



Statement of Accounts 2020/21



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Narrative Report

Introduction

The Statement of Accounts 2020/21 provide details of the Council's financial position for the year ended 31 March 2021. The information presented on pages 1 to 124 is in accordance with the requirements of the 2020/21 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 2021.
- 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;

Exceptional Circumstances

The pandemic has had an enormous impact on the Council and its financial position. Not only in terms of the costs to respond to COVID-19, but also on many of our revenue streams that help provide the funding we need to fund vital front-line services.

The Council's response to the pandemic saw us move away from business as usual to focus on business-critical activities and the implementation of specific plans in response to the emerging situation. We reacted quickly to demands to support the local economy and address the significant pressures on key council services to maintain delivery particularly for Adult Social Care and Homelessness. The majority of our schools were closed for weeks at a time, but we maintained key Hubs to provide care for the children of key workers who are delivering frontline services and vulnerable children.

The situation impacted on all service areas, increased demands on some, with the suspension and the paring back of others. Many staff were redeployed from their usual duties and were able to offer front line support in social care and Track and Trace, alongside this we had great support from a cohort of volunteers. 174 staff were furloughed at certain points in the year, claims totalling £866,683 were made from the Governments' Job Retention Scheme.

There have and 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 PPE, free school meals, homelessness, temporary mortuary costs and other additional costs including supporting our most vulnerable adults and children.

The Council's finances were further impacted, especially in the first few months with substantial reductions in income across many services. These include parking, commercial waste, licensing fees, registrars and planning fees. Traded services such as school meals, leisure services and childcare provision ceased for many months to comply with the restrictions imposed and collection rates for Council Tax and Business Rate dipped significantly early in the year, although recovered well towards year end, with only small gaps against the plan. In addition Welsh Government has provided unhypothecated funding to support the council summarised in the table below.

Welsh Government COVID-19 Support	£'000
Hardship Fund – Cost	14,502
Hardship Fund – Income	3,494
Track and Trace	1,632
Council Tax Reduction Scheme	629
Council Tax Collection	621
Undelivered Savings	1,093
Digital Services	1,093
Job Retention	863
COVID-19 Bus Emergency Scheme	561
Other	2,218
Total	26,706

STATEMENT OF ACCOUNTS

The council has been administering 9 grant schemes to support various business sectors through the COVID-19 crisis, acting as an agent on behalf of Welsh Government.

Welsh Government COVID-19 Support	Amount provided £'000	Number of Organisations Supported
Business grants	84,358	10,302
Business rates relief	11,442	1,375
Care payments £500 - External	1,830	3,431
Care payments £500 - Powys County Council	205	309
Total	97,835	15,417

The Council agreed to pay its suppliers as promptly as possible to support their cash flow, an average of 91% were paid on time through the year.

The virus is still with us and challenges remain. In response the Council has made provision to increase its reserves at year end to add some resilience by way of a specific COVID-19 Recovery Fund of £1.8m, this fund will support Communities and Council Services and be drawn down over the next 2 years. The reserve will be used flexibly across both categories.

The Council reviews and refreshes its Medium Term Financial Strategy as part of an annual cycle. Our Vision 2025 activities have changed and were adopted in March 2021 in recognition of the impact of the pandemic and the Council's revised strategic objectives.

Planning over the medium term is difficult with heightened levels of uncertainty, not only in respect of settlement funding levels but also the continued impact on our own income streams for Council tax and fees and charges, will these recover to normal levels post pandemic or will the impact continue into future years. The economic impact of the pandemic is also likely to have wider repercussions for people's ability to pay for services.

Given the breadth and depth of the impact of the pandemic to date, alongside the uncertainty surrounding its future course, the Council will continue to face difficult choices for year to come.

To ensure our future sustainability robust medium term financial planning is crucial.

Understanding the Impact of COVID-19 in Powys 'on a page' April 2021

In order to consider how Powys may look in the future, it is necessary to clearly see the current situation, what has changed or stayed the same and what this might mean for the County **over the short (6 months), medium (1 year) and long term (5 years).**



Economy



Business Support - The Council have paid **10,302** businesses so far across **8 schemes**. A total value of **£85m**



Employment trends - As at 31 January 2021 there were **7,100** total employments furloughed, **14%** of the eligible amount. From March to January 2021 claimant count increased by **127% (1,815 persons)**



Impact on key sectors - **Accommodation & food services** is believed to have been the hardest hit sector, running at only **15%** of normal in quarter 2 of 2020

- Short, medium, long term** July - Dec 2020 compared to March and April 2020, it is estimated that:
 - Short term** Powys' GVA decreased by 20% and unemployment increased by 138%
 - Medium term** Powys' GVA has fallen by an estimated 9%
 - Long term** Powys' GVA is estimated to fall by 1.3%

Vibrant, connected & resourceful communities



Volunteers - over **475** health and care volunteers across PCC and PTHB. **144%** volunteer increase on powys.volunteering-wales.net (PAVO)



Community provided services - **6,534** persons told to shield by Welsh Government in Powys communities



Environmental impacts - Powys declared a **climate emergency** (in September 2020 and joined Team Wales), aiming to be 'net zero' emissions by 2030. *We will build back better*

- Short, medium, long term**
 - Short term** Communities with high numbers of vulnerable persons continue to need additional help
 - Medium term** A possible rise in the need for food banks in the most 'financially stretched and urban adverse' areas
 - Long term** Risk that smaller Environmental NGOs may be lost without additional funding

Residents start well, live well & age well



Referral numbers – Referrals to **Adult social care** have increased by **12%**. **Children's Services** referrals have increased by **10%**, with more children being identified as being at risk. Both figures have been compared to Quarter 4 of the same period last year.



Homelessness and housing impacts – **152 households** in **temporary accommodation** as at 21st April 2021, compared to **98 households** same time last year

- Short, medium, long term**
 - Short term** The Council developed new processes to support our COVID response to residents and those dealing with social isolation.
 - Medium term** Trend shows referrals will increase, this includes referrals into mental health services.
 - Long term** more Adult social care needs will be met in the community. Increase in homelessness for family groups due to unemployment



Capable, confident & fulfilled residents



Pupil and student trends – 2021 Spring term, **94%** of Powys learners engaged with their learning either in school or remotely. **1,270 digital devices** and **390 MiFi dongles** distributed.



Free school meals- **17% increase** in free school meal take up between April 2020 and March 2021.



Well-being of pupils and students - Demand for children and young people's counselling service continues to increase with **306 active cases** - an **increase of nearly 40%** between January and April 2021.

Short, medium, long term

Measures are made available to ensure all learners effectively recover from the impact of Covid-19 and lessons are being learnt in the effective use of ICT.



High Performing & well run council



Financial outlook for the council - Revenue forecast likely to be a surplus in excess of **£7M** across all council services, supporting this has been the Hardship funding from Welsh Government refunding covid costs and lost income at over **£16M**.



Service Performance Impacts – Significant changes to the way the council is operating. **2000 daily connections to Office 365**. (+10% active connections)



Well-being staff survey – **872** staff responded to the winter survey. **74%** staff reported they have **increased productivity (an increase of 5% since the summer)** and **91%** feel good about being a front line employee providing support to more vulnerable residents

Short, medium, long term

Short term Significant loss of income
Medium and long term Revisit our MTFs, austerity means we are likely to have a significantly worse financial settlement in future years

Review of the Year

Facts/figures

Good performance against our measures:

- Working in partnership with key agencies we have engaged with and supported 1,233 businesses, including through direct financial support
- 634 local suppliers engaged in the Council's procurement process, compared to 526 in 2019/20
- Support is being given to 12 community broadband projects, compared to 3 in 2019/20
- 168 people have now progressed into employment since 2018, with support from the Communities for Work+ and Workways employability activities.
- The mean gender pay gap has reduced from 8.1% to 7.6%
- 96% of children who the intervention and prevention service work with remained with their families safely
- 93% of children looked after received a statutory visit within timescale.
- We have increased the number of foster carers from 75 to 81
- 499 adult clients received direct payments to manage their care and support, which is an increase from 2019/20
- 575 new adult clients were supported in their own home through assistive technology (over 1,800 to date).
- The number of children educated through the medium of Welsh in year 1 has increased by 1.21% since 2019/20.
- The number of families accessing the Incredible Years Programme has increased to 168.
- 55 schools are now categorised as standard A or B for overall condition, compared to 46 in 2019/20.
- 100% of schools now have improved infrastructure installed to support digital learning.
- Staff sickness has reduced from 9.29 days to 7.36 days per full time equivalent (12-month cumulative).
- A 'People's Panel' with 500 members has been established.
- £2.1 million of efficiencies were identified through reviewing and redesigning our services to become more efficient.
- 35 automated processes are now available to our customers to help them access services more easily and 42,644 residents now have a 'My Powys Account' where they can view and manage their service requests 24/7.

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Average performance against our measures:

- As part of our Powys Pound initiative the proportion of revenue spend with Powys based suppliers and providers increased by 1% in 2020/21 (from 38%, £79.7m to 39%, £88.4m).
- 118 new council homes are under construction, compared to the target of 250 homes by 2023.
- The number of qualified social worker vacancies remains at 32.
- The average delivery time for completing adaptations (for accessible homes) was 134 days, missing our target of 130 days
- The number of engagement and consultation activities to engage residents and staff was lower than anticipated, at 27 activities.
- Work has continued with our partners (Network rail and Transport for Wales) on the Transport Interchange Improvements and Pedestrian and Cycle Links projects, with feasibility study of options being undertaken, however progress has been delayed.
- 4 new apprentices were employed (making 63 in total since 2017, and 2 short of our target). 74 staff were following an apprenticeship framework during the year.

Poor performance against our measures:

- 57% of people have undertaken equality and diversity (e-learning) training, against our target of 80%
- Due to COVID-19, the Local Authority Trading Company has been on hold since March 2020.
- Attendance (footfall) at libraries and museums (including virtual visits for libraries) was lower than in 2019/20, at 117,204 visits.
- 86% of complaints were responded to within statutory timescales missing our target of 100% and lower than 2019/20

*Financial Performance***Council budget 2020/21**

The Council's net revenue budget is funded from Welsh Government Grant, Redistributed Business Rates, other grants, locally generated income and Council Tax income.

The Welsh Government funded 68.4% of the Council's 2020/21 net revenue budget compared to 68.3% in 2019/20. The funding is provided in a settlement known as Aggregate External Finance (AEF).

The UK Chancellor signalled an end to austerity, although at the point of the Welsh Settlement there was no clarity about the totality of the UK Government's public spending plans beyond 2020/21, and the economy, the impact of Brexit, taxation policy and policy priorities would be key factors. In December 2019 Wales Fiscal Analysis produced a briefing which shows that for the first time in almost a decade, the Welsh Government was able to increase funding for most spending areas and avoid further cuts. The AEF increased across Wales by an average of 4.3%, Powys received a 4.2% increase, Powys ranked 14th in terms of its increase against other Local Authorities.

Our Council Tax was set at £1,364.68 for properties in valuation Band D (£1,302.17 2019/20). We collected £93.05m with a collection rate of 97.0% (97.2% in 2019/20), the collection rate for Non Domestic Rates was 98.7% (98.2% for 2019/20).

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. Against that background, over the past twelve months the Cabinet and Executive Management Team (EMT) have placed a greater focus on longer term financial, service and workforce planning to help provide sustainable solutions to the challenges faced.

Vision 2025, the Council's Corporate Improvement Plan and the Medium-Term Financial Strategy (MTFS) identify the Council's service and resource priorities for the next five financial years, with a focus on 2020/21. The Vision 2025 Plan is reviewed annually to ensure that it continues to reflect the Council's operating environment and priorities and the 2020-25 Plan will ensure the Corporate Plan and MTFS are aligned, enabling the reader to make explicit links between the Council's priorities and the resources directed to support them.

The Council adopted a new Integrated Business Planning approach to developing the 2020/21 budget and the Finance Resource Model (FRM) for 2021-2025. This approach has involved all council services:

- Reviewing comparative performance data
- Identifying any inescapable cost pressures
- Identifying cost reduction opportunities
- Planning service changes to secure delivery of the priority outcomes in the Council's Corporate Improvement Plan Vision 2025 and statutory obligations
- Identifying any workforce implications of service changes

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The Revenue Budget for 2020/21 was approved by the Council on the 28 February 2020. The Council's net expenditure for the year was £269.44m. Cost reductions of £12.39m were included in the budget.

