-current assets.

**2. Significance of component:**

For individual assets meeting the above threshold, where services within a building (boilers / heating / lighting / ventilation etc.) or items of fixed equipment (kitchens / cupboards) is a material component of the cost of that asset (greater than 50%) then those services / equipment will be valued separately on a component basis.

**3. Difference in rate or method of depreciation compared to the overall asset:**

Only those elements that normally depreciate at a significantly different rate from the non-land element as a whole, or that require a different method of depreciation will be identified for componentisation.

Assets that fall below the de-minimis levels and tests above can be disregarded for componentisation on the basis that any adjustment to depreciation charges would not result in a material misstatement in the accounts.

Where assets are material and to be reviewed for significant components, it is recommended that the minimum level of apportionment for the non-land element of assets (that are not classified as social housing) is:

- Plant and equipment and engineering services.
- Structure.

Professional judgement will be used in establishing materiality levels: The significance of components, useful lives, depreciation methods and apportioning asset values over recognised components.

Revaluations of the council's property assets will continue to be undertaken on a 5 yearly rolling programme basis, at which point the revaluation takes into account the value and condition of the assets, relevant components and also de-recognition where relevant. Where there is a major refurbishment of an asset, a new valuation will be sought in the year of completion and a revision to the useful life. Where it is not current practice, individual buildings and material facilities on a site will be valued separately and depreciated based on their advised useful average life, rather than aggregating values for properties on a single site. Such a useful life will need to take into account the estimated life and condition of major components based on professional judgement. These actions will assist in providing an accurate depreciation charge.

### *Adopted roads*

Adopted Roads are infrastructure assets and are valued at historic cost and therefore have a nil value in line with the Code of Practice.

## xv. Provisions, contingent liabilities and contingent assets

### *Provisions*

Provisions are made where an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

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### *Contingent liabilities*

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

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

### *Contingent assets*

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

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

### xvi. 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.

### xvii. Overhead and support services

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice. The total absorption costing principle is used and the full cost of overheads and support services are shared between users in proportion to the benefits received.

### xviii. Reserves

The authority set aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax 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 authority – these reserves are explained in the relevant policies.

### xix. Financial assets

To meet new code requirements 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, and
- Fair value through other comprehensive income

The authority'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 (ie where the 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 authority 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 Comprehensive Income and Expenditure Statement (CIES) 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 authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and the interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

#### *Expected Credit Loss Model*

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-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 authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

### xx. Provision for repayment of external loans

The council is not required to raise council tax or housing rents to cover depreciation, impairment losses or amortisations but it is required to make provision from revenue for the repayment of debt as measured by the Capital Financing Requirement. The only requirement of the regulations is that the provision is prudent. There is a required minimum of 2% of outstanding debt in respect of council housing and 2% in respect of other debt (the minimum revenue provision). The authority met this requirement.

xxi. Financial liabilities

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

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the CIES is the amount payable for the year according to the loan agreement.

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

xxii. Calculating fair value for financial instruments

The fair value of an instrument is determined by calculating the net present value (NPV) of future cash flows which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, the prevailing rate of a similar instrument with a published market rate would be used as the discount factor.

*Complexities of the NPV calculation*

It is unlikely that the future cash instalments of an instrument will fall in equal time periods from the date of valuation, and there is likely to be a "broken" period from the valuation date to the next instalment. This means that an adjustment needs to be made to each discount factor in order to take account of the timing inequality.

*Evaluation of PWLB debt*

We have used the new borrowing rate, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. LAAP 73 states that PWLB will be using the premature repayment rate in their calculations. It is at the authority's own discretion which set of values it chooses to disclose.



*Inclusion of accrued interest*

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation. This figure will be calculated up to and including the valuation date.

*Discount rates used in NPV calculation*

The rates used were obtained by our advisors, Link Group, from the market on 31 March 2022 using bid prices where applicable.

*Assumptions*

The following assumptions are made but do not have a material effect on the fair value of the instrument:

- Interest is calculated using the most common market convention, ACT/365.
- For fixed term deposits it is assumed that interest is received annually or on maturity if duration is less than one year.

*xxiii. Revenue expenditure funded from capital under statute*

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

## POWYS COUNTY COUNCIL

### xxiv. Grants, contributions and donated assets

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

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential 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 Comprehensive Income and Expenditure Statement.

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

### xxv. Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the council's financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

With regards to Non-Current Assets the authority records only those assets it owns. In the case of Voluntary Aided and Faith Schools ownership is with the diocese. The authority does not have control of these schools and so omits on the authority Balance Sheet.

## xxv. Fair Value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings 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 authority measures the fair value of an asset or liability using the assumptions that the 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 authority 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 authority uses the 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 authority's financial statements are categorised within the fair value hierarchy, as follows.

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities that the authority can assess at the measurement date.
- Level 2:** Inputs other than the 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.

## xxvi. Council Tax and Non-domestic Rates (NDR)

### *NDR*

As a billing authority, the council collects NDR on behalf of the Welsh Government and pays the money collected from local business into the Welsh Government National Pool. The Welsh Government redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population. The authority's share of NDR Pool is reported in the Comprehensive Income and Expenditure Statement. NDR debtor and creditor balances with taxpayers and the impairment allowance for doubtful debts are not assets and liabilities of the council and are not recognised in the Balance Sheet.

### *Council Tax*

Council tax income is included in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. Council tax debtors or creditors and impairment allowance for doubtful debts are included in the Balance Sheet.

## Note 2: Accounting Standards that have been issued but have not yet been adopted

The Code of Practice requires that the authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2022 for 2021/2022).

None of the standards introduced in the 2022/23 code are expected to have a material impact on the financial statements.

## Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The IAS 19 pension cost calculations in Note 39 involve placing present values on future benefit payments to individuals many years into the future. These benefits will be linked to pay increases whilst individuals are active members of the Fund and will be linked to statutory pension increase orders (inflation) in deferment and in retirement. Assumptions are made for the rates at which the benefits will increase in the future (inflation and salary increases) and the rate at which these future cashflows will be discounted to a present value at the accounting date to arrive at the present value of the defined benefit obligation. The resulting position will therefore be sensitive to the assumptions used. The present value of defined benefit obligations is linked to yields of high quality corporate bonds whereas, for the LGPS funded arrangements, the majority of the assets of the fund are usually invested in equities or other real assets. Fluctuations in investment markets in conjunction with discount rate volatility will lead to volatility in the funded status of the fund and thus to volatility in the net pension asset on the Balance Sheet and in other Comprehensive Income and Expenditure. To a lesser extent this will also lead to volatility in the pension expense in the surplus or deficit on the provision of services.
- Provisions are made when clear and accurate information is available to do so. In the absence of this, creating a provision may be misleading and could have significant financial implications.

#### Note 4: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the authority's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Property Valuations
<b>Uncertainty</b>	<p>Asset valuations are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 1 April 2021 for its investment properties, surplus assets and approximately 20% of its operational portfolio. The COVID-19 pandemic and measures to tackle it continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly - and for the avoidance of doubt, the valuation provided by the valuer is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential 'for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 the valuers highlight the importance of the valuation date.</p>
<b>Effect if assumptions differ from actual</b>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. A 1% change in the asset values of the classes mentioned would result in an estimated change of £4,100k.</p>

Item	Property, Plant and Equipment
<b>Uncertainty</b>	Assets are depreciated over useful lives that are dependent 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 authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.
<b>Effect if assumptions differ from actual</b>	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 buildings within Land and Buildings would increase by £620k for every year that useful lives had to be reduced.

Item	Pension Liability
<b>Uncertainty</b>	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 authority with expert advice about the assumptions to be applied.
<b>Effect if assumptions differ from actual</b>	The effects on the net pension's 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 £21,970k. However, the assumptions interact in complex ways. During 2021/22, the authority's actuaries advised that the net pension's liability had increased by £3,560k as a result of estimates being corrected as a result of experience. There was a decrease attributable to updating the demographic assumptions (£11,090k) and £71,020k attributable to financial assumptions. A sensitivity analysis of a change in various assumptions can be seen in Note 39 Defined Benefit Pension Schemes.

Item	Arrears
<b>Uncertainty</b>	<p>At 31 March 2022, the authority had a balance of sundry debtors of £72,200k. A review of significant balances suggested that an impairment of doubtful debts of £4,300k was appropriate. Housing Rent arrears had a balance of £2,700k and council tax arrears £6,600k at 31 March 2022. A review of significant balances suggested that an impairment of doubtful debts of £1,200k for Housing Rent arrears and £1,000k for council tax arrears was appropriate based on the stage the arrears are within the recovery process. However, in the current economic climate it is not certain that such an allowance would be sufficient. The economic impact of COVID-19 has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and their ability to settle their debts.</p>
<b>Effect if assumptions differ from actual</b>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £6,500k to be set aside as an allowance. However, very little debt is historically written off as disclosed in note 42.</p>

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Note 5: Material Items of Income and Expense

The Council does not have any items of income and expenditure to report that require further information.



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## Note 6: Note to the Expenditure and Funding Analysis

Please note that the explanation for the meaning of the column headings can be found after the table.

2020/21 Reclassified Adjustments for Capital Purposes £'000	2020/21 Reclassified Net Change for the Pensions Adjustments £'000	2020/21 Reclassified Other Differences £'000	2020/21 Reclassified Total Adjustments £'000	Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2021/22 Adjustments for Capital Purposes £'000	2021/22 Net Change for the Pensions Adjustments £'000	2021/22 Other Differences £'000	2021/22 Total Adjustments £'000
(1,621)	(1,300)	(115)	(3,036)	Adult Services	(1,064)	(2,798)	61	(3,801)
(41)	(901)	(94)	(1,036)	Childrens' Services	(39)	(2,060)	42	(2,057)
(5)	(405)	(52)	(462)	Commissioning	-	(884)	37	(847)
-	(197)	(25)	(222)	Workforce & Organisational Development	-	(436)	15	(421)
(13,730)	854	(52)	(12,928)	Education	(5,103)	(63)	(16)	(5,182)
(8,519)	(1,677)	(190)	(10,386)	Highways Transport & Recycling	(2,522)	(3,593)	141	(5,974)
(4,600)	(451)	(44)	(5,095)	Property, Planning & Public Protection	(2,624)	(1,099)	41	(3,682)
(6,617)	(725)	(47)	(7,389)	Housing & Community Development	(1,212)	(1,589)	80	(2,721)
(759)	(407)	(23)	(1,189)	Digital Services	(649)	(881)	13	(1,517)
-	(161)	(12)	(173)	Transformation & Communications	-	(342)	12	(330)
(139)	(213)	(8)	(360)	Legal & Democratic Services	-	(465)	10	(455)
(77)	(525)	(191)	(793)	Finance	(84)	(1,334)	134	(1,284)
(49)	(419)	1	(467)	Corporate Activities	5,096	(804)	(109)	4,183
2,640	(291)	(31)	2,318	Housing Revenue Account (HRA)	(4,776)	(664)	45	(5,395)
10	(1,742)	252	(1,480)	Schools Delegated	45	(3,945)	(415)	(4,315)
(33,507)	(8,560)	(631)	(42,698)	Net Cost of Services	(12,932)	(20,957)	91	(33,798)
1,605	(8,270)	-	(6,665)	Other Operating Expenditure	(323)	(9,710)	1	(10,032)
(6,035)	-	76	(5,959)	Financing and Investment Income and Expenditure	(6,345)	-	71	(6,274)
26,244	-	-	26,244	Taxation and Non-specific Grant Income and Expenditure	31,585	-	-	31,585
(11,693)	(16,830)	(555)	(29,078)	Difference between Council Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	11,985	(30,667)	163	(18,519)

## Adjustments for Capital Purposes

Adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- 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.

## Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

## Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services this represents adjustments made for accumulated absences.
- For Financing and investment income and expenditure the other differences column recognises adjustments to the Council Fund for the timing differences for premiums and discounts.