Additional funding supported Service demands, particularly:

- £6.60m for the Education Service (including the Delegated Schools' Budget) to cover the additional cost of Teachers Pay and Pensions, recognise Teaching and Learning Responsibility allowances in the schools' formula; to support an increase in the Capitation Allowance; together with contract inflation, pupil number changes, and increasing Rates & Utilities costs in schools.
- £5.68m realigns the Children's services base budget. This ensures that a realistic budget is allocated which supports Powys children who are currently in need and in our care while the service implements a strategy which will safely reduce the number of looked after children, and bring fewer children into the care of the local authority. Over the medium term this will reduce costs whilst continuing to ensure children are safeguarded and achieve best possible outcomes. The budget will also ensure that the service can maintain an appropriate workforce and fund the posts covered by agency staff until the recruitment plan successfully draws permanent staff into these posts. Legal costs and the demand created by legislative changes for care leavers "When I'm ready" can also be accommodated within the revised budget. The intervention and strategies being implemented by the service will begin to reduce costs within 2020/21 and cost reductions of £2.22 million are expected.
- £2.9m to meet inescapable demand and cost pressures in Adult Social Care
- £1m mainly to meet the increased costs in insurance together with other corporate cost pressures.
- £1.05m for Highways Transport and Recycling - £500k new growth in roads' maintenance funding and £505k to meet contract inflation and to support the waste to energy initiative, helping the council meet the Welsh Governments' target to reduce landfill.

The revenue financial performance of the Council is summarised on the next page.

The Council's budget was closely monitored and controlled during the year with regular reports presented to Cabinet. The figures include cost reductions delivered of £9.468m, 76% of the £12.394m target, this compares with 73%, £15.83m delivered in the previous year. In 2020/21 24% of the target was unachieved. The budget approved by Council in February 2021 removed £1.634m of the unachieved savings from service budgets which are not considered to be deliverable, thus ensuring a robust and deliverable budget for next year.

Capital investment and the financing of capital activities have a significant impact on the authority's revenue position. In 2020/21 £61.83m was spent (including HRA) on capital investments versus the revised budget of £72.91m. This resulted in an underspend of £11.08m (15%) on the council's Capital Budget.

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
Childrens and Adults						
Adult Services	66,906	63,369	62,372	997	29	968
Childrens Services	28,491	26,021	25,077	944	-	944
Commissioning	3,790	3,193	2,823	370	-	370
Education	100,516	8,762	8,558	204	315	(111)
Economy & Environment						
Highways, Transport & Recycling	37,284	28,011	23,964	4,047	2,962	1,085
Property, Planning & Public Protection	4,196	6,217	5,312	905	102	803
Regeneration	1,088	625	340	285	248	37
Housing General Fund	8,120	4,004	2,883	1,121	938	183
Organisational Transformation						
Digital & Communication Services	31	3,938	3,991	(53)	(360)	307
Strategy, Performance & Transformation Programmes	481	1,528	1,279	249	93	156
Workforce & Organisational Development	175	1,968	1,954	14	(55)	69
Legal & Democratic Services	2,853	3,059	2,874	185	86	99
Finance	1,721	5,690	5,179	511	393	118
Corporate Activities	13,789	31,350	26,078	5,272	1,951	3,321
Totals	269,441	187,735	172,684	15,051	6,702	8,349
Housing Revenue Account (HRA)	-	-	(562)	562	(1,379)	1,941
Schools Delegated	-	81,706	77,566	4,140	(1,135)	5,275
Total including Schools & HRA	269,441	269,441	249,688	19,753	4,188	15,565

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All services across the Council have reported underspends against their budgets and many have maximised the use of grant received late in the year from Welsh Government to support their in year position.

Delays in capital projects also contributed to the surplus position. The revenue budget supports the cost of borrowing for capital purposes and recognises the future need to borrow through the minimum revenue provision budget. The revenue budgets were approved to support the original capital programme of £132.872m. The actual capital spend was 53% less. Grants were maximised to reduce the call on borrowing, with a number received from Welsh Government in the last two months of the year. The actual net cost of borrowing was £15.59m of which £10.166m was chargeable to the general fund generating an underspend of £1.98m which helped support the wider service revenue budgets.

On 12 March Cabinet approved a revision to the Council Minimum Revenue Provision Policy (MRP). Under both the existing and proposed policy the asset life/annuity method is used to calculate the MRP for the Council's prudential borrowing and the HRA's post settlement debt. The method for the Council's supported borrowing and the HRA historic/settlement debt changes under the new policy.

Within the existing policy (as agreed in 2017 for the previous policy change) the overall movements on MRP included an expected reclaim of £4.5m of the £19.5m overprovision. Because of the benefit drawn from the new revised MRP policy only £2.09m was charged against MRP. This figure includes £767k, agreed in February 2021 to make an additional payment into the MRP account, being an advance payment to be utilised in 2021/22 thus negating the requirement to fund this through the budget in 2021/22.

Of the original £19.5m overprovision £5m is still available to be claimed for the Council Fund.

Transformation of the councils' services is critical in providing an appropriate level of service to our residents at a much lower cost ensuring that the councils budget is maintained on a sustainable footing for the future. Transformation activities totalling £2.3m were funded through revenue rather than using Capital Receipts as previously planned. This will allow us to maintain a greater level of receipts to be used to support the capital programme in future years.

Revenue Reserves

The reserves position sets out the reserve movements and balances at year end. Budgeted movements from reserve were planned totalling £4.188m, whilst the actual year end movement is an increase of £19.752m to £52.257m, with the general reserve £13.634m representing 7.3% of total net revenue budget (excluding Schools and the HRA).

The council has used the opportunity provided by the improved outturn position to set aside funding to support pressures that will impact on next years budget, removing some financial risk and adding to the resilience of our Medium Term Financial Plan.

31 March 20 £'000	Revenue Reserves	31 March 21 £'000
	Ring Fenced or Restricted Use Reserves	
(1,260)	School Reserves	2,879
1,449	Other Specific Reserves	487
	Committee Specific Reserves	
18,925	Other Specific Reserves	30,776
19,114	Total Earmarked Reserves	34,142
	Central or General Reserves	
9,471	Council Fund	13,634
3,919	Housing Revenue Fund	4,481
32,504	Total	52,257

Within specific reserves the key movements are:

- Two specific reserves have been set up, as agreed in the February cabinet report:
 - £1.8m of one-off funding to put in place a Powys Recovery Fund, this fund will support Communities and Council Services and drawn down over the next 2 years.
 - £1.5m of the surplus for remedial works by way of setting up a specific reserve to fund both revenue and capital essential remedial work to minimise the level of risk that the Council would be placed under.
- Some grants received, mainly late in year, have not been utilised and rolled forward for use in 2021-22 these total £3.86m and are held in the grants unapplied reserve. In comparison last year we held £0.93m and the movement is £2.93m.
- A number of specific reserves have been requested to be set up from some service underspends totalling £3.1m.

The Housing Revenue Account business plan originally planned to utilise £1.379m of reserves, but this position has now reverted to a contribution of £562k to reserves. This is due to less budget required to support repairs and maintenance delivery.

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The year end position for schools has moved significantly since earlier forecasts, this is due to the allocation of grant funding received in February and March that funded many schools core costs.

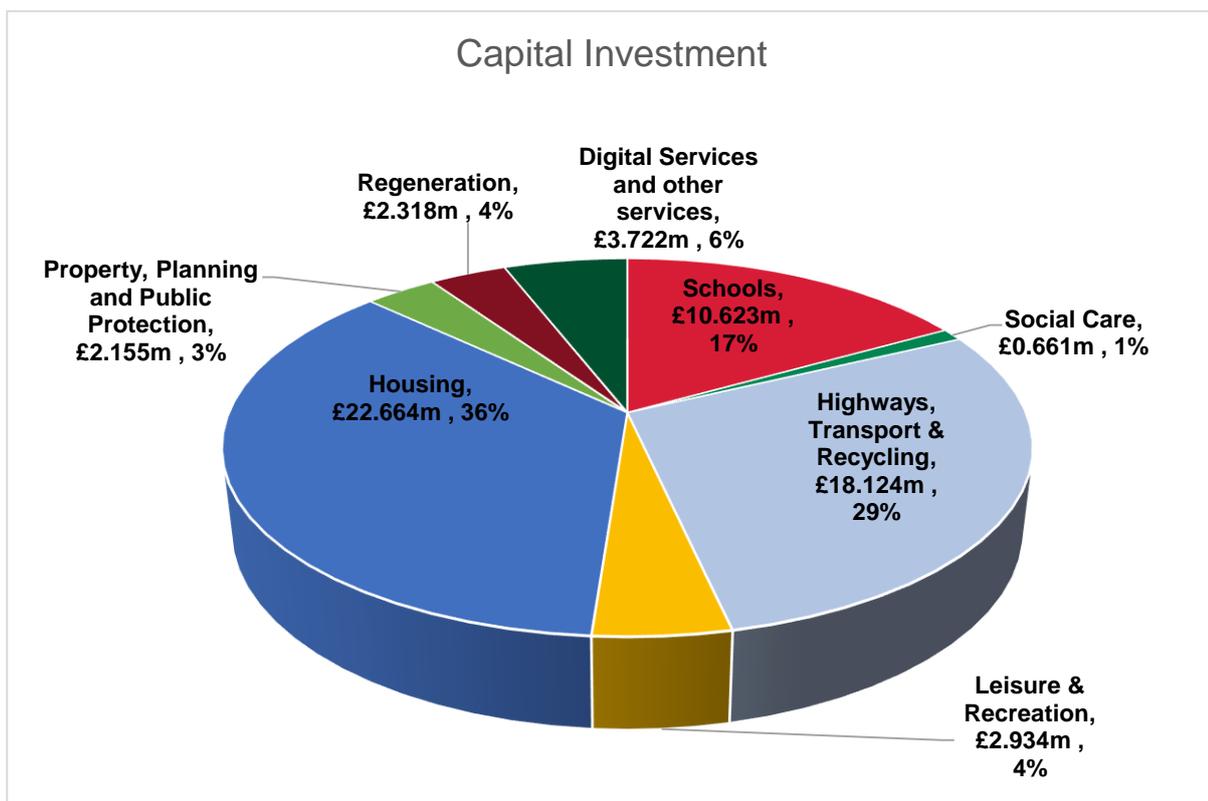
- Primary - The outturn position was a contribution to reserves of £2.350m a swing of over £3m against the budget plan.
- Secondary - The Secondary sector has a forecast call on reserves £910k, which materialised as a contribution to reserves of £1.354m, a swing of £2.264m in month.
- Special - The special sector has a £241k forecast contribution to reserves, this increased to £435k since last month.

Capital Expenditure

The approved capital programme totalled £132.78m. Final expenditure in 2020/21 was lower than the approved programme at £63.20m. The variance is mainly due to a number of projects being delayed and re-profiled in the year.

The investment has been necessitated by the need to acquire or build new assets or enhance ageing, and in some cases, dilapidated assets that will enable the council to provide services to its residents more effectively, in the pursuit of its statutory obligations. The table and diagram below, show some of the priority areas where the Council has invested in the 2020/21 financial year.

Service Area	2020/21 £'000
Schools	10,623
Social Care	661
Highways, Transport & Recycling	18,124
Leisure & Recreation	2,934
Housing	22,664
Property, Planning and Public Protection	2,155
Regeneration	2,318
Digital Services and other services	3,722
Total	63,201



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Housing (£22,664k)

Approximately £12m has been spent on major refurbishment of Council Dwellings. Renewal of kitchens, bathrooms, heating, and replacement of roofs is continuing across the County and more investment has been committed in the next few years to improve living conditions and general wellbeing of our residents.

In total 78 homes were fitted with new Kitchens, 105 homes were fitted with new Bathrooms, 128 homes had upgraded Heating systems 28 homes were rewired, 406 homes were fitted with new double-glazed Windows and 230 homes had their roofs replaced, 83 homes benefitted from improved insulation levels, 204 older persons accommodation had improvements to access and RNIB standards.

In addition, over £11m has been used to develop plans and to build new dwellings in the county. At the 31 March there were 4 new homes completed, a further 114 homes in construction with several more sites being progressed for development which are working towards building 250 new homes by 2025.

10 dwellings have been purchased to increase the number of properties available using the Welsh Government's Homelessness Scheme.

Schools (£10,623k)

Through the 21st Century Schools Programme, major investment was made during the 2020/21 financial year.

Welshpool Church in Wales Primary School was completed and opened to staff and children of key workers and vulnerable children on 6 January 2021, after a successful building and transitioning process. Due to gradual lifting of COVID-19 restrictions, the school became fully operational and opened to all pupils on 15 March 2021.