## Note 7: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

	Usable Reserves Council Fund Balance £'000	Usable Reserves Housing Revenue Account £'000	Usable Reserves Capital Receipts Reserve £'000	Usable Reserves Capital Grants Unapplied £'000	Unusable Reserves £'000
<b>2021/22 TRANSACTIONS</b>					
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
Charges for depreciation	(20,503)	(6,651)	-	-	27,154
Amortisation of intangible assets	(222)	-	-	-	222
Capital grants and contributions applied	32,326	9,391	-	(22)	(41,695)
Revenue expenditure funded from capital under statute	(10,463)	-	-	-	10,463
Revaluation gain/loss on property plant and equipment	1,800	(5,869)	-	-	4,069
Change in market value investment property	28	-	-	-	(28)
Loss on derecognition of assets	(6,399)	-	-	-	6,399
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(4,934)	-	-	-	4,934
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory provision for the financing of capital investment	3,337	910	-	-	(4,247)
Capital expenditure charged against the council fund and HRA balances	10,717	6,831	-	-	(17,548)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	387	-	-	615	(1,002)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,274	3	(1,277)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	256	-	(256)

Deferred capital receipts upon receipt of cash	-	-	(235)	-	235
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	26	-	-	-	(26)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	67	-	-	-	(67)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see Note 39)	(52,205)	(1,585)	-	-	53,790
Employer's pensions contributions and direct payments to pensioners payable in the year	22,475	645	-	-	(23,120)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	49	46	-	-	(95)
<b>Total adjustments</b>	<b>(22,240)</b>	<b>3,721</b>	<b>(1,256)</b>	<b>593</b>	<b>19,182</b>

	Usable Reserves Council Fund Balance £'000	Usable Reserves Housing Revenue Account £'000	Usable Reserves Capital Receipts Reserve £'000	Usable Reserves Capital Grants Unapplied £'000	Unusable Reserves £'000
<b>2020/21 TRANSACTIONS</b>					
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(20,732)	(6,287)	-	-	27,019
Amortisation of intangible assets	(418)	(55)	-	-	473
Capital grants and contributions applied	22,894	7,486	-	-	(30,380)
Revenue expenditure funded from capital under statute	(8,521)	-	-	-	8,521
Revaluation gain/loss on property plant and equipment	(11,818)	1	-	-	11,817
Change in market value investment property	142	-	-	-	(142)
Loss on derecognition of assets	(5,382)	-	-	-	5,382
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(3,816)	-	-	-	3,816
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	2,093	2,146	-	-	(4,239)
Capital expenditure charged against the council fund and HRA balances	1,253	6,831	-	-	(8,084)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(5)	-	-	323	(318)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	2,155	3	(2,158)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	459	-	(459)
Deferred capital receipts upon receipt of cash	-	-	(251)	-	251
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	378	-	-	-	(378)

<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	36	(1)	-	-	(35)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see Note 39)	(37,472)	(1,128)	-	-	38,600
Employer's pensions contributions and direct payments to pensioners payable in the year	21,167	603	-	-	(21,770)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(600)	(31)	-	-	631
<b>Total adjustments</b>	<b>(38,646)</b>	<b>9,568</b>	<b>(1,950)</b>	<b>323</b>	<b>30,705</b>

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

### Council Fund Balance

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

### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of the income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Capital Receipts Reserve

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

### Capital Grants Unapplied

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



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Note 8: Transfers To/(From) Earmarked Reserves

Reserve Name	Reclassified Bal as at 31 Mar 20	Reclassified Movement	Reclassified Bal as at 31 Mar 21	Movement	Bal as at 31 Mar 22
	£'000	£'000	£'000	£'000	£'000
Schools Reserve	(1,260)	4,139	2,879	5,731	8,610
Insurance Reserve	123	(35)	88	72	160
Corporate Initiative Reserve	1,326	(927)	399	(154)	245
Revenue Grants Unapplied	928	2,930	3,858	2,375	6,233
Transport Reserve	9,266	2,015	11,281	(2,438)	8,843
Invest to Save	1,576	142	1,718	(54)	1,664
21 <sup>st</sup> Century Schools	479	200	679	-	679
Budget Management Reserve	4,330	-	4,330	(746)	3,584
Pension ERs Reserve	749	237	986	898	1,884
Powys Recovery Fund	-	1,800	1,800	(415)	1,385
Remedial Repairs Reserve	-	1,850	1,850	(631)	1,219
Non Recurrent Demand	-	-	-	976	976
Match Fund Levelling Up	-	-	-	1,000	1,000
Capital Financing Reserve	-	-	-	2,241	2,241
COVID-19 Admin Grant Finance	-	-	-	1,243	1,243
Funding for Potential Pay Award	-	-	-	1,200	1,200
Other Specific Reserves	1,597	2,677	4,274	4,765	9,039
<b>Total Earmarked</b>	<b>19,114</b>	<b>15,028</b>	<b>34,142</b>	<b>16,063</b>	<b>50,205</b>

The table has been reclassified to give more detail of material reserves.

Reserve Name	Description
Schools Reserve	Total representing the funds available and ring-fenced to schools.
Insurance Reserve	To mitigate the effect of large claims against the authority
Corporate Initiative Reserve	Balance of unspent money for specific initiatives and one-off authority wide projects and costs. This Reserve included money set aside to fund the authority's Job Evaluation exercise which was implemented from the 1 April 2013.
Revenue Grants Unapplied	Grants received but that have not been utilised that do not have to be repaid to the Grantor. Expenditure not yet applied.

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Reserve Name	Description
Transport Reserve	Used to fund vehicle, plant and equipment replacements. Services are charged a real depreciation amount which is transferred to the reserve annually and new VPE is purchased when the assets life has expired.
Invest to Save Reserve	Funds can be borrowed by departments to fund money saving schemes or transformation activity.
21 <sup>st</sup> Century Schools Reserve	Initially set aside to finance the Schools Modernisation Programme, the reserve was redirected to support the overall budget plan including the investment of social services in 2018/19.
Budget Management Reserve	Reserve set aside to manage in-year budget pressures as required.
Pension ERs reserve	Accumulation of balances of employer contributions above the lump sum deficit payment required. To be considered as part of the next actuarial valuation.
Powys Recovery Fund	This fund will support Communities and Council Services and drawn down over the next 2 years.
Remedial Repairs Fund	To fund both revenue and capital essential remedial work to minimise the level of risk that the Council would be placed under.
Non recurrent demand	Set aside to assist council services with COVID-19 recovery. Services will draw upon this support through the submission and approval of a business case clearly demonstrating need and the benefits to our residents.
Match Fund Levelling Up	The council is able to draw support Levelling up Funding, match funding of a £1,000k reserve as leverage to draw upon this funding.
Capital Financing Reserve	To support the Council Capital Programme, reducing the Councils borrowing requirements and easing the pressure on the revenue budget.
COVID Admin Grant Finance	Reserve set aside to support additional staffing to manage the administration of COVID-19 grants and to support the finance transformation project.
Funding for potential Pay Award	2022/23 Pay award. The base budget includes a pay award assumption of 3%, but with the current inflation level at 9% it is likely a higher figure percentage will be required.
Other Specific Reserves	Includes service specific reserves set aside to manage projected pressures. It also includes a number of smaller reserves.

POWYS COUNTY COUNCIL

Note 9: Other Operating Expenditure

2020/21 £'000		2021/22 £'000
<b>Precepts</b>		
4,224	Community Council Precepts	4,177
16,258	Dyfed Powys Police Precept	17,246
<b>Levies</b>		
7,324	Mid and West Wales Fire Authority	7,525
554	Brecon Beacons National Park	609
44	Powys Land Drainage Board	44
1,658	(Gain)/Loss on the Disposal of Non-current Assets	3,657
5,382	Non-enhancing Expenditure	6,399
(378)	Transfer to Deferred Credits - Landlord Loans	(26)
<b>35,066</b>		<b>39,631</b>

Note 10: Financing and Investment Income and Expenditure

2020/21 £'000		2021/22 £'000
11,311	Interest Payable and Similar Charges	11,025
8,270	Net Interest on the Defined Liability (Asset)	9,710
(51)	Interest Receivable and Similar Income	(76)
(280)	Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (Note 13)	(176)
<b>19,250</b>		<b>20,483</b>

Note 11: Taxation and Non-specific Grant Income/Expenditure

2020/21 £'000		2021/22 £'000
106,780	Council Tax income (Note 34)	111,192
42,531	Non-domestic Rates	44,985
141,758	Non-ringfenced Government Grants	149,530
26,243	Capital Grants and Contributions	31,585
<b>317,312</b>		<b>337,292</b>

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## Note 12: Property, Plant and Equipment

The non-current assets below do not include the 15 controlled faith schools or the 8 aided faith schools as the ownership of the assets does not reside with the Council.

In accordance with the temporary relief offered by the update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. 2020/2021 balances have been restated to reflect this approach.

Movement In 2021/22								
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 21	241,898	445,138	74,743		1,273	1,579	31,655	796,286
Additions	9,320	10,448	7,018	16,213	120	-	18,261	61,380
Revaluation increases/(decreases) recognised in the revaluation reserve	(16,183)	(21,696)	-	-	-	(48)	(142)	(38,069)
Revaluation increases/(decreases) recognised in the surplus on the provision of services	(5,869)	1,800	-	-	-	-	-	(4,069)
Derecognition – disposals	-	(2,627)	(42,716)	(1)	-	(187)	(1,315)	(46,846)
Derecognition – other	-	(6,349)	(43)	-	-	-	(6)	(6,398)
Reclassification from/(to) held for sale	-	(308)	-	-	(14)	(1,137)	-	(1,459)
Reclassification from/(to) Investment Properties	-	(250)	-	-	-	-	-	(250)
Other movements	6,065	4,003	517	727	(39)	615	(11,892)	(4)
As at 31 March 22	235,231	430,159	39,519		1,340	822	36,561	743,632

<b>Movement In 2021/22</b>	<b>Council Dwellings</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total</b>
<b>Accumulated Depreciation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1 April 21	(17,286)	(30,943)	(54,530)		-	(93)	(198)	(103,050)
Depreciation charge	(6,594)	(11,377)	(4,137)	(5,023)	(1)	(22)	-	(27,154)
Depreciation written out to the revaluation reserve	21,472	35,301	-	-	-	2	334	57,109
Derecognition - disposals depreciation	-	750	42,355	1	-	44	-	43,150
Reclassified (from)/to held for sale	-	-	-	-	-	37	-	37
Reclassified (from)/to investment properties	-	15	-	-	-	-	-	15
Other movements	2	8	(2)	-	-	(9)	2	1
As at 31 March 22	(2,406)	(6,246)	(16,314)		(1)	(41)	138	(24,870)
<b>Accumulated Impairment</b>								
At 1 April 21	-	(59)	(14)		-	-	(140)	(213)
Derecognition - disposals impairment	-	-	17	-	-	-	-	17
As at 31 March 22	-	(59)	3		-	-	(140)	(196)
<b>Net Book Value</b>								
As at 31 March 22	232,825	423,854	23,208	158,027	1,339	781	36,559	876,593
As at 31 March 21	224,612	414,136	20,199	146,110	1,273	1,486	31,317	839,133

The timescales required to conclude a change to the infrastructure assets was the primary reason for utilising the temporary relief within the 2021-22 accounts. To enable the users of these financial statements to take economic or other decisions, a change of 1% of the net book value of the infrastructure assets is £1.58m.

## Comparative Movements in 2020/21 (Restated):

Movement In 2020/21								
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 20	233,003	458,526	70,422		1,132	1,811	14,522	779,416
Additions	8,895	7,199	5,714	15,822	141	4	16,256	54,031
Revaluation increases/(decreases) recognised in the revaluation reserve	-	(3,524)	-	-	-	(815)	-	(4,339)
Revaluation increases/(decreases) recognised in the surplus on the provision of services	-	(10,873)	-	-	-	(393)	(11)	(11,277)
Derecognition – disposals	-	(1,913)	(1,393)	-	-	(405)	-	(3,711)
Derecognition – other	-	(5,343)	-	-	-	-	-	(5,343)
Reclassification from/(to) held for sale	-	(83)	-	-	-	(916)	-	(999)
Reclassification from/(to) Investment Properties	-	4,393	-	-	-	-	-	4,393
Other movements	-	(3,244)	-	60	-	2,293	888	(3)
As at 31 March 21	241,898	445,138	74,743		1,273	1,579	31,655	796,286



<b>Movement In 2020/21</b>	<b>Council Dwellings</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Accumulated Depreciation</b>								
As at 1 April 20	(11,003)	(28,675)	(51,560)		-	(114)	136	(91,216)
Depreciation charge	(6,283)	(11,972)	(4,188)	(4,528)	-	(48)	-	(27,019)
Depreciation written out to the revaluation reserve	-	9,290	-	-	-	64	-	9,354
Derecognition - disposals depreciation	-	74	1,218	-	-	10	-	1,302
Other movements	-	340	-	-	-	(5)	(334)	1
As at 31 March 21	(17,286)	(30,943)	(54,530)		-	(93)	(198)	(103,050)
<b>Accumulated Impairment</b>								
At 1 April 20	-	(229)	(14)		-	-	(140)	(383)
Impairment reversals/(losses) recognised in the revaluation reserve	-	170	-	-	-	-	-	170
As at 31 March 21	-	(59)	(14)		-	-	(140)	(213)
<b>Net Book Value</b>								
As at 31 March 21	224,612	414,136	20,199	146,110	1,273	1,486	31,317	839,133
As at 31 March 20	222,000	429,622	18,848	134,756	1,132	1,697	14,518	822,572

## POWYS COUNTY COUNCIL

### Capital Commitments

At 31 March 2022, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £23,863k. Similar commitments at 31 March 2021 were £22,876k.