Ysgol Gymraeg y Trallwng was re-tendered and Wynne Construction, a Denbighshire based contractor, was appointed to lead on the construction of the UK's first hybrid passivhaus and Grade II listed building project. Powys County Council will be working with the contractor to ensure that community benefits targets are met and to ensure that a high proportion of project spend is spent in Powys.

Ysgol Cedewain project progressed at pace during the 2020/21 financial year, with the completion of the RIBA 2 concept designs. The procurement process to appoint a Design and Build contractor to complete the designs, and to construct the school has concluded and the successful contractor is due to be announced imminently.

Brynlywarch outline business case was approved by Powys County Council Cabinet and Welsh Government in September 2020, and RIBA stage 2 designs are now complete.

The SOC to replace Ladywell Green and Hafren buildings in Newtown with one school building, in line with the recent school re-organisation process, was also approved by Powys County Council and Welsh Government in late 2020. This project forms a key part of the North Powys Wellbeing Programme, which is now progressing at pace with a commission agreed to undertake further site investigation works.

Bro Hyddgen Community Campus project progressed at pace in 2020/21, with the feasibility and early design work concluding that the scheme is viable. Powys County Council Cabinet and Welsh Government approved the campus funding envelope in

September 2020 and the project planning application and procurement process is due commence during 2021/22 financial year.

Work also commenced in developing project briefs and feasibilities for pipeline schemes.

The Schools Major Improvements Programme supports the improvement of education facilities and infrastructure for pupils. In this financial year, 67 projects were completed. The improvements include the installation of new windows, replacement of fire doors, installation of new boilers and controls, disability alterations, resurfacing of road, playground and pathways, upgrading of accommodation for early years, flood prevention schemes, upgrading and installing new electrical, gas, water and foul/waste infrastructure and safeguarding (fencing/gates/school reception) works to meet legislative and Estyn requirements.

The impact of COVID-19 at the end of the financial year has seen some work stop and sites closedown. These projects will resume when possible and have been re-programmed for delivery in 2021/22 financial year.

Highways, Transport & Recycling (£18,124k)

Investment through the Highways major strategic schemes facilitates economic growth, improves transport links, provides network resilience and improves safety. £6.9m has been invested in resurfacing, surface dressing and structural maintenance, £0.4m on bridge strengthening and major repairs and a further £0.8m on other assets (car parks, signals, drainage, footways etc).

Investment in Street Lighting of £1m has facilitated installation of 500 new lanterns and/or columns and 7km of new cable has provided network resilience and saved 15 tonnes per year in CO2 and 68,000kwh per year of energy usage.

Other major projects this year included the substantial completion of the recycling bulking facility for the north of the county, and further household waste recycling centre enhancements.

Leisure & Recreation (£2,934k)

Since 2019 the Council has approved a five-year programme which has already enabled significant, essential replacement of plant, fixtures, end-of-life equipment, structural materials, playing surfaces and decoration throughout the facilities in the County. The Capital commitment supports the Council's 'landlord' responsibilities as part of the leisure contract but also ensures that the buildings are fit for purpose, compliant, attractive and provide a positive customer experience. Leisure Services in Powys not only support the overall well-being of our 'residents and communities' but contribute to the 'health & care' agendas, providing interventions and prevention programmes to help reduce the burden on health services; 'learning & skills' – as a collaborative partner to the School's Transformation Programme and for individuals to learn and develop through specific opportunities that the service provides or facilitates and the 'economy' by hosting and delivering local, regional and national events and competitions which draws significant numbers of visitors from across the UK to utilise the facilities we have in Powys.

Freedom Leisure in partnership with Powys County Council, HOWPS and other contractors have continued to deliver the essential works and projects needed to ensure the facilities are compliant, safe and accessible to a good standard while also maintaining or improving the customer experience.

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The main areas of spend and key projects/works in this year (some being quite significant) which are either completed or in progress have included:

- Investigations/feasibilities to roofs in Newtown & Machynlleth as it is expected that whole replacements will be needed due to age and minimal repairs over the years
- Complete resurfacing of two large car parks in Newtown & Welshpool
- Replacement pool surround & changing rooms in Knighton
- Replacement of Pool Dosing systems and Circulation Pumps in various pools
- Complete replacement of boilers in Welshpool and Brecon
- Replacement of redundant and end of life flooring, doors, air handling units and lighting systems
- Initial works / feasibility including investigations & ecology surveys at Brecon Swimming Pool - to determine options for complete replacement due to age and condition of building
- Improvement and development of the fitness suite at Builth Wells Sports Centre. There is also external 'recovery' funding from Sport Wales to support this project
- Replacement outdoor (artificial) playing surface / carpet in Welshpool
- Replacement outdoor (artificial) playing surface in Llanidloes
- Replacement of outdoor floodlights in Welshpool & Newtown
- Replacement / improvement of squash courts in Llanfyllin

Digital Services and other services (£3,722k)

ICT Capital projects in 2020/21 included Cyber Security investment, an increase in end user devices (due to accelerated need of agile working), further investment in core infrastructure as well as improvements for homeworking. 2020/21 has seen a continued rollout of Office 365 including a rapid deployment of Microsoft Teams. The system rationalisation and modernisation has also continued to reduce the number of systems within the authority as well as modernising existing systems to further support agile working.

Via the HWB programme, Welsh Government have provided a grant to each local authority to enable them to improve and upgrade technology in schools. The majority of the grant was held by WG and was to be used specifically for purchasing end user devices, servers and other hardware. During financial year 2020/21 a total of £116k was allocated to Powys and this money was used to upgrade the infrastructure in all schools and to licence newly procured servers.

Regeneration (£2,318k)

Expenditure was lower than anticipated in 2020/21 due to delays in progressing the purchase and refurbishment of the Automobile Palace due to COVID-19. The acquisition was completed in January 2021 and design work has been commissioned. Refurbishment work to the listed building is profiled to commence in 2021/22.

Property, Planning and Public Protection (£2,155k)

Investment continued in the County Farms estate with a programme of improvements including roofing work and the removal of asbestos. The industrial unit in Ffrwdgrech, purchased in 2017/18 was refurbished during the year. The property units are fully occupied as of 1 May 2020 and secures annual rental and service charge income.

Social Care (£661k)

In comparison to other service areas, social care has a small capital allocation. However, the developments funded, amongst others, included investment into technology enabled care and equipment for individuals living with a disability and the developing of a day centre facility in Llandrindod (Lant Avenue) which will enable the property services to receive ownership on behalf of the Council of Arlais day centre building.

Medium Term Financial Strategy 2021 - 2025

The Medium Term Financial Strategy (MTFS) is the financial strategy for Powys County Council for the period April 2021 to March 2026. It has been developed as part of the overall strategic planning process alongside Vision 2025, the Council's Corporate Improvement Plan. The strategy captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach. It also incorporates the plan for delivering a balanced budget for 2021/22, and indicative budgets for the following 4 years to March 2026. This means the Council has an ongoing financial plan to enable service transformation within the funding levels available.

We continue to plan in challenging and uncertain times, for the first time in a decade Powys received a much welcome improvement in the funding that it receives from Welsh Government for 2020/21. This will go some way to ease the pressure on Council services. However, the Council's budget remains under significant pressure as service demand, our costs and investment requirements continue to rise.

The Council's future settlement will be determined by decisions made by the Welsh Government on how to allocate the funding settlement it receives from the UK Government. The real-terms increases in the Welsh Government's resource budget of 1% for 2019/20 and 2.3% in 2020/21 represent a step-change compared to the average fall of 0.7% per annum in real-terms between 2010/11 and 2017/18. However, Welsh Government day-to-day spending in 2020/21 will remain 3% below its 2010-11 level in real-terms. The Welsh revenue settlement for 2020/21 gave local authorities a real-terms increase of 5.6% as part of its final settlement, this equated to 5.4% for Powys.

The pandemic has already had a profound and immediate effect on public sector finances. The impact on public spending over such a short period of time is unprecedented in modern peace time.

The Council's financial position has been supported heavily by additional funding from the Welsh Government through 2020/21 and without this the Council would have had to draw heavily on its revenue reserves to balance the budget during the year.

It is likely that the financial impact of the pandemic will continue into 2021/22 and will almost certainly affect public sector finances for many years to come irrespective of the course of the pandemic.

The local context affecting our funding and demand for services is well recognised and heavily influenced by Powys being sparsely populated with a wide geographic area

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requiring services. Powys has a higher than average older population that is predicted to increase at a faster rate than the national average. This statistic can largely be attributed to people living longer as a result of better healthcare and improved lifestyles together with an inward migration of people above retirement age to the County. Conversely, the county's younger population is declining with a reducing birth rate and a sizeable outward migration of young people. Further and higher education and career opportunities are the main contributors to this trend.

These factors in combination present significant challenges to the Council. As evidenced in the Rural Cost Analysis (<https://en.powys.gov.uk/article/7842/Funding-changes-needed>) the provision of services to a dispersed and relatively small population is expensive as a result of greater transport costs and the demand for facilities to be delivered locally or within a commutable distance.

On the current modelling, to deliver a balanced annual budget between April 2021 and 2025 the Council will need to reduce its spending by more than £50.8m and to increase council tax by 5% year on year. This will be achieved through transformational change and cost efficiencies but reductions in some services offered will also be inevitable.

The Council's budget planning has traditionally been determined using an incremental budgeting approach and has tended to focus on one year with limited development over the longer term. This will not deliver a sustainable financial position for the Council going forward. The Council is therefore moving to an Outcome Based Budgeting approach, focused on the medium to long term and aligned to service and workforce planning.

The strategy is based on an approach which brings together all elements of the Council activity to deliver Vision 2025, 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 economic implications of the pandemic and indeed Brexit are yet unknown. The impact of COVID-19 has seen a government response greater than has ever been seen before. The increase in the national debt will undoubtedly have repercussions that could last for decades. How this will impact on future local government settlements remains to be seen but we can learn from the positives seen over the last couple of months, a whole council response, delivered at pace collectively with our partners has supported our residents and businesses through this challenging time. The Council must grasp the benefits seen as it turns its focus to recovery, reviewing its priorities and plans and reassessing both revenue and capital budgets. We will need to revisit and realign our Medium Term Financial Strategy to ensure the Council is sustainable and resilient for the short, medium and longer term.

Vision 2025

Powys 2025 represents the vision for the council and its priorities are clearly laid out.

The Corporate Improvement Plan (CIP) 2021 details the revised activities that will be undertaken from April 2021 up to 2025 to deliver our Well-being objectives, within the context of the current COVID-19 pandemic and the council's Recovery Strategy. The updated CIP was approved in March 2021 to commence 1 April 2021 to ensure we meet our statutory obligations in the Well-being of Future Generations (Wales) Act 2015. This requires the council to implement wellbeing objectives in accordance with the 5 Ways of Working and show how it will maximise its contribution to the 7 Well-being goals. The CIP 2021 also ensures that the Council meets its statutory obligations under the Local Government (Wales) Measure 2009 (Part 1) and the Equality Act 2010 (including the Specific Public Sector Equality Duties for Wales). The new Local Government and Elections (Wales) Act will also place similar duties on Local Authorities from 2021, as part of the performance provisions.

The CIP continues to be the road map to Vision 2025, setting out our top priorities and milestones. It draws together information from a number of our key strategies and the steps we will take to meet our priorities and the improvements you can expect to see when our plan is delivered.

In an era of continued budgetary pressures, growing demand, and increased expectations it is very important that we are clear about what we want to achieve now, and in the future, and support this within our financial planning. Full details of Vision 2025 can be found at <https://en.powys.gov.uk/Vision2025/>

The Council has an ambitious Transformation Programme in place to help deliver Vision 2025. The Programme is governed by a Transformation Delivery Board comprising the Cabinet and the Executive Management Team and progress of each programme is included in the Council's performance management reports which are presented to Cabinet each quarter. There are service transformation programmes also underway across the Council and progress on these also reported to the Board at regular intervals.

The Council is required to produce an Annual Governance Statement (AGS), signed by the Chief Executive and the Leader of the Council and approved by Audit Committee. The AGS provides an account of the processes, systems and records the council has in place to demonstrate effectiveness of its governance arrangements. It principally covers the period April 2020 to March 2021. However, during the period to September 2021, when the accounts are signed, it is updated.

Powys County Council adopted a system of corporate governance in June 2008, which is consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016 Edition). This statement is structured around the seven core principles, which are set out in Section 3, and gives an account of how the Council has discharged its responsibilities during 2020-21 as well recommendations for development.

Based on the evidence set out in this annual governance statement, including the impact of the pandemic on our governance framework, we consider the level of assurance to be Reasonable.

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Audit report of the Auditor General to the Members of
Powys County Council

These pages are reserved in anticipation of the auditor's report.