Included within the £23,863k was an outstanding Revenue Expenditure Funded from Capital Under Statute (REFFCUS) commitment of £1,844k (£773k at 31 March 2021).

### Revaluations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations undertaken this year were carried out by external valuers.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Assets valued in 2021/22 were revalued at 1 April 2021.

The Council Dwellings are valued on an Existing use – Social Housing basis. The beacon method was adopted with a 38% of the market value used in the revaluations.

Assets valued since 1 April 2017 using the Depreciated Replacement Cost (DRC) method and Council Dwellings have been uplifted to reflect the increase in construction costs and house values since the last valuation date. After consultation with the Council's Valuers, the following uplift was applied to the previous valuation to calculate an updated value at the 31 March 2022.

Valuation Year	Uplift Applied
<b>Depreciated Replacement Cost (DRC)</b>	
2017-18	16.45%
2018-19	8.59%
2019-20	6.31%
2020-21	5.67%
2021-22	7.44%
<b>Council Dwellings</b>	
2018-19	14.00%

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

## STATEMENT OF ACCOUNTS

The fair values of Property, Plant and Equipment:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Intangible	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Historical cost	15,676	11,226	80,011	208,232	1,340	41	36,097	7,715	360,338
Valued at fair value:									
31 March 22	-	24,109	-	-	-	612	463	-	25,184
31 March 21	-	89,726	-	-	-	197	-	-	89,923
31 March 20	-	109,028	-	-	-	-	-	-	109,028
31 March 19	241,603	123,853	-	-	-	12	-	-	365,468
31 March 18	-	86,942	-	-	-	-	-	-	86,942
	257,279	444,884	80,011	208,232	1,340	862	36,560	7,715	1,036,883

**Note 13: Investment Properties**

The following items of income and expense have been accounted for in the finance and investment income and expenditure line in the Comprehensive Income and Expenditure Statement:

2020/21 £'000		2021/22 £'000
(174)	Rental income	(178)
36	Direct operating expense	29
(138)		(149)

There are no restrictions on the authority's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The authority has no contractual obligation to purchase, construct or develop investment property, repairs, maintenance or enhancement.

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

2020/21 £'000		2021/22 £'000
7,952	Balance as at 1 April	3,701
39	Additions	-
(39)	Disposal/Derecognition	-
142	Change in fair value	37
<b>Transfers:</b>		
(4,393)	(To)/From Property, Plant & Equipment	235
-	Other Changes	15
3,701	Balance as at 31 March	3,988

## Fair Value Measurement

The table below provides an analysis of the fair values of non-current assets grouped into levels one to three, based on the level to which the inputs to the measurement of fair value are observable. There are no movements between valuations levels 1 and 2.

2020/21 Level 1: Quoted Market Price £'000	2020/21 Level 2: Observable Inputs £'000	2020/21 Level 3: Unobservable Inputs £'000	Total as at 31 March 2021 £'000		2021/22 Level 1: Quoted Market Price £'000	2021/22 Level 2: Observable Inputs £'000	2021/22 Level 3: Unobservable Inputs £'000	Total as at 31 March 2022 £'000
				Recurring fair value measurements:				
-	2,669	1,030	3,699	Investment property	-	2,805	1,182	3,987
				Non-recurring fair value measurements:				
-	1,224	-	1,224	Assets held for sale	-	1,560	115	1,675
-	492	343	835	Surplus assets	-	650	62	712

The table below shows a reconciliation of fair value valuations and the balance sheet figures.

2020/21 Fair Value £'000	2020/21 Balance Sheet £'000	2020/21 Variance £'000		2021/22 Fair Value £'000	2021/22 Balance Sheet £'000	2021/22 Variance £'000
3,699	3,701	2	Investment Property	3,987	3,988	1
1,224	1,850	626	Assets held for sale	1,675	2,169	494
835	1,486	651	Surplus Assets	712	781	69

Fair valuation of assets held for sale varies from the balance sheet figure because the valuation of assets held for sale reflect the accounting policy of reporting the lower of fair valuation or carrying value.

*Valuation Techniques Used to Determine Level 2 Fair Values*

The fair value for assets held for sale has been based on the market approach using prices and other relevant information generated by market transactions involving comparable properties. Market conditions are such that similar properties are actively purchased & sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2.

*Highest and Best Use*

In estimating the fair value of the Council's investment property, the highest and best use of the properties is their current use.

For recurring valuations of investment property any gains or losses are recognised in the Comprehensive Income and Expenditure Statement within the line for income and expenditure related to investment properties. For the valuation of surplus assets, the gain or loss has been recognised in the non-distributed costs.

*Sensitivity to Changes in Significant Unobservable Inputs*

Significant changes in rental yield and vacancy levels or discount rate will result in a significantly lower or higher fair value.

**Note 14: Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £'000		2021/22 £'000
380,121	Opening Capital Financing Requirement	398,413
<b>Capital Investment:</b>		
54,031	Property, Plant and Equipment	61,380
90	Assets held for sale	38
39	Investment Properties	-
-	Heritage Assets	-
521	Intangible Assets	714
8,521	REFFCUS	10,463
<b>Less Sources of Finance:</b>		
459	Capital Receipts	256
32,128	Government Grants and Other Contributions	42,696
<b>Sums Set Aside from Revenue:</b>		
8,084	Direct Revenue Contributions	17,548
4,239	Minimum Revenue Provision (MRP)	4,247
398,413	Closing Capital Financing Requirement	406,261
<b>Explanation of Movement in Year:</b>		
712	Increase/(Decrease) in Underlying Need to Borrow (Supported by Government Financial Assistance)	4,281
17,580	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	3,567
18,292	Increase/(Decrease) in Capital Financing Requirement	7,848

Note 15: Financial Instruments

The authority had the following categories of financial instruments in the Balance Sheet:

Financial Assets

31 March 21 Long Term £'000	31 March 21 Short Term £'000		31 March 22 Long Term £'000	31 March 22 Short Term £'000
982	33,000	Investments – Amortised Cost	982	33,009
3,260	49,727	Debtors – Amortised Cost	2,929	74,987

Financial Liabilities

31 March 21 Long Term £'000	31 March 21 Short Term £'000		31 March 22 Long Term £'000	31 March 22 Short Term £'000
287,803	73,399	Borrowings – Amortised Cost	301,087	64,286
5,291	66,377	Creditors – Amortised Cost	750	77,205

Included in short term borrowing is £33,000k received from Welsh Government in respect of the Global Centre of Rail Excellence (GCRE) project. In May 2019, Powys County Council, Neath Port Talbot CBC and Welsh Government entered a Joint Venture Agreement to work together to provide structure, direction and guidance to bring forward the development of the GCRE, a rail testing and storage facility to support the rail industry and the wider supply chain in the UK and internationally. The Council has until 31 March 2023 to progress to the full business case position. It is able to return the funding without penalty prior to this date, if, after the appropriate due diligence it is decided that it is not viable to proceed with the project.

Income, Expense, Gains and Losses

2020/21 Surplus or Deficit on the Provision of Services £'000	2020/21 Other Comprehensive Income and Expenditure £'000	2020/21 Total £'000		2021/22 Surplus or Deficit on the Provision of Services £'000	2021/22 Other Comprehensive Income and Expenditure £'000	2021/22 Total £'000
			Net Gains/Losses on:			
190	-	190	Impairment loss	825	-	825
190	-	190	<b>Total Net Gains/Losses</b>	825	-	825
			Interest Revenue:			
(51)	-	(51)	Financial Assets Measured at Amortised Cost	(76)	-	(76)
(51)	-	(51)	<b>Total Interest Revenue</b>	(76)	-	(76)
11,311	-	11,311	<b>Interest Expense</b>	11,025	-	11,025



## STATEMENT OF ACCOUNTS

### Fair Values of Assets and Liabilities

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

- Estimated ranges of interest rates at 31 March 2022 of 1.91% to 2.65% for loans from the PWLB and 2.43% to 2.57% for LOBO's and 1.91% to 2.54% for other loans receivable and payable, based on new lending rates for equivalent loans at that date.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Accrued interest has been included in the fair value calculation since it is included in the carrying value of loans in the Balance Sheet.

The fair values calculated are as follows:

31 March 21 Carrying Amount £'000	31 March 21 Fair Value £'000		31 March 22 Carrying Amount £'000	31 March 22 Fair Value £'000
361,202	445,124	Financial Liabilities	365,373	415,880
5,291	5,291	Long Term Creditors	750	750

The fair value of the liabilities is greater than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

31 March 21 Carrying Amount £'000	31 March 21 Fair Value £'000		31 March 22 Carrying Amount £'000	31 March 22 Fair Value £'000
33,982	33,982	Loans and Receivables	33,991	33,991
3,260	3,260	Long Term Debtors	2,929	2,929

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

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Note 16: Short Term Debtors

Short term debtors are amounts owed to the authority that are due for collection within one year from 31 March and shown net of provisions for bad debts.

31 March 21 £'000		31 March 22 £'000
17,840	Trade Debtors	19,168
29,580	Other Debtors	52,988
2,307	Payments in Advance	2,831
<b>49,727</b>		<b>74,987</b>

Note 17: Cash and Bank Accounts

Cash was held in the following categories as at 31 March:

31 March 21 £'000		31 March 22 £'000
62	Cash Held by the Authority	10,683
21,319	Bank Current Accounts	(4,879)
<b>21,381</b>		<b>5,804</b>

In addition to the above, at 31 March 2022 the Council held £1,483k (£2,124k at 31 March 2021) on behalf of third parties, in relation to Adult Services social care clients. This amount is not included on the balance sheet as this money does not belong to the Council.

Note 18: Creditors

Short Term Creditors

Short term creditors are amounts owed by the authority that are due for payments within one year from 31 March:

31 March 21 £'000		31 March 22 £'000
(40,191)	Trade Payables	(48,321)
(9,434)	Other Payables	(15,524)
(16,752)	Accruals and Deferred Income	(13,360)
<b>(66,377)</b>		<b>(77,205)</b>

Long Term Creditors

31 March 21 £'000		31 March 22 £'000
(5,291)	Receipts in Advance	(750)
<b>(5,291)</b>		<b>(750)</b>

## Note 19: Provisions

## Short Term Provisions

	As at 1 Apr 21 £'000	Increase in Provision £'000	Amounts Paid £'000	As at 31 March 22 £'000
Insurance <sup>1</sup>	(2,816)	(698)	289	(3,225)
Other <sup>2</sup>	(660)	(3)	3	(660)
	<b>(3,476)</b>	<b>(701)</b>	<b>292</b>	<b>(3,885)</b>

## Note 20: Usable Reserves

Movements in the authority's usable reserves are detailed in the movement in reserves statement, including the Council Fund and HRA. The usable capital receipts table which follows provides further information of movement on that reserve.

## Usable Capital Receipts

2020/21 £'000		2021/22 £'000
9,236	Balance as at 1 April	11,186
2,409	Gross capital receipts	1,512
(228)	Financing fixed assets	(181)
(231)	Financing REFFCUS	(75)
11,186	Balance as at 31 March	12,442

<sup>1</sup> A provision has been made to meet known and anticipated liabilities on claims under the Council's insurance arrangements, this includes employer and public liability.

<sup>2</sup> Included in Other are Equal Pay claims still to be settled.

Note 21: Unusable Reserves

31 Mar 21 £'000		31 Mar 22 £'000
280,425	Revaluation reserve	290,909
167,104	Capital adjustment account	187,217
(1,215)	Financial instruments adjustment account	(1,147)
(473,660)	Pensions reserve	(366,710)
3,381	Deferred capital receipts	3,172
(4,944)	Accumulated absences account	(4,849)
(28,909)		108,592

Revaluation Reserve

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

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

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

2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000
	284,508	Balance as at 1 April		280,425
10,357		Upwards revaluation of assets	31,599	
(5,172)		Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(12,536)	
	5,185	Surplus or deficit on the revaluation of non-current assets not posted to the surplus/deficit on the provision of services		19,063
(6,914)		Difference between fair value depreciation and historical cost depreciation	(6,728)	
(2,354)		Accumulated gains on assets sold or scrapped	(1,851)	
	(9,268)	Amount written off to the capital adjustment account		(8,579)
	280,425	Balance as at 31 March		290,909

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation. Impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000
	171,073	Balance as at 1 April		167,104
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(27,019)		Charges for depreciation of non-current assets	(27,154)	
(473)		Amortisation of Intangible Assets	(222)	
(11,817)		Revaluation gain/(loss) on Property, Plant and Equipment	(4,069)	
-		Impairment due to economic consumption	-	
(8,521)		Revenue expenditure funded from capital under statute	(10,463)	
(5,382)		Loss on derecognition of Assets	(6,399)	
(3,809)	(57,021)	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,934)	(53,241)
	9,268	Adjusting amounts written out of the Revaluation Reserve		8,579
	(47,753)	Net written out of the cost of non-current assets consumed in the year		(44,662)
		Capital Financing applied in the year		
459		Use of the Capital Receipts Reserve to finance new capital expenditure	256	
30,516		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	41,695	
351		Application of grants to capital financing from the Capital Grants Unapplied Account	1,001	

POWYS COUNTY COUNCIL

2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000
8,084		Capital expenditure charged against the Council Fund and HRA balances	17,548	
4,239	43,649	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	4,247	64,747
	142	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		28
	(7)	Financial Instruments		-
	167,104	Balance as at 31 March		187,217

### Financials Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses, relating to certain financial instruments and for bearing losses, or benefiting from gains, per statutory provisions. The authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the Council Fund Balance to the account in the movement in reserves statement.

Over time the expense is posted back to the Council Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the account at 31 March will be charged to the Council Fund over the remaining life of repaid loans.

2020/21 £'000		2021/22 £'000
(1,081)	Balance as at 1 April	(1,215)
(8)	Discounts paid from rescheduling of debt	(8)
(170)	Soft loans adjustment	31
44	Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	45
(1,215)	Balance as at 31 March	(1,147)

### Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed, as the authority makes employer's contributions to Pension Funds or eventually pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £'000		2021/22 £'000
(370,430)	Balance as at 1 April	(473,660)
(86,400)	Actuarial gains or (losses) on pensions assets and liabilities	137,620
(38,600)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income And Expenditure Statement	(53,790)
21,770	Employer's pensions contributions	23,120
(473,660)	Balance as at 31 March	(366,710)

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2020/21 £'000		2021/22 £'000
3,254	Balance as at 1 April	3,381
378	Landlord Loans	26
(251)	Transfer to the Capital Receipts Reserve upon receipt of cash	(235)
3,381	Balance as at 31 March	3,172

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### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Council Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the account.

2020/21 £'000		2021/22 £'000
(4,313)	Balance as at 1 April	(4,944)
4,313	Settlement or cancellation of accrual made at the end of the preceding year	4,944
(4,944)	Amounts accrued at the end of the current year	(4,849)
(4,944)	Balance as at 31 March	(4,849)



## Note 22: Expenditure and Income Analysed by Nature

2020/21 £'000	Per the (surplus)/deficit from the provision of services	2021/22 £'000
187,560	Employee Costs	216,906
23,441	Premises related expenditure	25,708
14,464	Transport related expenditure	16,894
25,470	Supplies and Services	15,559
39,167	Depreciation and Impairment losses	31,418
8,521	REFFCUS	10,463
112,197	Third Party Payments	121,017
28,404	Precepts and Levies (see note 9)	29,601
49,291	Transfer Payments	47,986
11,330	Capital financing costs (Interest and Similar Charges)	11,104
8,270	Pension Interest Costs	9,710
240	IAS 19 Past Service Costs	120
5,382	Non-Enhancing Expenditure	6,399
1,658	Loss on Disposal of Asset	3,657
<b>515,395</b>	<b>Total Expenditure</b>	<b>546,542</b>
(139,726)	Grants, reimbursements and contributions (see note 33) <sup>1</sup>	(153,553)
(70,715)	Customer and client income	(69,670)
(378)	Transfer to deferred credits - landlord loans (see note 9)	(26)
(51)	Interest received and similar income	(76)
(4,131)	REFFCUS	(10,518)
(20,410)	Precepts	(21,422)
(86,370)	Council Tax <sup>1</sup>	(89,770)
(42,531)	Non Domestic Rates	(44,985)
(141,758)	Revenue Support Grant <sup>2</sup>	(149,530)
<b>(506,070)</b>	<b>Total Income</b>	<b>(539,550)</b>
<b>9,325</b>	<b>Net Expenditure/(Income)</b>	<b>6,992</b>

## Reconciliation to the report to Cabinet (see Narrative Report)

2020/21 £'000		2021/22 £'000
9,325	(Surplus)/Deficit on the Provision of Services (see CIES)	6,992
86,370	Council Tax	89,770
(1,218)	Council Tax Surplus	(1,859)
42,531	Non-Domestic Rates	44,985
141,758	Revenue Support Grant <sup>2</sup>	146,912
<b>Items not reported to management</b>		
(29,078)	Adjustments made between Accounting Basis and Funding Basis Under Regulations (see Expenditure and Funding Analysis)	(18,519)
<b>249,688</b>	<b>Net Expenditure/(Income) as per Narrative Report</b>	<b>268,281</b>

<sup>1</sup> The £573k COVID-19 Council Tax Collection grant listed in note 33 has been reported under council tax.

<sup>2</sup> Additional Revenue Support Grant (£2.618m) received in April 2022 but relating 2021-22 was reported to Cabinet under Corporate Activities.

## Note 23: Cash Flow Statement – Investing Activities

2020/21 £'000		2021/22 £'000
46,316	Purchase of property, plant and equipment, investment property and intangible assets	52,950
96,595	Purchase of short and long term investments	200,815
(1,513)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(765)
(83,000)	Proceeds from the sale of short and long term investments	(200,815)
<b>58,398</b>	<b>Net cash flows from investing activities</b>	<b>52,185</b>

## Note 24: Cash Flow Statement – Financing Activities

2020/21 £'000		2021/22 £'000
(55,084)	Cash receipts of short and long term borrowing	(43,396)
(34,349)	Other receipts from financing activities	(31,166)
25,033	Repayments of short and long term borrowing	49,777
(9,486)	Other payments for financing activities	4,206
<b>(73,886)</b>	<b>Net cash flows from financing activities</b>	<b>(20,579)</b>

## Note 25: Cash Flow Statement – Analysis of Government Grants

2020/21 £'000		2021/22 £'000
10,704	Housing Grants	9,966
5,359	Other Social Services (Primarily Mental Handicap Strategy)	5,627
5,372	Supporting People	6,521
2,095	Other Transport Grants	1,529
1,464	Waste Disposal And Recycling Grants	1,597
7,063	Education Grants	26,270
3,366	Concessionary Travel	2,402
4,160	Miscellaneous	8,523
2,464	Emergency Financial Assistance	826
21,658	COVID-19	16,992
186	Communities First	493
1,868	REFFCUS	1,634
538	Sports Council	484
12	Arts Council of Wales	15
<b>66,309</b>		<b>82,879</b>

### Note 26: Trust Funds

The authority remains sole trustee for the Welsh Church Acts Fund and Rhayader Leisure Centre. Their unaudited accounts are summarised over the next two pages and do not form part of the authority's accounts.

The Charities Act 1993 requires there to be an independent audit of the Statement of Accounts of the following two trust funds. The 2021/22 results below had not been audited by the time Powys County Council's audit was complete and the Audit Report included with this Statement of Accounts does not relate to these Trust Funds.

#### Welsh Church Acts Fund

The Welsh Church Acts Fund was established under the Welsh Church Act of 1914 and is administered by the County Council. Grants are made from the Fund to individuals and organisations with charitable status. The unaudited 2021/22 accounts of the Welsh Church Acts Fund are set out below whereas the 2020/21 figures have been restated to reflect the audited accounts from that year. These accounts do not form part of the authority's consolidated accounts.

2020/21 £'000	Revenue Account	2021/22 £'000
Restated	<b>Income</b>	
(70)	Investment Income	(105)
(3)	Other income	(3)
(556)	Gains on Investment Assets	(212)
<b>(629)</b>	<b>Total Income</b>	<b>(320)</b>
	<b>Expenditure</b>	
35	Raising Funds	43
34	Charitable Activities	61
<b>69</b>	<b>Total Expenditure</b>	<b>104</b>
(560)	Deficit/(Surplus) for the year	(216)
(2,270)	Fund Balance Brought Forward	(2,830)
<b>(2,830)</b>	<b>Fund Balance Carried Forward</b>	<b>(3,046)</b>

31 March 21 £'000	Balance Sheet	31 March 22 £'000
	<b>Non-current Assets</b>	
205	Land and Buildings	205
2,625	Investments	2,847
<b>2,830</b>	<b>Total Non-current Assets</b>	<b>3,052</b>
-	Net Current Assets	(6)
<b>2,830</b>	<b>Net Assets</b>	<b>3,046</b>
<b>2,830</b>	<b>Fund Surplus</b>	<b>3,046</b>

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Rhayader Leisure Centre Trust Fund

Rhayader Leisure and Community Centre was established as a charitable trust on 1 March 1994. The full annual report and accounts are published separately and copies are available from the Finance department. These draft accounts do not form part of the authority's consolidated accounts.

2020/21 £'000	Revenue Account	2021/22 £'000
(238)	Income	(405)
238	Expenditure	405
-	Deficit/(Surplus) for the year	-
<b>(4)</b>	<b>Fund Balance Brought Forward</b>	<b>(4)</b>
<b>(4)</b>	<b>Fund Balance Carried Forward</b>	<b>(4)</b>

31 March 21 £'000	Balance Sheet	31 March 22 £'000
4	Net Current Assets	4
<b>4</b>	<b>Net Assets</b>	<b>4</b>
<b>4</b>	<b>Fund Surplus</b>	<b>4</b>

### Note 27: Agency Services

The Council acts as an agent for various schemes on behalf of the Welsh Government. The amounts are excluded from the authority's income and expenditure. The significant agency services provided were as below.

#### Houses into Homes

Loans are made available to bring long-term empty residential properties or commercial buildings back into use as homes for rent or sale. Since inception in 2013/14 £1,000k funding has been provided by Welsh Government, the balance available for new loans at 31 March 2022 was £531k (£492k at 31 March 2021).

#### Home Improvement Loans

Loans made available to help homeowners improve the condition of their residential property. Since inception in 2014/15 £2,150k funding has been provided by Welsh Government, the balance available for new loans at 31 March 2022 was £0k (£0k at 31 March 2021).

#### Viable and Vibrant Places

Loans are made available focusing on regeneration activity in town centres, with an emphasis on improvement to the housing supply. Since inception in 2014/15 £4,850k funding has been provided by Welsh Government, the balance available for new loans at 31 March 2022 was £592k (£2,541k at 31 March 2021).

#### COVID-19 Business Grants

Grants of £3,675k were paid to eligible businesses in 2021/22 (£72,658k in 2020/21). A creditor of £3,529k was held on the balance sheet at 31 March 2022 (£2,295k at 31 March 2021).

#### Social care £735 bonus scheme

Bonus payments of £3,688k were paid to individual care workers in 2021/22. A debtor of £3,688k was held on the balance sheet at 31 March 2022..

#### SSP Enhancement

Top up payments to full salary of £172k were paid where employees only receive statutory sick pay when off sick with COVID-19 or having to self isolate as an infection control measure in 2021/22 (£79k in 2020/21). A debtor of £92k was held on the balance sheet at 31 March 2022 (£5k at 31 March 2021).

#### Self Isolation Payments (SIPS)

Payments totalling £1,103k were made to eligible individuals who had to self isolate in 2021/22 (£77k payments in 2020/21). A debtor of £30k was held on the balance sheet at 31 March 2022 (£27k at 31 March 2021).

#### Winter Fuel Support Payments

Payments totalling £757k were made to each eligible individuals. A creditor of £4k was held on the balance sheet at 31 March 2022.

#### Cost of Living Grant

The council has recorded a £5,619k Welsh Government debtor and an equivalent creditor to pay eligible households a £150 cost of living support payment.

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NDR Rate Relief Grants

£10,413k was paid to eligible Companies in 2021/22 (£11,442k in 2020/21). A debtor of £183k was held on the balance sheet at 31 March 2022 (£8k creditor at 31 March 2021).