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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
Balance at 31 March 2019 Carried Forward	9,065	17,693	1,111	7,232	1,089	36,190	163,356	199,546
Movement in Reserves During 2019/20								
Surplus or (Deficit) on Provision of Services	(44,788)	-	5,990	-	-	(38,798)	-	(38,798)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	(34,595)	(34,595)
Total Comprehensive Income and Expenditure	(44,788)	-	5,990	-	-	(38,798)	(34,595)	(73,393)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	46,615	-	(3,182)	2,004	313	45,750	(45,750)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	1,827	-	2,808	2,004	313	6,952	(80,345)	(73,393)
Transfers To/(From) Earmarked Reserves	(1,421)	1,421	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	406	1,421	2,808	2,004	313	6,952	(80,345)	(73,393)
Balance at 31 March 2020 Carried Forward	9,471	19,114	3,919	9,236	1,402	43,142	83,011	126,153
Movement in Reserves During 2020/21								
Surplus or (Deficit) on Provision of Services	(19,455)	-	10,130	-	-	(9,325)	-	(9,325)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	(81,215)	(81,215)
Total Comprehensive Income and Expenditure	(19,455)	-	10,130	-	-	(9,325)	(81,215)	(90,540)
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	38,646	-	(9,568)	1,950	(323)	30,705	(30,705)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	19,191	-	562	1,950	(323)	21,380	(111,920)	(90,540)
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)
Balance at 31 March 2021 Carried Forward	13,634	34,142	4,481	11,186	1,079	64,522	(28,909)	35,613

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.

Reclassified						
2019/20 Net Expenditure Chargeable to the Council Fund and HRA Balances	2019/20 Adjustments between the Funding and Accounting Basis	2019/20 Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES)		2020/21 Net Expenditure Chargeable to the Council Fund and HRA Balances	2020/21 Adjustments between the Funding and Accounting Basis	2020/21 Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES)
£'000	£'000	£'000		£'000	£'000	£'000
67,039	3,102	70,141	Adult Services	65,207	3,036	68,243
27,818	851	28,669	Childrens Services	27,117	1,036	28,153
3,373	362	3,735	Commissioning	3,229	462	3,691
10,376	14,561	24,937	Education	12,459	12,928	25,387
28,677	11,769	40,446	Highways Transport & Recycling	25,652	10,386	36,038
4,236	5,314	9,550	Property, Planning & Public Protection	3,713	5,494	9,207
1,055	450	1,505	Regeneration	487	366	853
4,454	3,686	8,140	Housing & Community Development	3,173	6,990	10,163
(124)	751	627	Digital & Communication Services	(21)	823	802
539	384	923	Strategy, Performance & Transformation Programmes	172	173	345
472	206	678	Workforce & OD	251	222	473

2,682	377	3,059	Legal & Democratic Services	2,381	360	2,741
1,088	3,419	4,507	Finance	1,192	793	1,985
9,663	781	10,444	Corporate Activities	12,370	467	12,837
(6,106)	777	(5,329)	Housing Revenue Account (HRA)	(3,857)	(2,318)	(6,175)
76,692	1,929	78,621	Schools Delegated	76,098	1,480	77,578
231,934	48,719	280,653	Net Cost of Services	229,623	42,698	272,321
26,893	6,845	33,738	Other Operating Expenditure	28,401	6,665	35,066
11,778	6,516	18,294	Financing and Investment Income and Expenditure	13,291	5,959	19,250
(275,240)	(18,647)	(293,887)	Taxation and Non Specific Grant Income Operations not Included in Net Cost Of Services	(291,068)	(26,244)	(317,312)
(4,635)	43,433	38,798	Surplus or Deficit	(19,753)	29,078	9,325
(27,869)			Opening Council Fund and HRA Balance at 31 March	(32,504)		
(4,635)			Add (Surplus)/Deficit on Council Fund and HRA Balance in Year	(19,753)		
(32,504)			Closing Council Fund and HRA Balance at 31 March	(52,257)		

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 has been reclassified in 2019-20. Adjustments between the funding and accounting basis totalling £3,978k of capital grants and other contributions shown originally in the Housing Revenue Account are now shown in taxation and non-specific income operations not included in the net cost of services. This matches the classification of the income in the Comprehensive Income and Expenditure Statement.

Comprehensive Income & Expenditure Statement (CIES)

2019/20 Gross Exp. £'000	2019/20 Gross Inc. £'000	2019/20 Net Exp. £'000		2020/21 Gross Exp. £'000	2020/21 Gross Inc. £'000	2020/21 Net Exp. £'000
93,581	(23,440)	70,141	Adult Services	102,904	(34,661)	68,243
30,008	(1,339)	28,669	Childrens Services	30,957	(2,804)	28,153
10,866	(7,131)	3,735	Commissioning	12,541	(8,850)	3,691
38,378	(13,441)	24,937	Education	38,154	(12,767)	25,387
61,465	(21,019)	40,446	Highways Transport & Recycling	65,456	(29,418)	36,038
18,816	(9,266)	9,550	Property, Planning & Public Protection	19,199	(9,992)	9,207
3,434	(1,929)	1,505	Regeneration	3,925	(3,072)	853
11,348	(3,208)	8,140	Housing & Community Development	15,575	(5,412)	10,163
1,761	(1,134)	627	Digital & Communication Services	2,260	(1,458)	802
1,218	(295)	923	Strategy, Performance & Transformation Programmes	732	(387)	345
2,310	(1,632)	678	Workforce & OD	1,589	(1,116)	473
4,457	(1,398)	3,059	Legal & Democratic Services	3,384	(643)	2,741
6,500	(1,993)	4,507	Finance	4,711	(2,726)	1,985
39,715	(29,271)	10,444	Corporate Activities	43,338	(30,501)	12,837
20,167	(25,496)	(5,329)	Housing Revenue Account (HRA)	20,463	(26,638)	(6,175)
88,270	(9,649)	78,621	Schools Delegated	87,945	(10,367)	77,578
432,294	(151,641)	280,653	Cost of Services	453,133	(180,812)	272,321
		33,738	Other Operating Expenditure (Note 9)			35,066
		18,294	Financing and Investment Income and Expenditure (Note 10)			19,250
		(293,887)	Taxation and Non Specific Grant Income and Expenditure (Note 11)			(317,312)
		38,798	(Surplus)/Deficit on Provision of Services			9,325
		(13,217)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets (Note 21)			(10,357)
		26,012	Impairment losses on Non-current Assets Charged to the Revaluation Reserve (Note 21)			5,172
		21,800	Re-measurements of the Net Defined Benefit (Asset)/Liability (Note 21)			86,400
		34,595	Other Comprehensive Income and Expenditure			81,215
		73,393	Total Comprehensive Income and Expenditure			90,540

Balance Sheet

Balance as at 31 Mar 20		Note	Balance as at 31 Mar 21
£'000			£'000
822,572	Property, Plant And Equipment	12	839,133
1,252	Heritage Assets		1,211
7,952	Investment Property	13	3,701
1,122	Intangible Assets		1,171
989	Long Term Investments	15	982
3,021	Long Term Debtors	15	3,260
836,908	LONG TERM ASSETS		849,458
10,075	Short Term Investments	15	33,000
2,661	Assets Held for Sale		1,850
1,197	Inventories		1,103
49,951	Short Term Debtors	16	49,727
(3,499)	Cash and Cash Equivalents	17	21,381
60,385	CURRENT ASSETS		107,061
(28,382)	Short Term Borrowing	15	(73,399)
(41,354)	Short Term Creditors	18	(66,377)
(3,683)	Short Term Provision	19	(3,476)
(1,264)	Capital Grant Receipts in Advance	33	(10,832)
(74,683)	CURRENT LIABILITIES		(154,084)
(12)	Provisions	19	(68)
(305,253)	Long Term Borrowing	15	(287,803)
(20,762)	Long Term Creditors	18	(5,291)
(370,430)	Liability Related to Defined Benefit Pension	39	(473,660)
(696,457)	LONG TERM LIABILITIES		(766,822)
126,153	NET ASSETS		35,613
43,142	Usable Reserves		64,522
83,011	Unusable Reserves	21	(28,909)
126,153	TOTAL RESERVES		35,613

Cash Flow Statement

Reclassified 2019/20		Note	2020/21
£'000			£'000
	OPERATING ACTIVITIES		
	Cash Outflows		
126,826	Cash Paid to and on Behalf of Employees		131,218
46,703	Other Operating Cash Payments		50,145
210,009	Cash Paid to Suppliers of Good and Services		216,778
15,319	Housing Benefit Paid Out		13,468
26,892	Precepts and Levies Paid		28,404
11,071	Interest Paid		11,459
436,820	TOTAL OUTFLOWS		451,472
	Cash Inflows		
(14,416)	Rents (After Rebates)		(15,228)
(90,727)	Council Tax Income		(94,335)
(43,708)	National Non-Domestic Rate Receipts from Pool		(42,531)
(130,583)	Revenue Support Grant		(141,758)
(15,692)	DWP Grants for Benefits		(15,041)
(39,376)	Other Government Grants	25	(66,309)
(95,123)	Cash Received for Goods and Services		(85,570)
(72)	Interest Received		(92)
(429,697)	TOTAL INFLOWS		(460,864)
7,123	NET CASH OUTFLOW/(INFLOW) FROM OPERATING ACTIVITIES		(9,392)
44,743	INVESTING ACTIVITIES	23	58,398
(48,534)	FINANCING ACTIVITIES	24	(73,886)
3,332	DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		(24,880)
(167)	Cash and Cash Equivalent Balance as at 1 April		(3,499)
(3,499)	Cash and Cash Equivalent Balance as at 31 March	17	21,381

The cashflow has been reclassified in 2019/20. Employer contributions for National Insurance, Teachers and LGPS pensions totalling £39,816k have been moved from cash paid to and on behalf of employees to other operating cash payments in line with the code guidance. Purchase card payments totalling £13,889k have been moved from other operating cash payments to cash paid to suppliers of goods and services.

Notes to the Core Financial Statements

Note 1: Accounting Policies

i. General principles

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021 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 2020/21, 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.

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.

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Post-Employment Benefits

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

- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- 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 2.1% (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.

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.

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).

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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).

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 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.

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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.

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 mis-statement in the accounts.

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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.

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, Capita, from the market on 31 March 2021 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.

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.

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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 2021 for 2020/2021). None of the standards introduced in the 2021/22 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Property Valuations
Uncertainty	<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 2020 for its investment properties, surplus assets and approximately 20% of its operational portfolio. Prior to the valuation date, the RICS issued a Valuation Practice Alert in response to the Coronavirus pandemic and as of 18 March 2020 had published the following recommended wording, which the valuers were including in all Red Book valuation reports as at the valuation date: The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors and at the valuation date our valuers do not consider that we can rely upon previous market evidence to fully inform opinions of value. Indeed, the current response to COVID-19 means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. The valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the valuers recommend that the valuation of these assets are kept under frequent review.</p>
Effect if assumptions differ from actual	<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 £4.2m.</p>

Item	Property, Plant and Equipment
Uncertainty	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.
Effect if assumptions differ from actual	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 £645k for every year that useful lives had to be reduced.

Item	Pension Liability
Uncertainty	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.
Effect if assumptions differ from actual	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 £22.59m. However, the assumptions interact in complex ways. During 2020/21, the Authority's actuaries advised that the net pension's liability had decreased by £10.69m as a result of estimates being corrected as a result of experience. There was no change attributable to updating of the demographic assumptions and an increase of £185.50m 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
Uncertainty	At 31 March 2021, the Authority had a balance of sundry debtors of £46.7m. A review of significant balances suggested that an impairment of doubtful debts of £3.7m was appropriate. Housing Rent arrears had a balance of £2.2m and Council Tax arrears £6.5m at 31 March 2021. A review of significant balances suggested that an impairment of doubtful debts of £1.0m for Housing Rent arrears and £0.9m 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.
Effect if assumptions differ from actual	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £5.6m to be set aside as an allowance. However, very little debt is historically written off as disclosed in note 42.

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.

Reclassified								
2019/20 Adjustments for Capital Purposes	2019/20 Net Change for the Pensions Adjustments	2019/20 Other Differences	2019/20 Total Adjustments	Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2020/21 Adjustments for Capital Purposes	2020/21 Net Change for the Pensions Adjustments	2020/21 Other Differences	2020/21 Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(1,768)	(1,221)	(113)	(3,102)	Adult Services	(1,621)	(1,300)	(115)	(3,036)
(37)	(741)	(73)	(851)	Childrens Services	(41)	(901)	(94)	(1,036)
(5)	(320)	(37)	(362)	Commissioning	(5)	(405)	(52)	(462)
(15,353)	841	(49)	(14,561)	Education	(13,730)	854	(52)	(12,928)
(9,995)	(1,638)	(136)	(11,769)	Highways Transport & Recycling	(8,519)	(1,677)	(190)	(10,386)
(4,026)	(1,184)	(104)	(5,314)	Property, Planning & Public Protection	(4,600)	(838)	(56)	(5,494)
(384)	(60)	(6)	(450)	Regeneration	(290)	(65)	(11)	(366)
(3,329)	(330)	(27)	(3,686)	Housing & Community Development	(6,617)	(338)	(35)	(6,990)
(395)	(327)	(29)	(751)	Digital & Communication Services	(469)	(342)	(12)	(823)
(208)	(171)	(5)	(384)	Strategy, Performance & Transformation Programmes	-	(161)	(12)	(173)
-	(188)	(18)	(206)	Workforce & OD	-	(197)	(25)	(222)
(139)	(217)	(21)	(377)	Legal & Democratic Services	(139)	(213)	(8)	(360)
(3,211)	(164)	(44)	(3,419)	Finance	(77)	(525)	(191)	(793)
(9)	(779)	7	(781)	Corporate Activities	(49)	(419)	1	(467)
(479)	(275)	(23)	(777)	Housing Revenue Account (HRA)	2,640	(291)	(31)	2,318
-	(1,536)	(393)	(1,929)	Schools Delegated	10	(1,742)	252	(1,480)
(39,338)	(8,310)	(1,071)	(48,719)	Net Cost of Services	(33,507)	(8,560)	(631)	(42,698)
875	(7,720)	-	(6,845)	Other Operating Expenditure	1,605	(8,270)	-	(6,665)
(6,698)	-	182	(6,516)	Financing and Investment Income and Expenditure	(6,035)	-	76	(5,959)
18,647	-	-	18,647	Taxation and Non-specific Grant Income and Expenditure	26,244	-	-	26,244
(26,514)	(16,030)	(889)	(43,433)	Difference between Council Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(11,693)	(16,830)	(555)	(29,078)

The reclassification relates to £3,978k of capital grants being moved from the HRA to match the income shown in the CIES under Taxation and Non-Specific grant income and expenditure.

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
2020/21 TRANSACTIONS					
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)
Adjustments primarily involving the Financial Instruments Adjustment Account:					
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)
Adjustments primarily involving the Pensions Reserve:					
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)
Adjustment primarily involving the Accumulated Absences Account:					
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
Total adjustments	(38,646)	9,568	(1,950)	323	30,705

	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
2019/20 TRANSACTIONS					
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(20,292)	(5,739)	-	-	26,031
Amortisation of intangible assets	(502)	(53)	-	-	555
Impairment	(2,319)	-	-	-	2,319
Capital grants and contributions applied	17,104	3,983	-	-	(21,087)
Revenue expenditure funded from capital under statute	(7,286)	-	-	-	7,286
Revaluation gain/loss on property plant and equipment	(11,720)	(456)	-	-	12,176
Movement in fair value of investment property	257	-	-	-	(257)
Loss on derecognition of assets	(3,407)	-	-	-	3,407
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	(8,985)	(33)	-	-	9,018
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	765	1,909	-	-	(2,674)
Capital expenditure charged against the council fund and HRA balances	465	3,856	-	-	(4,321)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	359	-	-	(313)	(46)
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	5,405	90	(5,495)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	3,642	-	(3,642)
Deferred capital receipts upon receipt of cash	-	-	(151)	-	151
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	84	-	-	-	(84)

Adjustments primarily involving the Financial Instruments Adjustment Account:					
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	25	158	-	-	(183)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement (see Note 39)	(36,974)	(1,136)	-	-	38,110
Employer's pensions contributions and direct payments to pensioners payable in the year	21,454	626	-	-	(22,080)
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,048)	(23)	-	-	1,071
Total adjustments	(46,615)	3,182	(2,004)	(313)	45,750

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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.

Note 8: Transfers To/(From) Earmarked Reserves

Reserve Name	As at 31 March 19	Movement	As at 31 March 20	Movement	As at 31 March 21
	£'000	£'000	£'000	£'000	£'000
Restricted Use and Non-transferable					
Schools Reserve ¹	(293)	(967)	(1,260)	4,139	2,879
Insurance Reserve ²	716	(593)	123	(35)	88
Corporate Initiative Reserve ³	1,595	(269)	1,326	(927)	399
	2,018	(1,829)	189	3,177	3,366
Specific Reserves	£'000	£'000	£'000	£'000	£'000
Service Specific Reserves ⁴	1,416	(619)	797	1,939	2,736
Revenue Grants Unapplied ⁵	1,085	(157)	928	2,930	3,858
21 st Century School Reserve ⁶	479	-	479	200	679
Transport Reserve ⁷	6,493	2,773	9,266	2,015	11,281
Invest to Save ⁸	1,484	92	1,576	142	1,718
Other Reserves ⁹	387	1,162	1,549	4,625	6,174
Budget Management Reserve ¹⁰	4,331	(1)	4,330	-	4,330
	15,675	3,250	18,925	11,851	30,776
Total	17,693	1,421	19,114	15,028	34,142

¹ Total representing the funds available and ring-fenced to schools.

² To mitigate the effect of large claims against the Authority

³ 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.

⁴ Accumulated balances that are set aside for specific service activity. Each reserve must have a specific reason with a timetable of planned use that justifies its inclusion.

⁵ Grants received but that have not been utilised that do not have to be repaid to the Grantor.

⁶ 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.

⁷ The transport reserve is 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 are life expired.

⁸ Funds can be borrowed by departments to fund money saving schemes or transformation activity.

⁹ A total of accumulated balances made up from smaller reserves.

¹⁰ An accumulation of the difference between the budget and the outturn position to mitigate future potential pressures.

Note 9: Other Operating Expenditure

2019/20 £'000		2020/21 £'000
	Precepts	
3,902	Community Council Precepts	4,224
15,441	Dyfed Powys Police Precept	16,258
	Levies	
6,951	Mid and West Wales Fire Authority	7,324
554	Brecon Beacons National Park	554
45	Powys Land Drainage Board	44
3,514	(Gain)/Loss on the Disposal of Non-current Assets	1,658
3,415	Non-enhancing Expenditure	5,382
(84)	Transfer to Deferred Credits - Landlord Loans	(378)
33,738		35,066

Note 10: Financing and Investment Income and Expenditure

2019/20 £'000		2020/21 £'000
11,220	Interest Payable and Similar Charges	11,311
7,720	Net Interest on the Defined Liability (Asset)	8,270
(178)	Interest Receivable and Similar Income	(51)
(468)	Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (Note 13)	(280)
18,294		19,250

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

2019/20 £'000		2020/21 £'000
100,949	Council Tax income (Note 34)	106,780
43,708	Non-domestic Rates	42,531
130,583	Non-ringfenced Government Grants	141,758
18,647	Capital Grants and Contributions	26,243
293,887		317,312

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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.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2020/21								
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 20	233,003	458,526	70,422	175,409	1,132	1,811	14,522	954,825
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	191,291	1,273	1,579	31,655	987,577

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2020/21								
Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 20	(11,003)	(28,675)	(51,560)	(38,305)	-	(114)	136	(129,521)
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)	(42,833)	-	(93)	(198)	(145,883)
Accumulated Impairment								
At 1 April 20	-	(229)	(14)	(2,348)	-	-	(140)	(2,731)
Impairment reversals/(losses) recognised in the revaluation reserve	-	170	-	-	-	-	-	170
As at 31 March 21	-	(59)	(14)	(2,348)	-	-	(140)	(2,561)
Net Book Value								
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

Comparative Movements in 2019/20:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2019/20								
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 19	218,531	471,826	74,988	165,640	1,070	5,059	38,104	975,217
Additions	15,016	13,689	5,156	9,312	140	-	8,840	52,153
Revaluation increases/(decreases) recognised in the revaluation reserve	-	(35,770)	-	-	-	(300)	-	(36,070)
Revaluation increases/(decreases) recognised in the surplus on the provision of services	(456)	(11,622)	-	-	-	(78)	-	(12,156)
Derecognition - disposals	(88)	(6,219)	(10,029)	(2)	(8)	(2,575)	(26)	(18,947)
Derecognition - other	-	(3,312)	(14)	-	(70)	-	-	(3,396)
Reclassification from/(to) held for sale	-	-	-	-	-	(1,977)	-	(1,977)
Other movements	-	29,934	321	459	-	1,682	(32,396)	-
As at 31 March 20	233,003	458,526	70,422	175,409	1,132	1,811	14,522	954,824

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
Movement In 2019/20								
Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 19	(5,267)	(40,620)	(56,737)	(33,912)	-	(119)	(27)	(136,682)
Depreciation charge	(5,738)	(11,346)	(4,474)	(4,391)	-	(83)	-	(26,032)
Depreciation written out to the revaluation reserve	-	22,658	-	-	-	29	-	22,687
Derecognition - disposals depreciation	2	637	9,610	-	-	72	-	10,321
Reclassified from/(to) Held for Sale	-	-	-	-	-	45	-	45
Other movements	-	(4)	41	(2)	-	(58)	163	140
As at 31 March 20	(11,003)	(28,675)	(51,560)	(38,305)	-	(114)	136	(129,521)
Accumulated Impairment								
At 1 April 19	-	(681)	(14)	(29)	-	-	(140)	(864)
Impairment reversals/(losses) recognised in the revaluation reserve	-	588	-	-	-	-	-	588
Impairment reversals/(losses) recognised in the surplus on the provision of services	-	-	-	(2,319)	-	-	-	(2,319)
Derecognition - disposals Impairment	-	3	-	-	-	-	-	3
Other Movements	-	(139)	-	-	-	-	-	(139)
As at 31 March 20		(229)	(14)	(2,348)	-	-	(140)	(2,731)
Net Book Value								
As at 31 March 20	222,000	429,622	18,848	134,756	1,132	1,697	14,518	822,572
As at 31 March 19	213,264	430,525	18,237	131,699	1,070	4,940	37,937	837,671

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Capital Commitments

At 31 March 2021, the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2021/22 and future years budgeted to cost £22,876k. Similar commitments at 31 March 2020 were £13,719k.

Included within the £22,876k was an outstanding Revenue Expenditure Funded from Capital Under Statute (Reffcus) commitment of £773k (£4,157k at 31 March 2020).

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 2020/21 were revalued at 1 April 2020.

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.

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.

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	7,868	4,428	76,150	191,292	1,274	41	29,760	7,001	317,814
Valued at fair value:									
31 March 21	-	89,465	-	-	-	1,537	-	-	91,002
31 March 20	-	109,141	-	-	-	-	-	-	109,141
31 March 19	234,026	126,670	-	-	-	-	-	-	360,696
31 March 18	-	87,192	-	-	-	-	-	-	87,192
31 March 17	-	29,069	-	-	-	-	1,894	-	30,963
	241,894	445,965	76,150	191,292	1,274	1,578	31,654	7,001	996,808

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:

2019/20 £'000		2020/21 £'000
(451)	Rental income	(174)
240	Direct operating expense	36
(211)		(138)

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:

2019/20 £'000		2020/21 £'000
5,000	Balance as at 1 April	7,952
2,703	Additions	39
(10)	Disposal/Derecognition	(39)
257	Change in fair value	142
	Transfers:	
-	(To)/From Property, Plant & Equipment	(4,393)
2	Other Changes	-
7,952	Balance as at 31 March	3,701

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.

2019/20 Level 1: Quoted Market Price £'000	2019/20 Level 2: Observable Inputs £'000	2019/20 Level 3: Unobservable Inputs £'000	Total as at 31 March 2020 £'000		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
				Recurring fair value measurements:				
-	4,117	1,140	5,257	Investment property	-	2,669	1,030	3,699
				Non-recurring fair value measurements:				
-	1,483	20	1,503	Assets held for sale	-	1,224	-	1,224
-	1,340	130	1,470	Surplus assets	-	492	343	835

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

2019/20 Fair Value £'000	2019/20 Balance Sheet £'000	2019/20 Variance £'000		2020/21 Fair Value £'000	2020/21 Balance Sheet £'000	2020/21 Variance £'000
5,257	7,952	2,695	Investment Property	3,699	3,701	2
1,503	2,660	1,157	Assets held for sale	1,224	1,850	626
1,470	1,697	227	Surplus Assets	835	1,486	651

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.