### Note 28: Pooled Budgets and Joint Arrangements

#### Funded Nursing Care Pooled Budget (Section 31 Health Act 1999)

Powys Teaching Health Board (PTHB) and Powys County Council have entered into a partnership agreement in accordance with Section 31 of the Health Act 1999. The health related function which is subject to these arrangements is the provision of care by a registered nurse in care homes, which is a service provided by the NHS Body under Section 2 of the National Health Service Act 1977. In accordance with the Social Care Act 2001 Section 49 care from a registered nurse is funded by the NHS regardless of the setting in which it is delivered. (Circular 12/2003).

The agreement will not affect the liability of the parties for the exercise of their respective statutory functions and obligations. The partnership agreement operates in accordance with the Welsh Assembly Government Guidance NHS Funded Nursing Care 2004. The allocation received for 2021/22 for Free Nursing care was £2,108k (£2,317k in 2020/21) which is now within the PTHB base allocation from WG.

2020/21 £'000		2021/22 £'000
<b>Gross Funding</b>		
1,065	Powys County Council	-
1,252	Powys Teaching Health Board	2,108
<b>2,317</b>	<b>Total funding</b>	<b>2,108</b>
<b>Expenditure</b>		
2,095	Monies spent in accordance with Pooled Budget arrangement	1,960
<b>2,095</b>	<b>Total expenditure</b>	<b>1,960</b>
<b>222</b>	<b>Net under/(over) spend</b>	<b>148</b>
<b>Net under/(over) spend - held</b>		
14	Powys County Council	148
208	Powys Teaching Health Board	-

\* The PTHB employs 5 nurse assessors plus travel over and above the allocation.

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Community Equipment Store (CES) Pooled Budgets (Section 33)

Powys Teaching Health Board and Powys County Council have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The purpose of the agreement is to facilitate the provision of a community equipment service and development within Powys.

2020/21 £'000		2021/22 £'000
<b>Gross Funding</b>		
521	Powys County Council	521
521	Powys Teaching Health Board	521
<b>1,042</b>	<b>Total funding</b>	<b>1,042</b>
<b>Expenditure</b>		
1,046	Monies spent in accordance with Pooled Budget arrangement	1,202
<b>1,046</b>	<b>Total expenditure</b>	<b>1,202</b>
<b>(4)</b>	<b>Net under/(over) spend</b>	<b>(160)</b>
<b>Net under/(over) spend - held</b>		
(2)	Powys County Council	(80)
(2)	Powys Teaching Health Board	(80)



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### Integrated Health and Social Care Centre, Glan Irfon, Builth Wells Pooled Budget (Section 33)

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations.

The purpose of the agreement is to facilitate the provision of person centred care at Glan Irfon, for 12 residents within the short stay shared care reablement unit with in-reach clinical, nursing and reablement support (registered under CSSIW for Residential Care).

2020/21 £'000		2021/22 £'000
<b>Gross Funding</b>		
248	Powys County Council	252
248	Powys Teaching Health Board	252
<b>496</b>	<b>Total funding</b>	<b>504</b>
<b>Expenditure</b>		
496	Monies spent in accordance with Pooled Budget arrangement	504
<b>496</b>	<b>Total expenditure</b>	<b>504</b>
-	<b>Net under/(over) spend</b>	-

### Reablement Service Section 33 Joint Arrangement

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

The gross funding agreed by both parties is detailed below:

2020/21 £'000		2021/22 £'000
<b>Gross Funding</b>		
413	Powys County Council	413
828	Powys Teaching Health Board	828
<b>1,241</b>	<b>Total funding</b>	<b>1,241</b>
<b>Expenditure</b>		
	Monies spent in accordance with Pooled Budget arrangement	
732	Powys County Council	775
493	Powys Teaching Health Board	510
<b>1,225</b>	<b>Total expenditure</b>	<b>1,285</b>
<b>16</b>	<b>Net under/(over) spend</b>	<b>(44)</b>
<b>Net under/(over) spend - held</b>		
-	Powys County Council	(44)
16	Powys Teaching Health Board	-

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### Substance Misuse Services Section 33 Joint Arrangement

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations.

The purpose of the agreement is to provide a Tier 2 and 3 service provision for drug and alcohol users and their concerned others.

2020/21 £'000		2021/22 £'000
<b>Gross Funding</b>		
673	Powys County Council	673
122	Powys Teaching Health Board	122
<b>795</b>	<b>Total funding</b>	<b>795</b>
<b>Expenditure</b>		
795	Monies spent in accordance with Pooled Budget arrangement	795
<b>795</b>	<b>Total expenditure</b>	<b>795</b>
-	<b>Net under/(over) spend</b>	-

### ICT Service

Powys Teaching Health Board (PTHB) and Powys County Council (PCC) have entered into a partnership agreement in accordance with Section 33 of the National Health Services Act 2006.

Powys County Council is the lead commissioner and the host partner for the purposes of the Regulations. The agreement will not affect the liability of the parties from the exercise of their respective statutory functions and obligations. The purpose of the agreement is to pool ICT funds from both partners so as to enhance the ICT service in both organisations due to finite resources. 2020/21 has been re-stated reducing other income and expenditure due to overstatements of £615k.

Restated 2020/21 £'000		2021/22 £'000
<b>Gross Funding</b>		
3,145	Powys County Council	1,234
1,277	Powys Teaching Health Board	829
907	Other income	523
<b>5,329</b>	<b>Total funding</b>	<b>2,586</b>
<b>Expenditure</b>		
5,183	Monies spent in accordance with Pooled Budget arrangement	2,503
<b>5,183</b>	<b>Total expenditure</b>	<b>2,503</b>
<b>146</b>	<b>Net under/(over) spend</b>	<b>83</b>
<b>Net under/(over) spend - held</b>		
107	Powys County Council	82
39	Powys Teaching Health Board	1

### Note 29: Joint Committees

Education through Regional Working ERW was a Joint Committee consisting of four local authorities in South West and Mid-Wales. Pembrokeshire being the lead authority. Powys C.C. remained a member until 31 August 2022. The total in-year contribution from participating Authority's for 2021/22 was £388k (£480k in 2020/21) of which Powys C.C. contributed £34k (£82k in 2020/21).

Powys County Council and Ceredigion County Council are members of the Growing Mid Wales Board which was established in 2020/21. The Board provides leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. Expenditure included in these accounts total £188k.

### Note 30: Members Allowances

A total of £1,291k was paid to Councillors in basic and special responsibility allowances (£1,281k in 2020/21). Excluded from this amount is a payment equivalent to a special responsibility allowance paid to the Chair of the Pension and Investment Committee (£5k, £0k in 2020/21), which is funded from the Pension Fund. Councillors were also reimbursed travel, working expenses and subsistence expenses in accordance with regulations amounting to £3k (£3k in 2020/21).

### Note 31: Senior Officers Emoluments

The remuneration ratio of the Chief Executive during the year of the accounts to the amount of the median remuneration (£23,023 in 2021/22, £22,183 in 2020/21) of the Authorities employees was 6.38 (6.39 in 2020/21). Please note that these calculations are based on contracted salaries and so excludes non-contracted payments such as the Chief Executive's role as the Returning Officer.

The ratio is based on the annualised salary of the Chief Executive in post as at 31 March.

The following number of higher paid officers, excluding senior officers, of the County Council were on full time equivalents salaries in excess of £60,000 in the year.

Remuneration bands exclude employer's pension contributions.

2020/21 Restated Officers	Remuneration Band	2021/22 Officers
54	£60,000 - £64,999	46
13	£65,000 - £69,999	28
9	£70,000 - £74,999	10
5	£75,000 - £79,999	6
8	£80,000 - £84,999	4
3	£85,000 - £89,999	10
2	£90,000 - £94,999	3
1	£95,000 - £99,999	1
-	£100,000 - £104,999	-
1	£105,000 - £109,999	1

Those officers in statutory roles or reporting directly to the Chief Executive who attracted remuneration of at least £60k are shown in the 2021/22 disclosure on the next page.

Note 38 details termination benefits.

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Post Title 2021/22	Salary (inc fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution <sup>1</sup>	Total Remuneration including Pension Contribution
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	147	-	-	147	39	186
Executive Director <sup>2</sup> (People and Organisational Development)	115	-	-	115	30	145
Executive Director <sup>2</sup> (Economy and Environment)	109	3	-	112	29	141
Head of Finance (S.151 Officer)	88	-	-	88	23	111
Head of Legal and Democratic Services	87	3	-	90	23	113
Head of Transformation and Communication	88	-	-	88	23	111
Director of Education <sup>3</sup>	87	-	-	87	23	110
Strategic Lead for Education (Interim)	62	-	-	62	-	62

Notes to the 2021/22 structure

1. Pension Contribution is 26.20% of pensionable pay, of which 21.80% relates to employer's future service costs while 4.40% is deficit funding relating to the shortfall concerning past service liabilities.
2. The positions of Corporate Directors were renamed as Executive Directors as of 15<sup>th</sup> July 2021. At this time the grade of Executive Director for Economy and Environment was also increased from Director 1 to Strategic Director to match their contemporary in Children and Adults (2020/21) now titled People and Organisational Development. Included in the Salary of the Executive Director (People and Organisational Development) is a £735 Social Care Bonus payment.
3. The Interim Chief Education Officer was appointed as the permanent Director of Education effective 27 Sep 2021. This removes the need for an interim position.

## STATEMENT OF ACCOUNTS

Post Title 2020/21	Salary (inc fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution <sup>1</sup>	Total Remuneration including Pension Contribution
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	142	-	-	142	37	179
Corporate Director (Children and Adults)	114	-	-	114	30	144
Corporate Director (Economy and Environment)	104	3	-	107	27	134
Corporate Director (Resources and Transformation) <sup>2</sup>	73	-	-	73	19	92
Head of Finance (S.151 Officer)	84	-	-	84	22	106
Head of Legal and Democratic Services	86	2	-	88	23	111
Head of Transformation and Communication <sup>2</sup>	86	4	-	90	23	113
Interim Chief Education Officer	82	-	-	82	21	103
Strategic Lead for Education (Interim) <sup>3</sup>	111	-	-	111	-	111

## Notes to the 2020/21 structure

1. Pension Contribution is 26.20% of pensionable pay, of which 21.80% relates to employer's future service costs while 4.40% is deficit funding relating to the shortfall concerning past service liabilities.
2. The position was vacated by the post holder on 30 November 2020 and remained vacant for the rest of 2020/21. As a result the Head of Transformation and Communication reported directly to the Chief Executive from this date, full year figures have been included for this post.
3. Position created and filled 1 August 2019. This position was not included in 2019/20's declaration as the total payments to the post holder during that year did not exceed the £60k threshold to qualify as a senior officer.

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Note 32: Audit Costs

The authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the authority's external auditors.

2020/21 £'000		2021/22 £'000
208	Accounts	215
110	Performance audit	114
50	Grant claims	44
<b>368</b>		<b>373</b>

Note 33: Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

2020/21 £'000	Grants, Reimbursements and Contributions	2021/22 £'000
-	21 <sup>st</sup> Century School Transformation	825
708	Accelerated Learning	2,390
1,650	AHW Social Services Support	4,107
-	ALN New System	326
65	Animal Health Welfare Grant	115
303	Benefit Administration Grant	304
3,674	Bus Revenue Support (Traws Cymru)	2,368
125	Child Development Fund	318
3,124	Children & Communities Grant	3,631
633	Concessionary Travel	998
-	Corporate Joint Committees	250
-	Cost of Living Grant	924
561	COVID-19 Bus Emergency Scheme	1,283
621	COVID-19 Council Tax Collection <sup>1</sup>	573
629	COVID-19 Council Tax Reduction Scheme	-
1,093	COVID-19 Digital Services	-
176	COVID-19 Discharge to Assess (D2RA)	87
14,491	COVID-19 Hardship – Cost	11,120
3,495	COVID-19 Hardship – Income	627
863	COVID-19 Job Retention	287
124	COVID-19 Lost Income	10
1,737	COVID-19 Misc	104
181	COVID-19 Operational Items	-
1,093	COVID-19 Support for Savings	-
1,632	COVID-19 Track and Trace	4,549
289	CSW Development	359
4,286	RCSIG	6,271
2,493	Emergency Financial Assistance Scheme	826
711	European Agricultural Fund for Rural Development	738
-	Foundation Phase	677
665	Home Grown Homes Grant	87

<sup>1</sup> This grant is reported within council tax in note 22.

## STATEMENT OF ACCOUNTS

2020/21 £'000	Grants, Reimbursements and Contributions	2021/22 £'000
10,704	Housing Benefit Subsidy	9,966
-	Housing Support Grant	219
-	Innovation Funding (Homelessness Prevention)	114
2,731	Integrated Care Fund	2,433
4,887	Joint Finance – Area Health	4,946
378	LA Education	1,429
945	LA Road Maintenance Grant (Revenue)	-
-	Levelling Up	1,141
2,294	Local Health Boards	3,229
374	NNDR Collection Grant	374
-	Newly Qualified Teachers (NQTs)	157
-	Professional Learning Grant	1,426
1,881	Pupil Development Grant (formerly Pupil Deprivation Grant)	3,265
-	Regional Skills Partnership	180
1,136	Regional Transport Service Grant	1,184
12,731	Rent Allowance Grant	12,063
-	Respite for Unpaid Carers	121
1,812	Revenue Maintenance Funding	1,807
56	School Milk	76
298	Self Improving System	306
1,625	Single Revenue Grant	1,735
4,732	Sixth Form Grant	4,692
-	Social Care Recovery Grant	2,440
540	Sports Council	443
1,197	Substance Abuse Action Plan	1,196
-	Summer of Fun	174
5,265	Supporting People	6,690
230	Teaching Workforce Issues	256
-	Transition Funding (Years 11 – 13)	176
-	Trochi Welsh Medium Immersion	107
-	Winter of Wellbeing	435
756	Winter Resilience	133
2,007	Youth Concessionary Fares	1,890
26,264	Capital Grants	31,585
5,334	Other Government Grants	5,627
763	Other Non-Government Grants	1,633
5,985	Other	6,324
<b>140,347</b>		<b>154,126</b>

The authority 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 will require the monies or property to be returned to the grantor. The balances at the year-end are as follows:

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2020/21 £'000	Capital grants received in advance	2021/22 £'000
<b>1,264</b>	<b>Balance as at 1 April</b>	<b>10,832</b>
10,394	Grants Received	1,822
(826)	Transfer to Income and Expenditure Account	(7,647)
<b>10,832</b>	<b>Balance as at 31 March</b>	<b>5,007</b>

Taxation and non-specific grant income can be seen in note 11.

NNDR is organised on a national basis. The Welsh Government (WG) specifies an amount for the rate 53.5p in 2021/22 (53.5p in 2020/21) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by this amount. The total rateable value at 31 March 2022 was £84,917,658 (£85,233,518 at 31 March 2021). The Council pays the rates it collects to a pool administered by Welsh Government. Welsh Government redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population.

### Note 34: Council Tax

Council tax income derives from charges raised according to the value of residential properties which have been classified into ten valuation bands based on the draft valuation list prepared by the Valuation Office that came into effect 1 April 2006. Charges are calculated by taking the amount of council tax income required by the county council, Dyfed Powys Police and community councils for the forthcoming year and dividing this amount by the council tax base. The council tax base is the number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts. The tax base used for the calculation of council tax in 2021/22 was £62,584 (£62,396 in 2020/21).

The basic charge of £1,404.26 for a Band D property in 2021/22 for county council purposes is multiplied by the proportion specified for the particular band to give the amount due for each individual property. A similar exercise is done for Dyfed Powys Police Authority and community council purposes to arrive at the total council tax charge per property.

Council tax bills were based on the following multipliers for bands A to I.

Band	A*	A	B	C	D	E	F	G	H	I
Multiplier	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Properties	7	3,247	6,123	10,074	9,358	13,552	12,563	6,322	1,107	379

2020/21 £'000		2021/22 £'000
107,018	Council Tax Income	111,465
(238)	Miscellaneous Write Offs	(273)
<b>106,780</b>	<b>Net Proceeds from Council Tax</b>	<b>111,192</b>

Council Tax income includes the COVID 19 Council Tax Collection grant of £573k.



### Note 35: Related Parties

The authority is required to disclose material transactions with related parties i.e. 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.

#### Central Government

Welsh Government have effective control over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 22 on reporting for resources allocation decisions.

#### Chief and Senior Officers and their Close Families

Senior Officers of the Council maintain a register of gifts received and are asked annually to declare any relevant interests.

No other material transactions took place in 2021/22.

#### Joint Venture

Heart of Wales Property Services Limited (HOWPS) is a joint venture company between Powys County Council and Kier Facilities Services Limited (Kier). Incorporated on 3 July 2017, the company delivers repairs and maintenance, minor / major works / consultancy / advice and statutory testing for Council Housing and for the Council's public and commercial buildings.

The Company has eight directors, four appointed by Powys Council (two Officers, Jane Thomas and Nigel Brinn and two members, Phyl Davies and Aled Davies) and four by Kier, the Chair appointed by Kier will have the deciding vote save in respect of a list of Reserved Matters set out in the Shareholders' Agreement.

HOWPS accounting period is 30 June. Profits and losses are shared equally between the shareholders. In June 2021 Cabinet agreed to trigger a break clause in the contract and wind down HOWPS (Heart of Wales Property Services Ltd), bringing services back under Council control from July 2022.

The Council expenditure with the Company in 2021/22 was £12,993k (£11,286k in 2020/21). The Council has a prepayment of £212k (£1,036k in 2020/21) and a creditor of £495k (£828k in 2020/21) and a provision of £376k which represents the Council's liability for the share of losses at 31 March 2022 (£608k at 31 Mar 2021). A £430k in year loss was recorded in 2021/22 (£216k loss in 2020/21), of which £228k (£119k in 2020/21) apportioned to the Council Fund and £201k (£97k in 2020/21) recognised in the Housing Revenue Account (HRA). A £663k payment was made to HOWPS during the year to reduce the liability, assisting the Company wind down.

#### Precepts

Details of precepts collected on behalf of other organisations by the Council can be found in Note 9 Other Operating Expenditure.

## POWYS COUNTY COUNCIL

### Other Public Bodies [Subject to Common Control by Central Government]

The authority has seven pooled budget arrangements with Powys Teaching Health Board for the provision of health services. Transactions and balances outstanding are detailed in Note 28.

### The Powys Pension Fund

As well as making employer contributions to the Fund the County Council also provides administrative services for the fund. In 2021/22 the Council was paid £1,118k for these services (£997k in 2020/21).

### Members

As required by law the authority holds a Register of Members' Interests which Members are required to maintain. In addition, Members declare interests where they are involved in authority decisions affecting that interest. Note 30 shows the allowances paid to members.

The following table is a summary of all transactions recorded in relation to declared relationships which were controlled by a member and in total aggregate to £10k and above.

Note that these figures do not include any COVID-19 related grants issued by the council on behalf of Welsh Government as mentioned in note 27.

Member	Body	Relationship	In Year Expenditure £'000	O/S Expenditure £'000	In Year Income £'000	O/S Income £'000
Durrant, Emily Victoria	Black Mountains College Project	Company Director (unpaid)	25	24	3	-
Jones, Michael John	Brecon Beacons National Park	Member of Planning Committee	657	-	44	6
Ratcliffe, Gareth	Brecon Beacons National Park	Member and Chairman	657	-	44	6
Dorrance, Matthew James	Brecon Town Council	Member	11	-	25	6
Rijnenberg, Liz	Brecon Town Council	Member	11	-	25	6
Meredith, David William	Brecon Town Council	Member	11	-	25	6
Roberts-Jones, Kath	Care & Repair Powys	Board Member	390	2	32	-
Davies, Phyl	Celtic Travel (Llanidloes) Ltd	Director	1,862	10	-	-
Corfield, Linda Veronica	Community Foundation in Wales	LEA Representative	53	-	-	-
George, Les	E George & Son	Family Owned	10	-	-	-
Baynham, Beverley Jane	East Radnor Day Centre	Chief Officer	164	-	1	-
Jones, Michael E.	East Radnor Day Centre	Director	164	-	1	-
Evans, David	Elan Valley Trust	Director	24	-	3	-
Williams, Mike	Machynlleth Care Centre	Trustee	9	12	-	-
Jones, Joy Rachel	Maldwyn Leisure Centre	Board Member	2,844	43	149	30
Van-Rees, Tim	Mid and West Wales Fire Authority	Member and Chairman of Resources Committee	7,525	-	7	10
Curry, Kelvyn	Mid and West Wales Fire Authority	Deputy Chair	7,525	-	7	10
Price, David	Mid and West Wales Fire Authority	Councillor	7,525	-	7	10
Thomas, Gwynfor	Mid and West Wales Fire Authority	Councillor	7,525	-	7	10
Jones, Joy Rachel	Newtown Town Council	Member	25	-	5	-
Selby, David	Newtown Town Council	Member	25	-	5	-

Member	Body	Relationship	In Year Expenditure £'000	O/S Expenditure £'000	In Year Income £'000	O/S Income £'000
Dorrance, Matthew James	NPTC Group of Colleges	Governor, Corporation Board	529	154	22	5
Jones, Gareth D	NPTC Group of Colleges	Member	529	154	22	5
Selby, David	NPTC Group of Colleges	Member	529	154	22	5
Powell, William Denston	PAVO	Trustee	324	14	3	-
Harris, Rosemarie	Powys Community Health Council	Chair	-	-	30	-
Hulme, Heulwen Doreen	Powys Community Health Council	Committee Member	-	-	30	-
Charlton, Jackie	Powys Community Health Council	Board Member	-	-	30	-
Charlton, Jackie	Powys Teaching Health Board	Mental Health Act Manager	2,311	3,556	15,831	6,028
Meredith, David William	Theatr Brycheiniog	Board Member	32	1	-	-
Roderick, Edwin	Theatr Brycheiniog	Board Member	32	1	-	-
Weale, Martin Jonathan	Weales Wheels	Proprietor	515	6	-	-
Mackenzie, Maureen	Wyeside Arts Centre	Interim Chair	20	1	-	-
Price, David Rowland	Wyeside Arts Centre	Trustee	20	1	-	-

**Note 36: Leases**

## Authority as a Lessee

*Operating Leases*

Various services use assets financed by operating lease. The lease costs form part of each service's revenue expenditure. Total operating lease rentals paid in the year were £744k (£771k in 2020/21) and the total outstanding commitment on operating leases at the 31 March 2022 was £1,692k (£1,688k at 31 March 2021).

31 March 21 £'000	Minimum lease payments	31 March 22 £'000
666	No later than one year	662
668	Later than one but no later than five years	688
354	Later than five years	342
<b>1,688</b>		<b>1,692</b>

*Finance Leases*

The authority has no finance leases.

## Authority as a Lessor

*Operating Leases*

The authority leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The increase in the minimum lease payments receivable under non-cancellable leases in future years below is because of the inclusion of more arrangements in the calculation, not because new ones have been signed:

31 March 21 £'000	Minimum lease payments	31 March 22 £'000
1,150	No later than one year	944
2,219	Later than one but no later than five years	1,725
2,929	Later than five years	2,139
<b>6,298</b>		<b>4,808</b>

*Finance Leases*

The authority as a lessor has not issued any finance leases.

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Note 37: Obligations under Long Term Contracts

A contract to purchase a minimum number of beds with Shaw began on 1 June 2019 lasting a minimum of three years with an option to extend up to a maximum of five years. Future commitments are as follows:

31 March 21 £'000	Commitment	31 March 22 £'000
5,899	No later than one year	9,182
986	Later than one but no later than five years	7,861
-	Later than five years	-
<b>6,885</b>		<b>17,043</b>

The Heart of Wales Property Service was created on 3 July 2017 as a joint venture between Powys County Council and Kier to maintain council premises. This arrangement is due to end in July 2022 with the council providing this service in-house.

31 March 21 £'000	Commitment	31 March 22 £'000
10,100	No later than one year	2,581
2,581	Later than one but no later than five years	-
-	Later than five years	-
<b>12,681</b>		<b>2,581</b>

Note 38: Termination Benefits

The authority had the following termination costs.

Restated 2020/21 Staff	Restated 2020/21 £'000	Bands	2021/22 Staff	2021/22 £'000
93	520	£0 - £20,000	62	233
9	227	£20,001 - £40,000	6	177
1	45	£40,001 - £60,000	-	-
1	74	£60,001 - £80,000	1	70
-	-	£80,001 - £100,000	-	-
1	103	£100,001 - £150,000	-	-
<b>105</b>	<b>969</b>		<b>69</b>	<b>480</b>

Restated 2020/21 £'000	Element	2021/22 £'000
511	Redundancy	300
246	Pension strain	114
60	Loss of office	44
152	Payment in lieu of notice or holidays	22
<b>969</b>		<b>480</b>

2020/21 has been restated to remove ill health departures not considered to be termination benefits. 11 staff who collectively received £43k and less than £20k individually have been removed from the table.