2019/20 £'000		2020/21 £'000
349,528	Opening Capital Financing Requirement	380,121
	Capital Investment:	
52,153	Property, Plant and Equipment	54,031
-	Assets held for sale	90
2,703	Investment Properties	39
20	Heritage Assets	-
201	Intangible Assets	521
7,286	REFFCUS	8,521
	Less Sources of Finance:	
3,642	Capital Receipts	459
21,133	Government Grants and Other Contributions	32,128
	Sums Set Aside from Revenue:	
4,321	Direct Revenue Contributions	8,084
2,674	Minimum Revenue Provision (MRP)	4,239
380,121	Closing Capital Financing Requirement	398,413
	Explanation of Movement in Year:	
4,590	Increase/(Decrease) in Underlying Need to Borrow (Supported by Government Financial Assistance)	712
26,003	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	17,580
30,593	Increase/(Decrease) in Capital Financing Requirement	18,292

Note 15: Financial Instruments

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

Financial Assets

31 March 20 Long Term £'000	31 March 20 Current £'000		31 March 21 Long Term £'000	31 March 21 Current £'000
989	10,075	Investments – Amortised Cost	982	33,000
3,021	49,951	Debtors – Amortised Cost	3,260	49,727

Financial Liabilities

31 March 20 Long Term £'000	31 March 20 Current £'000		31 March 21 Long Term £'000	31 March 21 Current £'000
305,253	28,382	Borrowings – Amortised Cost	287,803	73,399
20,762	41,354	Creditors – Amortised Cost	5,291	66,377

Included in short term borrowing is £33m 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 30 September 2021 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

2019/20 Surplus or Deficit on the Provision of Services	2019/20 Other Comprehensive Income and Expenditure	2019/20 Total		2020/21 Surplus or Deficit on the Provision of Services	2020/21 Other Comprehensive Income and Expenditure	2020/21 Total
£'000	£'000	£'000		£'000	£'000	£'000
			Net Gains/Losses on:			
442	-	442	Impairment loss	190	-	190
442	-	442	Total Net Gains/Losses	190	-	190
			Interest Revenue:			
(178)	-	(178)	Financial Assets Measured at Amortised Cost	(51)	-	(51)
(178)	-	(178)	Total Interest Revenue	(51)	-	(51)
11,220	-	11,220	Interest Expense	11,311	-	11,311

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 2021 of 0.79% to 2.19% for loans from the PWLB and 2.03% to 2.63% for LOBO's and 0.79% to 2.15% 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 20 Carrying Amount £'000	31 March 20 Fair Value £'000		31 March 21 Carrying Amount £'000	31 March 21 Fair Value £'000
333,635	399,007	Financial Liabilities	361,202	445,124
20,762	20,762	Long Term Creditors	5,291	5,291

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 20 Carrying Amount £'000	31 March 20 Fair Value £'000		31 March 21 Carrying Amount £'000	31 March 21 Fair Value £'000
11,064	11,064	Loans and Receivables	33,982	33,982
3,021	3,021	Long Term Debtors	3,260	3,260

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

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 20 £'000		31 March 21 £'000
15,318	Trade Debtors	17,840
32,931	Other Debtors	29,580
1,702	Payments in Advance	2,307
49,951		49,727

Note 17: Cash and Bank Accounts

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

31 March 20 £'000		31 March 21 £'000
23,122	Cash Held by the Authority	62
(26,621)	Bank Current Accounts	21,319
(3,499)		21,381

In addition to the above, at 31 March 2021 the Council held £2,124k (£2,182k at 31 March 2020) 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 20 £'000		31 March 21 £'000
(23,516)	Trade Payables	(40,191)
(7,050)	Other Payables	(9,434)
(10,788)	Accruals and Deferred Income	(16,752)
(41,354)		(66,377)

Long Term Creditors

31 March 20 £'000		31 March 21 £'000
(20,762)	Receipts in Advance	(5,291)
(20,762)		(5,291)

Note 19: Provisions

Short Term Provisions

	As at 1 Apr 20 £'000	Increase in Provision £'000	Reversal of Unused Provision £'000	Amounts Paid £'000	As at 31 March 21 £'000
Insurance ¹	(2,508)	(747)	-	439	(2,816)
Other ²	(1,175)	(29)	165	379	(660)
	(3,683)	(776)	165	818	(3,476)

Long Term Provisions

	As at 1 Apr 20 £'000	Increase in Provision £'000	Reversal of Unused Provision £'000	Amounts Paid £'000	As at 31 March 21 £'000
Long Term ³	(12)	(56)	-	-	(68)

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

2019/20 £'000		2020/21 £'000
7,232	Balance as at 1 April	9,236
5,646	Gross capital receipts	2,409
-	Financing fixed assets	(228)
(3,642)	Financing Refocus	(231)
9,236	Balance as at 31 March	11,186

Note 21: Unusable Reserves

31 Mar 20 £'000		31 Mar 21 £'000
284,508	Revaluation reserve	280,425
171,073	Capital adjustment account	167,104
(1,081)	Financial instruments adjustment account	(1,215)
(370,430)	Pensions reserve	(473,660)
3,254	Deferred capital receipts	3,381
(4,313)	Accumulated absences account	(4,944)
83,011		(28,909)

¹ 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.

² Included in Other are Equal Pay claims still to be settled.

³ The balance of the long term provision relates to the historic insurance claims relating to the old Authority insurer, Municipal Mutual Insurance Company 'run-off'.

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.

2019/20 £'000	2019/20 £'000		2020/21 £'000	2020/21 £'000
	309,827	Balance as at 1 April		284,508
13,217		Upwards revaluation of assets	10,357	
(26,012)		Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(5,172)	
	(12,795)	Surplus or deficit on the revaluation of non-current assets not posted to the surplus/deficit on the provision of services		5,185
(6,847)		Difference between fair value depreciation and historical cost depreciation	(6,914)	
(5,677)		Accumulated gains on assets sold or scrapped	(2,354)	
	(12,524)	Amount written off to the capital adjustment account		(9,268)
	284,508	Balance as at 31 March		280,425

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.

2019/20 £'000	2019/20 £'000		2020/21 £'000	2020/21 £'000
	187,314	Balance as at 1 April		171,073
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(26,031)		Charges for depreciation of non-current assets	(27,019)	
(555)		Amortisation of Intangible Assets	(473)	
(12,176)		Revaluation gain/(loss) on Property, Plant and Equipment	(11,817)	
(2,319)		Impairment due to economic consumption	-	
(7,286)		Revenue expenditure funded from capital under statute	(8,521)	
(3,407)		Loss on derecognition of Assets	(5,382)	
(9,008)	(60,782)	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	(3,809)	(57,021)
	12,524	Adjusting amounts written out of the Revaluation Reserve		9,268
	(48,258)	Net written out of the cost of non-current assets consumed in the year		(47,753)
		Capital Financing applied in the year		
3,642		Use of the Capital Receipts Reserve to finance new capital expenditure	459	
21,087		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	30,516	
46		Application of grants to capital financing from the Capital Grants Unapplied Account	351	

STATEMENT OF ACCOUNTS

2019/20 £'000	2019/20 £'000		2020/21 £'000	2020/21 £'000
4,321		Capital expenditure charged against the Council Fund and HRA balances	8,084	
2,674	31,770	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	4,239	43,649
	257	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		142
	(10)	Financial Instruments		(7)
	171,073	Balance as at 31 March		167,104

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.

2019/20 £'000		2020/21 £'000
(1,264)	Balance as at 1 April	(1,081)
(8)	Discounts paid from rescheduling of debt	(8)
146	Soft loans adjustment	(170)
45	Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	44
(1,081)	Balance as at 31 March	(1,215)

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

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arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £'000		2020/21 £'000
(332,600)	Balance as at 1 April	(370,430)
(21,800)	Actuarial gains or (losses) on pensions assets and liabilities	(86,400)
(38,110)	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	(38,600)
22,080	Employer's pensions contributions	21,770
(370,430)	Balance as at 31 March	(473,660)

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.

2019/20 £'000		2020/21 £'000
3,321	Balance as at 1 April	3,254
84	Landlord Loans	378
(151)	Transfer to the Capital Receipts Reserve upon receipt of cash	(251)
3,254	Balance as at 31 March	3,381

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.

2019/20 £'000		2019/20 £'000
(3,242)	Balance as at 1 April	(4,313)
3,242	Settlement or cancellation of accrual made at the end of the preceding year	4,313
(4,313)	Amounts accrued at the end of the current year	(4,944)
(4,313)	Balance as at 31 March	(4,944)

Note 22: Expenditure and Income Analysed by Nature

2019/20 £'000	Per the (surplus)/deficit from the provision of services	2020/21 £'000
179,235	Employee Costs	187,560
21,574	Premises related expenditure	23,441
16,626	Transport related expenditure	14,464
27,405	Supplies and Services	25,470
40,822	Depreciation and Impairment losses	39,167
7,286	REFFCUS	8,521
94,553	Third Party Payments	112,197
26,893	Precepts and Levies (see note 9)	28,404
50,621	Transfer Payments	49,291
11,283	Capital financing costs (Interest and Similar Charges)	11,330
7,720	Pension Interest Costs	8,270
760	IAS 19 Past Service Costs	240
3,415	Non-Enhancing Expenditure	5,382
3,514	Loss on Disposal of Asset	1,658
491,707	Total Expenditure	515,395
(101,741)	Grants, reimbursements and contributions (see note 33) ¹	(139,726)
(72,867)	Customer and client income	(70,715)
(84)	Transfer to deferred credits - landlord loans (see note 9)	(378)
(178)	Interest received and similar income	(51)
(2,799)	REFFCUS	(4,131)
(19,343)	Precepts	(20,410)
(81,606)	Council Tax ¹	(86,370)
(43,708)	Non Domestic Rates	(42,531)
(130,583)	Revenue Support Grant	(141,758)
(452,909)	Total Income	(506,070)
38,798	Net Expenditure/(Income)	9,325

Reconciliation to the report to Cabinet (see Narrative Report)

2019/20 £'000		2020/21 £'000
38,798	(Surplus)/Deficit on the Provision of Services (see CIES)	9,325
81,606	Council Tax	86,370
(710)	Council Tax Surplus	(1,218)
43,708	Non-Domestic Rates	42,531
130,583	Revenue Support Grant	141,758
	Items not reported to management	
(43,433)	Adjustments made between Accounting Basis and Funding Basis Under Regulations (see Expenditure and Funding Analysis)	(29,078)
250,552	Net Expenditure/(Income) as per Narrative Report	249,688

¹ The £621k COVID-19 Council Tax Collection grant listed in note 33 has been reported under Council Tax.

Note 23: Cash Flow Statement – Investing Activities

2019/20 £'000		2020/21 £'000
43,513	Purchase of property, plant and equipment, investment property and intangible assets	46,316
313,510	Purchase of short and long term investments	96,595
(1,473)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,513)
(310,807)	Proceeds from the sale of short and long term investments	(83,000)
44,743	Net cash flows from investing activities	58,398

Note 24: Cash Flow Statement – Financing Activities

2019/20 £'000		2020/21 £'000
(33,891)	Cash receipts of short and long term borrowing	(55,084)
(21,995)	Other receipts from financing activities	(34,349)
3,696	Repayments of short and long term borrowing	25,033
3,656	Other payments for financing activities	(9,486)
(48,534)	Net cash flows from financing activities	(73,886)

Note 25: Cash Flow Statement – Analysis of Government Grants

2019/20 £'000		2020/21 £'000
10,571	Housing Grants	10,704
13	Other Housing	-
3,718	Other Social Services (Primarily Mental Handicap Strategy)	5,359
3,854	Supporting People	5,372
1,796	Other Transport Grants	2,095
1,154	Waste Disposal And Recycling Grants	1,464
8,267	Education Grants	7,063
2,588	Concessionary Travel	3,366
4,197	Miscellaneous	4,160
-	Emergency Financial Assistance	2,464
-	COVID-19	21,658
76	Safer Communities Fund	-
131	Communities First	186
2,545	Reffcus	1,868
425	Sports Council	538
41	Arts Council of Wales	12
39,376		66,309

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 2020/21 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 2020/21 accounts of the Welsh Church Acts Fund are set out below. These accounts do not form part of the Authority's consolidated accounts. 2019/20 figures have been restated to reflect the audited accounts in that year.