## Note 39: Defined Benefit Pension Schemes

### Participation in Pension Schemes

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

The authority participates in the Local Government Pension Scheme administered by Powys County Council, who are responsible for the governance of the Fund. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. Benefits earned up to 31 March 2014 are linked to final salary, benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in the 'Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Funds Rates and Adjustment Certificate.

### Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the Council Fund (and Housing Revenue Account) via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund balance via the Movement in Reserves during the year.

2020/21 Local Government Pension Scheme £'000	2020/21 Discretionary Benefits Arrangements £'000		2021/22 Local Government Pension Scheme £'000	2021/22 Discretionary Benefits Arrangements £'000
<b>Comprehensive Income and Expenditure Statement</b>				
Cost of Services:				
Service cost comprising:				
30,090	-	• Current service cost	43,960	-
240	-	• Past service costs	110	10
Financing and Investment Income and Expenditure:				
7,670	600	• Net interest expense	9,130	580
<b>38,000</b>	<b>600</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>53,200</b>	<b>590</b>
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
(90,650)	-	• Return on plan assets (excluding the amount included in the net interest expense)	(57,990)	-
185,500	2,620	• Actuarial (gains)/losses arising on changes in financial assumptions	(71,020)	(840)
-	-	• Actuarial (gains)/losses arising on changes in demographic assumptions	(11,090)	(350)
(10,690)	(380)	• Actuarial (gains)/losses arising on liability experience	3,560	110
<b>122,160</b>	<b>2,840</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(83,340)</b>	<b>(490)</b>
<b>Movement in Reserves Statement</b>				
(38,000)	(600)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for postemployment benefits in accordance with the Code	(53,200)	(590)
Actual amount charged against the General Fund Balance for pensions in the year:				
(20,300)		• Employers' contributions payable to scheme	(21,650)	
	(1,470)	• Retirement benefits payable to pensioners		(1,470)



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*Pension Assets and Liabilities Recognised in the Balance Sheet*

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefits plans is as follows.

31 Mar 2021 Local Government Pension Scheme £'000	31 Mar 2021 Discretionary Benefits Arrangements £'000		31 Mar 2022 Local Government Pension Scheme £'000	31 Mar 2022 Discretionary Benefits Arrangements £'000
684,260	-	Fair value of assets	757,990	-
1,129,590	28,330	Present value of defined benefit obligation	1,098,330	26,370
<b>(445,330)</b>	<b>(28,330)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(340,340)</b>	<b>(26,370)</b>

Reconciliation of the Movements in the Fair Value of Scheme Assets

2020/21 Local Government Pension Scheme £'000	2020/21 Discretionary Benefits Arrangements £'000	Pension Scheme Assets	2021/22 Local Government Pension Scheme £'000	2021/22 Discretionary Benefits Arrangements £'000
<b>579,210</b>	-	<b>Brought forward 1 April</b>	<b>684,260</b>	-
13,350	-	Interest Income on Assets	14,390	-
90,650	-	Remeasurement gains/(losses) on assets	57,990	-
20,300	1,470	Contributions by the employer	21,650	1,470
4,820	-	Contributions by participants	5,330	-
(24,070)	(1,470)	Net benefits paid out	(25,630)	(1,470)
<b>684,260</b>	-	<b>Carried Forward 31 March</b>	<b>757,990</b>	-

2020/21 Local Government Pension Scheme £'000	2020/21 Discretionary Benefits Arrangements £'000	Actual Return on Assets	2021/22 Local Government Pension Scheme £'000	2021/22 Discretionary Benefits Arrangements £'000
13,350	-	Interest Income on Assets	14,390	-
90,650	-	Remeasurement gains/(losses) on assets	57,990	-
<b>104,000</b>	-	<b>Actual Return on Assets</b>	<b>72,380</b>	-

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

2021 Local Government Pension Scheme Funded £'000	2021 Discretionary Benefits Arrangements Funded £'000	Pension Scheme Liabilities	2022 Local Government Pension Scheme Funded £'000	2022 Discretionary Benefits Arrangements Funded £'000
<b>922,680</b>	<b>26,960</b>	<b>Brought forward 1 April</b>	<b>1,129,590</b>	<b>28,330</b>
30,090	-	Current service cost	43,960	-
21,020	600	Interest expense on defined benefit obligation	23,520	580
4,820	-	Contributions by participants	5,330	-
185,500	2,620	Actuarial (gains)/losses on liabilities – financial assumptions	(71,020)	(840)
-	-	Actuarial (gains)/losses on liabilities – demographic assumptions	(11,090)	(350)
(10,690)	(380)	Actuarial (gains)/losses on liabilities – experience	3,560	110
(24,070)	(1,470)	Net benefits paid out	(25,630)	(1,470)
240	-	Past service cost	110	10
<b>1,129,590</b>	<b>28,330</b>	<b>Carried Forward 31 March</b>	<b>1,098,330</b>	<b>26,370</b>

Local Government Pension Scheme Assets Comprised

Assets in the Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories by proportion of total assets held by the fund:

% of Assets (Quoted) 31 Mar 21	% of Assets (Unquoted) 31 Mar 21	Total Assets 31 Mar 21		% of Assets (Quoted) 31 Mar 22	% of Assets (Unquoted) 31 Mar 22	Total Assets 31 Mar 22
48.8	5.4	54.2	Equity Investments	42.1	7.2	49.3
8.4	-	8.4	Property	8.6	-	8.6
11.9	-	11.9	Government Bonds	10.9	-	10.9
18.4	-	18.4	Corporate Bonds	-	-	-
-	-	-	Multi Asset Credit	11.6	-	11.6
3.4	-	3.4	Cash	1.7	-	1.7
5.5	(1.8)	3.7	Other	18.9	(1.0)	17.9
<b>96.4</b>	<b>3.6</b>	<b>100.0</b>		<b>93.8</b>	<b>6.2</b>	<b>100.0</b>

Other holdings include hedge funds, currency holdings, asset allocation futures and other financial instruments. The actuary assumed these will get a return in line with equities.

## Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The valuations have been carried out as of 31 March 2019 and updated for following years by Aon Hewitt Limited, the independent Actuaries to the fund. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement (for schemes where the age profile of the active membership is significantly rising).

The following are the main assumptions used by the Actuaries in their calculations to 31 March:

2021 %		2022 %
2.7	Inflation – CPI	3.0
4.2	Rate of general increase in salaries	4.5
2.7	Rate of increase to pensions in payment	3.0
2.7	Rate of increase to deferred pensions	3.0
2.1	Discount rate	2.7

The Principal Demographic Assumptions are:

31 March 21	Post Retirement Mortality	31 March 22
	<b>Males</b>	
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S2N tables
105.0%	Scaling to the above table - current pensioners	108.0%
110.0%	Scaling to the above table - future pensioners	113.0%
CMI 2018 projections (Sk 7.5, A0.0)	Cohort improvement factors to base table	CMI 2018 projections (Sk 7.5, A0.0)
1.5%	Minimum underpin to improvement factors	1.5%
21.9	Future lifetime from age 65 (currently aged 65)	21.8
23.3	Future lifetime from age 65 (currently aged 45)	23.2
	<b>Females</b>	
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S2N tables
90.0%	Scaling to the above table - current pensioners	93.0%
95.0%	Scaling to the above table - future pensioners	98.0%
CMI 2018 projections (Sk 7.5, A0.0)	Cohort improvement factors to base table	CMI 2018 projections (Sk 7.5, A0.0)
1.5%	Minimum underpin to improvement factors	1.5%
25.1	Future lifetime from age 65 (currently aged 65)	25.0
26.5	Future lifetime from age 65 (currently aged 45)	26.4

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	31 March 21	31 March 22
Commutation	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum..	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following sensitivity analyses 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 did not change from those used in the previous period.

*Funded LGPS Benefits*

Assumptions	Increase	Decrease
<b>Discount Rate</b>		
Experience gains / (losses) on liabilities	+0.1% p.a.	-0.1% p.a.
Present value of total obligations (£'000s)	1,076,360	1,120,300
% change in present value of total obligation	-2.0%	2.0%
Projected service cost (£'000s)	39,720	42,560
Approximate % change in projected service cost	-3.4%	3.5%
<b>Rate of general increase in salaries</b>		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value to total obligation (£'000s)	1,100,530	1,096,130
% change in present value of total obligation	0.2%	-0.2%
Projected service cost (£'000s)	41,120	41,120
Approximate % change in projected service cost	0.0%	0.0%
<b>Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption</b>		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	1,118,100	1,078,560
% change in present value of total obligation	1.80%	-1.80%
Projected service cost (£'000s)	42,560	39,720
Approximate % change in projected service cost	3.5%	-3.4%
<b>Post Retirement Mortality Assumption</b>		
Adjustment to mortality age rating assumptions	-1 year	+1 year
Present value of total obligation (£'000s)	1,136,770	1,059,890
% change in present value of total obligation	3.5%	-3.5%
Projected service cost (£'000s)	42,760	39,520
Approximate % change in projected service cost	4.0%	-3.9%

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. At the last valuation the County Council agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on March 2019.

The Council anticipates paying £22,470k regular contributions to the scheme in 2022/23.

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:



The weighted average duration of the defined benefit obligation for scheme members is 20.0 years in 2021/22 (20.0 years 2020/21).

### Risks Associated with the Fund in Relation to Accounting

#### *Asset Volatility*

The assets used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

#### *Changes in Bond Yield*

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

#### *Inflation Risk*

The majority of the pension liabilities are linked to either pay or inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that the increase in inflation will increase the deficit.

#### *Life Expectancy*

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

#### *Exiting Employers*

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

#### Note 40: Teacher Pension Costs

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of this Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22 the County Council paid £10,630k to the Department for Education in respect of teacher's pension costs which represented 23.68% of teacher's pensionable pay (£10,000k in 2020/21). These contributions are set in relation to the current period only. In addition, the County Council is responsible for all pension payments relating to added years it has awarded, together with an actuarially calculated percentage of any early retirements awarded after 1 September 1998. It is also responsible for any related increases on these awards. In 2021/22 payments made in relation to added years amounted to £1,474k, representing 3.28% of pensionable pay (£1,490k, 3.52% in 2020/21). Estimated employer contributions for 2022/23 are £11,000k.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 39.

#### Note 41: Contingent Liabilities

Planning permission for extension to the Nant Helen Surface Mine was granted in March 2012 subject to a Section 106 agreement. This agreement required quarterly payments to be made to the Council into a Restoration Escrow Account from March 2012 until September 2017 until a total of £30,280k was reached. It also required 7 annual payments of £100k as contribution to a Communities Facilities Fund. In March 2016 Celtic Energy suspended these payments, the result of which was that £19,500k was held in the Restoration Escrow Account and £500k in the Communities Facilities Fund. Advice was sought and offered the view that an acceptable restoration scheme would be achievable with the £19,500k already held in the Escrow account. Coal extraction at Nant Helen ceased in 2021 and restoration works are ongoing in line with the amended and approved restoration scheme. Repayments from the Escrow account have commenced, reducing the balance to £9,499k. Full planning permission has been granted on part of the former Open Cast Coal Site for a complementary earthworks project and outline planning permission has also been granted for a proposed Global Centre for Rail Excellence, both of which cover a wider area extending into Neath Port Talbot. The contingent liability is noted to reflect any shortfall that may arise in restoring the site.

## Note 42: Nature and Extent of Risks Arising from Financial Instruments

The authority's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the authority.
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments.
- Re-financing and maturity risk – the possibility that the authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in measures such as interest rates and stock market movements.

The authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team under policies approved by Full Council in the Treasury Management Policy Statement, the annual Treasury Management Strategy Statement and Annual Investment Strategy.

The Policy and Strategy provide written principles for areas such as interest rate risk, credit risk and the investment of surplus cash.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. The authority has an investment list of banks and other financial institutions which is based on current credit ratings, credit default swap data and other relevant financial information. The ratings determine the maximum amount that can be invested with a particular institution and the length of time for which it may be invested. The authority has a policy of not lending more than £30,000k of its surplus balances to one institution at any one time.

Customers are not currently assessed for their creditworthiness or individual credit limits set. No financial assets have had their terms renegotiated that would otherwise have been past due or impaired. The analysis below summarises the authority's potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions:

	Amount at 31 Mar 22 £'000	Actual provision for bad debts made £'000	Bad debt written off in year £'000
Deposits with banks and financial institutions	17,409		
<b>Customers</b>			
Council Tax	6,560	(956)	253
Housing rents	2,737	(1,213)	33
Sundry debtors	72,166	(4,307)	283
	<b>81,463</b>	<b>(6,476)</b>	<b>569</b>

No collateral is held as security on Financial Assets.