Restated 2019/20 £'000	Revenue Account	2020/21 £'000
	Income	
(79)	Investment Income	(67)
(4)	Other income	(3)
-	Gains on Investment Assets	(549)
(83)	Total Income	(619)
	Expenditure	
40	Raising Funds	36
46	Charitable Activities	34
208	Losses on Investment Assets	-
294	Total Expenditure	70
211	Deficit/(Surplus) for the year	(549)
(2,646)	Fund Balance Brought Forward	(2,435)
(2,435)	Fund Balance Carried Forward	(2,984)

31 March 20 £'000	Balance Sheet	31 March 21 £'000
	Non-current Assets	
205	Land and Buildings	205
2,233	Investments	2,782
2,438	Total Non-current Assets	2,987
(3)	Net Current Assets	(3)
2,435	Net Assets	2,984
2,435	Fund Surplus	2,984

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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.

2019/20 £'000	Revenue Account	2020/21 £'000
(349)	Income	(238)
349	Expenditure	238
-	Deficit/(Surplus) for the year	-
(4)	Fund Balance Brought Forward	(4)
(4)	Fund Balance Carried Forward	(4)

31 March 20 £'000	Balance Sheet	31 March 21 £'000
4	Net Current Assets	4
4	Net Assets	4
4	Fund Surplus	4

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 2021 was £492k (£571K at 31 March 2020).

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 2021 was £0k (£0k at 31 March 2020).

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 2021 was £2,541k (£257k at 31 March 2020).

COVID-19 Business Grants

Grants of £72,658k were paid to eligible businesses in 2020/21 (£11,700k in 2019/20). A creditor of £2,295k was held on the balance sheet at 31 March 2021.

Social care £500 bonus scheme

Bonus payments of £2,056k were paid to individual care workers in 2020/21 (no payments in 2019/20). A debtor of £21k was held on the balance sheet at 31 March 2021.

SSP Enhancement

Top up payments to full salary of £79k were paid where employees only receive statutory sick pay when off sick with Covid or having to self isolate as an infection control measure in 2020/21 (no payments in 2019/20). A debtor of £5k was held on the balance sheet at 31 March 2021.

Self Isolation Payments (SIPS)

Payments totalling £77k were made to eligible individuals who had to self isolate in 2020/21 (no payments in 2019/20). A debtor of £27k was held on the balance sheet at 31 March 2021.

Flooding

Payments totalling £12k were made to each eligible householders flooded or evacuated in 2020/21 (no payments in 2019/20). A debtor of £5k was held on the balance sheet at 31 March 2021.

NDR Rate Relief Grants

£11,442k was paid to eligible Companies in 2020/21 (no payments in 2019/20). A creditor of £8k was held on the balance sheet 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 2020/21 for Free Nursing care was £2,317k which is now within the PTHB base allocation from WG.

2019/20 £'000		2020/21 £'000
	Gross Funding	
1,064	Powys County Council	1,065
1,044	Powys Teaching Health Board	1,252
2,108	Total funding	2,317
	Expenditure	
2,218	Monies spent in accordance with Pooled Budget arrangement	2,095
2,218	Total expenditure	2,095
(110)	Net under/(over) spend	222
	Net under/(over) spend - held	
-	Powys County Council	14
(110)	Powys Teaching Health Board	208

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

Powys Carers Services Section 33 Pooled Budget

Powys Teaching Health Board and Powys County Council have entered a memorandum of understanding Joint Financing arrangement. 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.

To ensure the integrated provision of high quality, cost effective services to Carers which meet local health and social care needs by working together to support the Integrated Vision of the Joint Health and Care Strategy for Powys in respect of Carers focusing on what matters to the individual.

2019/20 £'000		2020/21 £'000
	Gross Funding	
191	Powys County Council	191
17	Powys Teaching Health Board	17
208	Total funding	208
	Expenditure	
208	Monies spent in accordance with Pooled Budget arrangement	208
208	Total expenditure	208
-	Net under/(over) spend	-

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.

2019/20 £'000		2020/21 £'000
	Gross Funding	
521	Powys County Council	521
521	Powys Teaching Health Board	521
1,042	Total funding	1,042
	Expenditure	
1,072	Monies spent in accordance with Pooled Budget arrangement	1,046
1,072	Total expenditure	1,046
(30)	Net under/(over) spend	(4)
	Net under/(over) spend - held	
(15)	Powys County Council	(2)
(15)	Powys Teaching Health Board	(2)

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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).

2019/20 £'000		2020/21 £'000
	Gross Funding	
227	Powys County Council	248
227	Powys Teaching Health Board	248
454	Total funding	496
	Expenditure	
454	Monies spent in accordance with Pooled Budget arrangement	496
454	Total expenditure	496
-	Net under/(over) spend	-

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:

2019/20 £'000		2020/21 £'000
	Gross Funding	
413	Powys County Council	413
828	Powys Teaching Health Board	828
1,241	Total funding	1,241
	Expenditure	
	Monies spent in accordance with Pooled Budget arrangement	
732	Powys County Council	732
480	Powys Teaching Health Board	493
1,212	Total expenditure	1,225
29	Net under/(over) spend	16
	Net under/(over) spend - held	
-	Powys County Council	-
29	Powys Teaching Health Board	16

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.

2019/20 £'000		2020/21 £'000
	Gross Funding	
673	Powys County Council	673
122	Powys Teaching Health Board	122
795	Total funding	795
	Expenditure	
795	Monies spent in accordance with Pooled Budget arrangement	795
795	Total expenditure	795
-	Net under/(over) spend	-

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.

2019/20 £'000		2020/21 £'000
	Gross Funding	
3,145	Powys County Council	3,145
1,277	Powys Teaching Health Board	1,277
1,063	Other income	1,522
5,485	Total funding	5,944
	Expenditure	
5,249	Monies spent in accordance with Pooled Budget arrangement	5,798
5,249	Total expenditure	5,798
236	Net under/(over) spend	146
	Net under/(over) spend - held	
236	Powys County Council	107
-	Powys Teaching Health Board	39

Note 29: Joint Committees

Education through Regional Working ERW is a Joint Committee consisting of five local authorities in South West and Mid-Wales. Pembrokeshire is the lead Authority. The total annual contribution from participating Authority's for 2020/21 was £480k (£250k in 2019/20) of which Powys C.C. contributed £82k (£34k in 2019/20).

The 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.

Note 30: Members Allowances

A total of £1,281k was paid to Councillors in basic and special responsibility allowances (£1,256k in 2019/20). Councillors were also reimbursed travel, working expenses and subsistence expenses in accordance with regulations amounting to £3k (£82k in 2019/20). The decrease a result of the Council Offices being closed for meetings due to the pandemic.

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 (£22,183 in 2020/21, £21,166 in 2019/20) of the Authorities employees was 6.39 (6.38 in 2019/20). 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 at 31 March.

The following number of higher paid officers, excluding senior officers, of the County Council received emoluments in excess of £60,000 in the year. Remuneration bands exclude employer's pension contributions.

2019/20 Officers	Remuneration band	2020/21 Officers
28	£60,000 - £64,999	41
17	£65,000 - £69,999	16
4	£70,000 - £74,999	8
12	£75,000 - £79,999	4
4	£80,000 - £84,999	8
2	£85,000 - £89,999	3
-	£90,000 - £94,999	3
2	£95,000 - £99,999	1
1	£100,000 - £104,999	-
-	£105,000 - £109,999	1
	...	
-	£150,000 - £154,999	-
1	£155,000 - £159,999	-

Those officers in statutory roles or reporting directly to the Chief Executive who attracted remuneration of at least £60k are shown in the 2020/21 disclosure on the next page.

Note 38 details termination benefits.

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Post Title 2020/21	Salary (inc fees & allowances)	Benefits in kind	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution ¹	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) ²	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 ²	86	4	-	90	23	113
Interim Chief Education Officer	82	-	-	82	21	103
Strategic Lead for Education (Interim) ³	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.

Post Title 2019/20	Salary (inc fees & allowances)	Benefits in kind ¹	Termination Benefits	Total Remuneration Excluding Pension Contribution	Pension Contribution ²	Total Remuneration including Pension Contribution
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	134	-	-	134	37	171
Corporate Director (Children and Adults) ³	110	-	-	110	31	141
Corporate Director (Economy and Environment)	99	4	-	103	28	131
Corporate Director (Resources and Transformation) ⁴	106	-	-	106	30	136
Head of Finance (S.151 Officer)	79	-	-	79	22	101
Head of Legal and Democratic Services	84	3	-	87	23	110
Interim Head of Education ⁵	52	-	-	52	14	66
Head of Education ⁶	36	-	-	36	10	46

Notes to the 2019/20 structure

1. The Benefits in Kind are based on an interim report which was made available at the time of preparing the draft Statement of Accounts
2. Pension Contribution is 27.95% of pensionable pay, of which 18.70% relates to employer's future service costs while 9.25% is deficit funding relating to the shortfall concerning past service liabilities.
3. Since March 2019 the Corporate Director (Children and Adults) has fulfilled the statutory role of Director of Social Services whereas previously an officer of the WLGA had done so on an interim basis. No amounts were paid to the WLGA in respect of this in 2019/20.
4. The position of Corporate Director (Transformation) was replaced with the Corporate Director (Resources and Transformation) on 1 Oct 2019 so as to include the Finance department. There were no changes in post holder or pay.
5. The position of Interim Head of Education was created and filled on 1 Aug 2019
6. The position of Head of Education was vacated by the post holder on 27 Aug 2019 and is currently being covered on an interim basis (see 5 above)

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.

2019/20 £'000		2020/21 £'000
208	Accounts	208
110	Performance audit	110
50	Grant claims	50
368		368

Note 33: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

2019/20 £'000	Grants, Reimbursements and Contributions	2020/21 £'000
-	Accelerated Learning	708
1,233	AHW Social Services Support	1,650
271	Animal Health Welfare Grant	65
312	Benefit Administration Grant	303
649	Bus Revenue Support (Traws Cymru)	3,674
-	Child Development Fund	125
3,265	Children & Communities Grant	3,124
1,076	Concessionary Travel	633
-	COVID-19 Bus Emergency Scheme	561
-	COVID-19 Council Tax Collection ¹	621
-	COVID-19 Council Tax Reduction Scheme	629
-	COVID-19 Digital Services	1,093
-	COVID-19 Discharge to Assess (D2RA)	176
-	COVID-19 Hardship – Cost	14,491
-	COVID-19 Hardship – Income	3,495
-	COVID-19 Job Retention	863
-	COVID-19 Lost Income	124
-	COVID-19 Misc	1,737
-	COVID-19 Operational Items	181
-	COVID-19 Support for Savings	1,093
-	COVID-19 Track and Trace	1,632
321	CSW Development	289
4,592	RCSIG (formerly Education Improvement Grant)	4,286
-	Emergency Financial Assistance Scheme	2,493
1,059	European Agricultural Fund for Rural Development	711
534	Home Grown Homes Grant	665
11,488	Housing Benefit Subsidy	10,704
2,532	Integrated Care Fund	2,731
4,813	Joint Finance – Area Health	4,887
-	LA Education	378

¹ This grant is reported within Council Tax in note 22.

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2019/20 £'000	Grants, Reimbursements and Contributions	2020/21 £'000
-	LA Road Maintenance Grant (Revenue)	945
1,556	Local Health Boards	2,294
727	NNDR Collection Grant	374
2,244	Pupil Deprivation Grant	1,881
1,072	Regional Transport Service Grant (formerly Bus Services Support Grant)	1,136
14,105	Rent Allowance Grant	12,731
-	Revenue Maintenance Funding	1,812
111	School Milk	56
114	Self Improving System (formerly Small & Rural Schools Grant)	298
1,241	Single Revenue Grant (formerly Sustainable Waste Management Grant)	1,625
4,610	Sixth Form Grant	4,732
413	Sports Council	540
1,023	Substance Abuse Action Plan	1,197
5,123	Supporting People	5,265
800	Teaching Workforce Issues	230
1,576	Teachers Pension Grant	-
-	Winter Resilience	756
-	Youth Concessionary Fares	2,007
18,647	Capital Grants	26,264
7,712	Other Government Grants	5,334
625	Other Non-Government Grants	763
7,897	Other	5,985
101,741		140,347

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:

2019/20 £'000	Capital grants received in advance	2020/21 £'000
790	Balance as at 1 April	1,264
690	Grants Received	10,394
(216)	Transfer to Income and Expenditure Account	(826)
1,264	Balance as at 31 March	10,832

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 2020/21 (52.6p in 2019/20) 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 2021 was £85,233,518 (£83,770,730 at 31 March 2020). 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 2020/21 was 62,396 (62,123 in 2019/20).

The basic charge of £1,364.68 for a band D property in 2020/21 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	3,222	6,101	10,098	9,433	13,688	12,676	6,398	1,131	391

2019/20 £'000		2020/21 £'000
101,288	Council tax income	107,018
(339)	Miscellaneous write offs	(238)
100,949	Net proceeds from council tax	106,780

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 2020/21.