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The authority does not generally allow credit for Customers. The aged debt over 3 months on Debtors Ledger Control and over one year for council tax can be analysed by age as follows:

	3 to 6 Months £'000	6 to 9 Months £'000	Over 9 Months £'000	Total £'000
Debtors Ledger	1,430	1,059	6,874	9,363

	1 to 2 Years £'000	2 to 5 Years £'000	Over 5 Years £'000	Total £'000
Council Tax	4,239	1,155	210	5,605

### Amounts Arising from Expected Credit Losses

We have concluded that the expected credit loss on short and long term investments is not material therefore no allowances have been made for these classifications. The increase in impairments of debtors excluding council tax and NDR in 2021/22 is £825k (£190k in 2020/21). The age of the debt, past experience and other factors are taken into consideration in the calculation of the impairment.

### Liquidity Risk

The authority manages its liquidity position through the risk management procedures of the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports, as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available if and when needed. The authority has ready access to borrowings from the money markets to cover any day-to-day cash flow need and from the Public Works Loans Board (PWL) and money markets for access to longer term funds. The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities in cash terms is as follows:

31 March 2021 £'000		31 March 2022 £'000
70,522	Within a year	61,552
18,524	Between 1 to 2 years	16,546
43,351	Between 2 to 5 years	38,211
47,469	Between 5 to 10 years	46,804
179,270	Over 10 years	199,272
<b>359,136</b>		<b>362,385</b>



### Refinancing and Maturity Risk

The authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures mentioned above are considered against the refinancing risk procedures, longer-term risk to the authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The following approved treasury indicators are the key parameters used to address this risk.

The upper and lower limits for the maturity structure of borrowings are as follows:

	Lower limit	Upper limit
Under 1 year	0%	40%
1 to 2 years	0%	40%
2 to 5 years	0%	40%
5 to 10 years	0%	40%
10 to 20 years	0%	40%
20 to 30 years	0%	40%
30 to 40 years	0%	40%
40 to 50 years	0%	40%

The maximum principal sum invested for periods longer than 364 days is £10,000k.

### Market Risk

#### *Interest Rate Risk*

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

- Borrowings at variable rates:  
The interest expense charged to the Income and Expenditure account will rise.
- Borrowings at fixed rates:  
The fair value of the liabilities will fall.
- Investments at variable rates:  
The interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates:  
The fair value of the assets will fall.

Borrowings are not carried at fair value so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the Council Fund balance pound for pound. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure.

The authority has a number of strategies for managing interest rate risk. As stated in the prudential indicators report, it is policy to aim to keep a maximum of 60% of net outstanding principals in variable rate exposures. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

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The Treasury Management Team actively assesses interest rate exposure and feeds the projected figures for interest payable and receivable into the annual and quarterly budgets. This allows variances to be accommodated. The team also advises whether new borrowing is taken out and whether it should be fixed or variable.

To highlight the sensitivity of rises, if interest rates had been 1% higher during 2021/22 with all other variables constant, the financial effect would be:

	£'000
Increase in Interest Payable on Variable Rate Borrowings	250
Increase in Interest Receivable on Variable Rate Investments	(439)
Increase in Surplus of Income and Expenditure Account	(189)
Share of Overall Impact Debited to the HRA	-

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

### *Price Risk*

The authority only holds equity instruments in respect of the Pension Fund. It is therefore exposed to an element of risk in relation to movements in the price of equities. This is mitigated by investing in a diverse portfolio.

### Note 43: Events after the Reporting Period

The statement of accounts was authorised for issue by the Head of Finance on 30 June 2022. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the financial statements and notes have been adjusted in all material respects to reflect the impact of this.

## Housing Revenue Accounts

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.

### Income and Expenditure Account

2020/21 £'000		2021/22 £'000
<b>Expenditure</b>		
4,703	Supervision and management	4,568
9,193	Repairs and maintenance	11,440
118	Rents and rates	125
89	Movement in allowance for bad and doubtful debts	286
6,341	Depreciation, impairment and revaluation of noncurrent assets	12,520
19	Debt management expenses	57
<b>20,463</b>	<b>Total service expenditure</b>	<b>28,996</b>
<b>Income</b>		
(24,795)	Dwelling rents	(25,405)
(672)	Non dwelling rents	(759)
(457)	Other charges for services and facilities	(432)
(714)	Contributions towards expenditure	(10)
-	Housing Grant	(290)
<b>(26,638)</b>	<b>Total service income</b>	<b>(26,896)</b>
<b>(6,175)</b>	<b>Net cost of services as included in the Comprehensive income and expenditure account</b>	<b>2,100</b>
25	HRA services share of corporate and democratic core	20
<b>(6,150)</b>	<b>Net cost of HRA services</b>	<b>2,120</b>
<b>HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement</b>		
(3)	(Gain)/loss on sale of HRA noncurrent assets	(3)
3,280	Interest payable and similar charges	3,518
1	Amortisation of premiums and discounts	-
228	Net interest on the net defined benefit liability	272
(7,486)	Capital grants and contributions applied	(9,391)
<b>(10,130)</b>	<b>(Surplus)/deficit for the year on HRA services</b>	<b>(3,484)</b>

Movement on Housing Revenue Account Statement:

2020/21 £'000		2021/22 £'000
<b>3,919</b>	<b>Balance as at 1 April</b>	<b>4,481</b>
10,130	Surplus/(deficit) for the year on the HRA	3,484
(9,568)	Adjustments between accounting basis and funding basis under statute (Note 5)	(3,721)
<b>562</b>	<b>Increase/(decrease) in the HRA balance Before transfers to or from reserves</b>	<b>(237)</b>
562	Increase/(decrease) in the HRA balance	(237)
<b>4,481</b>	<b>Balance as at 31 March</b>	<b>4,244</b>

## Notes to the Housing Revenue Accounts

### Note 1: Housing Stock

2020/21 Total	Property Type	0 Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms	6 Bedrooms	2021/22 Total
52	Detached house / bungalow	-	4	46	15	6	1	-	72
2,113	Semidetached house / bungalow	-	263	828	982	41	4	-	2,118
2,124	Terraced house	-	202	752	1,092	80	3	3	2,132
1,087	Flats	1	359	688	49	-	-	-	1,097
13	Bedsits	-	16	1	-	-	-	-	17
<b>5,389</b>	<b>Total</b>	<b>1</b>	<b>844</b>	<b>2,315</b>	<b>2,138</b>	<b>127</b>	<b>8</b>	<b>3</b>	<b>5,436</b>

### Note 2: Arrears and Provision for Housing Bad Debts at 31 March

31 March 2021 £'000		31 March 2022 £'000
348	Current tenant arrears	427
864	Former tenant arrears	1,097
<b>1,212</b>	<b>Total arrears</b>	<b>1,524</b>
7	Bad debts	33
958	Provision for bad debt	1,211

### Note 3: Housing Revenue Account Capital Expenditure

During the year the authority incurred the following expenditure on Housing Revenue Assets:

2021/22 Capital Expenditure	Total £'000	Dwellings £'000	Intangible £'000	Other Land & Buildings £'000	Infrastructure £'000	Equipment £'000	Non-operational £'000
Enhancing Costs	19,783	9,320	133	-	2,146	7	8,177
<b>Total Expenditure</b>	<b>19,783</b>	<b>9,320</b>	<b>133</b>	<b>-</b>	<b>2,146</b>	<b>7</b>	<b>8,177</b>
Impairment/revaluation	5,869	5,869					
Depreciation	6,650	6,594	6	4	40	6	-

The capital expenditure was financed as follows:

Financed by	2021/22 £'000
Capital Grants and Contributions	9,391
Direct Revenue Contributions and Reserves	6,831
Prudential Borrowing	3,561
	<b>19,783</b>

2020/21 Capital Expenditure	Total £'000	Dwellings £'000	Intangible £'000	Other Land & Buildings £'000	Equipment £'000	Infrastructure £'000	Non-operational £'000
Enhancing Costs	20,933	8,895	-	-	53	1,941	10,044
<b>Total Expenditure</b>	<b>20,933</b>	<b>8,895</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>1,941</b>	<b>10,044</b>
Depreciation	6,342	6,283	53	2	2	2	-

The capital expenditure was financed as follows:

Financed by	2020/21 £'000
Capital Grants and Contributions	7,486
Direct Revenue Contributions and Reserves	6,831
Prudential Borrowing	6,616
	<b>20,933</b>

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Note 4: Housing Revenue Account Capital Receipts

The following amounts were received during the year:

2020/21 £'000		2021/22 £'000
3	Other Land & Buildings	3
<b>3</b>		<b>3</b>

Note 5: Adjustments between Accounting Basis and Funding Basis under Statute

2020/21 £'000		2020/21 £'000
<b>Items included in the HRA Income and Expenditure Account but excluded from the HRA Balance for the year</b>		
(1)	Difference between interest payable and similar charges including amortisation of premiums and discounts in accordance with statute	-
(525)	Net charges made for retirement benefits in accordance with IAS 19	(940)
3	Gain/(loss) on sale of HRA non-current assets	3
<b>Adjustments</b>		
<b>Primarily involving the Capital Adjustment Account</b>		
(6,341)	Depreciation, impairment and revaluation of non-current assets	(12,520)
2,146	HRA Minimum Revenue Provision	910
7,486	Capital Grants and Contributions Applied	9,391
6,831	Capital Expenditure Funded by HRA	6,831
<b>Primarily involving the Accumulated Balances Account</b>		
(31)	Holiday accrual	46
<b>9,568</b>	<b>Net additional amount required by statute to be debited to the HRA Balance for the year</b>	<b>3,721</b>

Note 6: Housing Revenue Account Contributions to the Pension Scheme

The net contribution to the Pension Reserve relating to the Housing Revenue Account was:

2020/21 £'000		2021/22 £'000
603	Employer contributions actually paid	645
(7)	Past Service Costs	(3)
(893)	Current cost of employees	(1,309)
(228)	Net Interest on the net defined benefit/(liability)	(272)
<b>(525)</b>	<b>Contribution to/(from) reserve</b>	<b>(939)</b>

## Glossary of Terms

### Accrual

An accrual is a sum (provision) shown in the accounts to cover income or expenditure for the accounting period but which was not actually paid or received as at the date of the Balance Sheet.

### Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

### Actuarial Valuation

This is when an actuary checks what the pension scheme assets are worth and compares them with the scheme's liabilities. They then work out how much the contributions from employers and members must be so that there will be enough money in the scheme when people receive their pensions.

### Audit

An audit is an independent examination of the Council's activities.

### Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the Balance Sheet.

### Contingent Liabilities

Contingent liabilities exist where it is probable that a future event will result in a material cost to the Council and can be estimated with reasonable accuracy.

### Creditor

A Creditor is someone we owed money to at the date of the Balance Sheet for work done, goods received or services rendered.

### Current Asset

These are short-term assets that are available for use in the following accounting year.

### Current Liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

### Current Service Costs (Pension)

The increase in the liability of a defined benefit pensions scheme as a result of employee's service in the current period.

### Debtor

A debtor is an organisation/individual that owes the Council money at the Balance Sheet date.

### Equities - Pooled

The Pension Fund invests in equities through unit Trusts. It has no direct investments in equities.

### Financial Reporting Standards (FRS's)

Financial regulations to be followed as set by the Accounting Standards Board.

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### Financial Year

This is the accounting period. For local authorities it starts on 1 April and ends on the 31 March in the following year.

### Gilt Edged Stocks

These are investments in government or local authority stocks. They are regarded as risk-free.

### IAS

International Accounting Standard – The standard by which the authority must record financial information. If followed by a number (e.g. IAS 19), this references a particular accounting standard.

### IFRS

International Financial Reporting Standard – The standard by which the authority must present financial information. If followed by a number (e.g. IFRS 11), this references a particular reporting standard.

### Liability

A liability is an amount payable at some time in the future.

### Past Service Costs (Pension)

For a defined benefit pension scheme, this is the extra cost resulting from changes or improvements to the proportion of retirement benefit that relates to an employees past service.

### Post Balance Sheet Events

Post Balance Sheet events are items that have arisen after the Balance Sheet date. The items did not occur at the time the Balance Sheet was prepared but have subsequently been discovered. To give a fair representation they may need to be disclosed.

### PWLB

Public Works Loan Board.

### REFFCUS

Revenue Expenditure Funded From Capital Under Statute.