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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, two members) 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.

Heart of Wales Property Services Limited accounting period is 30 June. Profits and losses are shared equally between the shareholders.

The Council expenditure with the Company in 2020/21 was £11,286k (£13,010k in 2019/20). The Council has a prepayment of £1,036k (£71k in 2019/20) and a creditor of £828k (£395k in 2019/20), £608k of which represents the Council's liability for the share of losses at 31 March 2021 (£392k at 31 Mar 2020). A £216k in year loss was recorded in 2020/21 (£202k loss in 2019/20), of which £119k (£115k in 2019/20) apportioned to the Council Fund and £97k (£87k in 2019/20) recognised in the Housing Revenue Account (HRA).

Precepts

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

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 2020/21 the Council was paid £997k for these services (£942k in 2019/20).

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)	35	-	-	1
Jones, Michael John	Brecon Beacons National Park	Member of Planning Committee	702	-	34	9
Williams, Gwilym Ioan Snead	Brecon Beacons National Park	Member of Planning Committee	702	-	34	9
Ratcliffe, Gareth	Brecon Beacons National Park	Member and Chairman	702	-	34	9
Davies, Phyl	Celtic Travel (Llanidloes) Ltd	Director	1,893	97	-	-
Corfield, Linda Veronica	Community Foundation in Wales	LEA Representative	61	-	5	1
Baynham, Beverley Jane	East Radnor Day Centre	Chief Officer	203	-	-	-
Jones, Michael E.	East Radnor Day Centre	Director	203	-	-	-
Williams, Jon	Llandrindod Wells Town Council	Chair	182	-	1	-
Jones, Gareth David	Llanfair Caereinion Town Council	Member and Chairman	45	5	3	20
Lewis, Peter	Llanfyllin Town Council	Chairman/Mayor	43	-	-	-
Jones, Joy Rachel	Maldwyn Leisure Centre	Board Member	2,936	-	125	85
Van-Rees, Tim	Mid and West Wales Fire Authority	Member and Chairman of Resources Committee	7,324	-	6	7
Curry, Kelvyn	Mid and West Wales Fire Authority	Deputy Chair	7,234	-	6	7
Price, David	Mid and West Wales Fire Authority	Councillor	7,234	-	6	7
Thomas, Gwynfor	Mid and West Wales Fire Authority	Councillor	7,234	-	6	7
Powell, William Denston	PAVO	Trustee	91	15	31	30
Harris, Rosemarie	Powys Community Health Council	Chair	-	-	31	4

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Member	Body	Relationship	In Year Expenditure £'000	O/S Expenditure £'000	In Year Income £'000	O/S Income £'000
Hulme, Heulwen Doreen	Powys Community Health Council	Committee Member	-	-	31	4
Charlton, Jackie	Powys Community Health Council	Board Member	-	-	31	4
Charlton, Jackie	Powys Teaching Health Board	Mental Health Act Manager	1,659	184	14,168	3,209
Harris, Rosemarie	Royal Welsh Agricultural Show	Enterprise Director and Steward	13	-	2	-
Mackenzie, Maureen	Royal Welsh Agricultural Show	Committee Member for Llanelwedd	13	-	2	-
Meredith, David William	Theatr Brycheiniog	Board Member	34	-	-	-
Roderick, Edwin	Theatr Brycheiniog	Board Member	34	-	-	-
Weale, Martin Jonathan	Weales Wheels	Proprietor	350	-	-	-
Mackenzie, Maureen	Wyeside Arts Centre	Interim Chair	33	-	-	-
Price, David Rowland	Wyeside Arts Centre	Trustee	33	-	-	-
Thomas, David	Ystradgynlais Mind	Trustee	16	-	5	-
Williams, Huw	Ystradgynlais Mind	Trustee	16	-	5	-
Davies, Sandra Christine	Ystradgynlais Sports Centre, Management Committee	Member	2,936	-	1,033	522

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 £771k (£912k in 2019/20) and the total outstanding commitment on operating leases at the 31 March 2021 was £1,688k (£1,086k at 31 March 2020).

31 March 20 £'000	Minimum lease payments	31 March 21 £'000
515	No later than one year	666
281	Later than one but no later than five years	668
290	Later than five years	354
1,086		1,688

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 20 £'000	Minimum lease payments	31 March 21 £'000
1,207	No later than one year	1,150
2,414	Later than one but no later than five years	2,219
3,079	Later than five years	2,929
6,700		6,298

Finance Leases

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

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 20 £'000	Commitment	31 March 21 £'000
5,899	No later than one year	5,899
6,885	Later than one but no later than five years	986
-	Later than five years	-
12,784		6,885

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.

31 March 20 £'000	Commitment	31 March 21 £'000
10,100	No later than one year	10,100
12,681	Later than one but no later than five years	2,581
-	Later than five years	-
22,781		12,681

Note 38: Termination Benefits

The Authority had the following termination costs.

Restated				
2019/20 Staff	2019/20 £'000		2020/21 Staff	2020/21 £'000
135	703	£0 - £20,000	104	563
19	548	£20,001 - £40,000	9	227
2	94	£40,001 - £60,000	1	45
1	63	£60,001 - £80,000	1	74
-	-	£80,001 - £100,000	-	-
2	230	£100,001 - £150,000	1	103
159	1,638		116	1,012

Restated			
2019/20 £'000			2020/21 £'000
804	Redundancy		511
652	Pension strain		246
49	Loss of office		60
133	Payment in lieu of notice or holidays		195
1,638			1,012

2019/20 figures have been restated. Payment in lieu of holiday payments totalling £74k relating to 205 staff have removed as the employees rather than the employer instigated the termination of employment.

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.

2019/20 Local Government Pension Scheme £'000	2019/20 Discretionary Benefits Arrangements £'000		2020/21 Local Government Pension Scheme £'000	2020/21 Discretionary Benefits Arrangements £'000
		Comprehensive Income and Expenditure Statement		
		Cost of Services:		
		Service cost comprising:		
29,630	-	• Current service cost	30,090	-
650	110	• Past service costs	240	-
		Financing and Investment Income and Expenditure:		
7,060	660	• Net interest expense	7,670	600
37,340	770	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	38,000	600
		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
42,440	-	• Return on plan assets (excluding the amount included in the net interest expense)	(90,650)	-
(7,190)	(260)	• Actuarial (gains)/losses arising on changes in demographic assumptions	-	-
(17,430)	(150)	• Actuarial (gains)/losses arising on changes in financial assumptions	185,500	2,620
4,420	(30)	• Other	(10,690)	(380)
59,580	330	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	122,160	2,840
		Movement in Reserves Statement		
(37,340)	(770)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for postemployment benefits in accordance with the Code	(38,000)	(600)
		Actual amount charged against the General Fund Balance for pensions in the year:		
(20,590)		• Employers' contributions payable to scheme	(20,300)	
	(1,490)	• Retirement benefits payable to pensioners		(1,470)

STATEMENT OF ACCOUNTS

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 2020 Local Government Pension Scheme £'000	31 Mar 2020 Discretionary Benefits Arrangements £'000		31 Mar 2021 Local Government Pension Scheme £'000	31 Mar 2021 Discretionary Benefits Arrangements £'000
579,210	-	Fair value of assets	684,260	-
922,680	26,960	Present value of defined benefit obligation	1,129,590	28,330
(343,470)	(26,960)	Net liability arising from defined benefit obligation	(445,330)	(28,330)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2019/20 Local Government Pension Scheme £'000	2019/20 Discretionary Benefits Arrangements £'000	Pension Scheme Assets	2020/21 Local Government Pension Scheme £'000	2020/21 Discretionary Benefits Arrangements £'000
609,560	-	Brought forward 1 April	579,210	-
14,610	-	Interest Income on Assets	13,350	-
(42,440)	-	Remeasurement gains/(losses) on assets	90,650	-
20,590	1,490	Contributions by the employer	20,300	1,470
4,620	-	Contributions by participants	4,820	-
(27,730)	(1,490)	Net benefits paid out	(24,070)	(1,470)
579,210	-	Carried Forward 31 March	684,260	-

2019/20 Local Government Pension Scheme £'000	2019/20 Discretionary Benefits Arrangements £'000	Actual Return on Assets	2020/21 Local Government Pension Scheme £'000	2020/21 Discretionary Benefits Arrangements £'000
14,610	-	Interest Income on Assets	13,350	-
(42,440)	-	Remeasurement gains/(losses) on assets	90,650	-
(27,830)	-	Actual Return on Assets	104,000	-

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

2020 Local Government Pension Scheme Funded £'000	2020 Discretionary Benefits Arrangements Funded £'000	Pension Scheme Liabilities	2021 Local Government Pension Scheme Funded £'000	2021 Discretionary Benefits Arrangements Funded £'000
914,040	28,120	Brought forward 1 April	922,680	26,960
29,630	-	Current service cost	30,090	-
21,670	660	Interest expense on defined benefit obligation	21,020	600
4,620	-	Contributions by participants	4,820	-
(17,430)	(260)	Actuarial (gains)/losses on liabilities – financial assumptions	185,500	2,620
(7,190)	(150)	Actuarial (gains)/losses on liabilities – demographic assumptions	-	-
4,420	(30)	Actuarial (gains)/losses on liabilities – experience	(10,690)	(380)
(27,730)	(1,490)	Net benefits paid out	(24,070)	(1,470)
650	110	Past service cost	240	-
922,680	26,960	Carried Forward 31 March	1,129,590	28,330

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 20	% of Assets (Unquoted) 31 Mar 20	Total Assets 31 Mar 20		% of Assets (Quoted) 31 Mar 21	% of Assets (Unquoted) 31 Mar 21	Total Assets 31 Mar 21
37.5	6.2	43.7	Equity Investments	48.8	5.4	54.2
9.5	-	9.5	Property	8.4	-	8.4
16.3	-	16.3	Government Bonds	11.9	-	11.9
6.5	-	6.5	Corporate Bonds	18.4	-	18.4
3.2	-	3.2	Cash	3.4	-	3.4
18.7	2.1	20.8	Other	5.5	(1.8)	3.7
91.7	8.3	100.0		96.4	3.6	100.0

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:

2020 %		2021 %
2.0	Inflation – CPI	2.7
3.5	Rate of general increase in salaries	4.2
2.0	Rate of increase to pensions in payment	2.7
2.0	Rate of increase to deferred pensions	2.7
2.3	Discount rate	2.1

The Principal Demographic Assumptions are:

31 March 20	Post Retirement Mortality	31 March 21
	Males	
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S2N tables
105.0%	Scaling to the above table - current pensioners	105.0%
110.0%	Scaling to the above table - future pensioners	110.0%
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%
21.8	Future lifetime from age 65 (currently aged 65)	21.9
23.2	Future lifetime from age 65 (currently aged 45)	23.3
	Females	
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S2N tables
90.0%	Scaling to the above table - current pensioners	90.0%
95.0%	Scaling to the above table - future pensioners	95.0%
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%
25.0	Future lifetime from age 65 (currently aged 65)	25.1
26.4	Future lifetime from age 65 (currently aged 45)	26.5

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	31 March 20	31 March 21
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
Discount Rate		
Experience gains / (losses) on liabilities	+0.1% p.a.	-0.1% p.a.
Present value of total obligations (£'000s)	1,107,000	1,152,180
% change in present value of total obligation	-2.0%	2.0%
Projected service cost (£'000s)	41,080	44,020
Approximate % change in projected service cost	-3.4%	3.5%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value to total obligation (£'000s)	1,131,850	1,127,330
% change in present value of total obligation	0.2%	-0.2%
Projected service cost (£'000s)	42,530	42,530
Approximate % change in projected service cost	0.0%	0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£'000s)	1,149,920	1,110,390
% change in present value of total obligation	1.80%	-1.70%
Projected service cost (£'000s)	44,020	41,080
Approximate % change in projected service cost	3.5%	-3.4%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumptions	-1 year	+1 year
Present value of total obligation (£'000s)	1,170,260	1,088,920
% change in present value of total obligation	3.6%	-3.6%
Projected service cost (£'000s)	44,270	40,830
Approximate % change in projected service cost	4.1%	-4.0%

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has 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 £20.89m regular contributions to the scheme in 2021/22.

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

Active members (37%)	Deferred pensioners (19%)	Pensioners (44%)
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The weighted average duration of the defined benefit obligation for scheme members is 20.0 years in 2020/21 (20.0 years 2019/20).

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 2020/21 the County Council paid £10.0m to the Department for Education in respect of teacher's pension costs which represented 23.68% of teacher's pensionable pay. (£8.5m, 16.48% in 2019/20 from April to September, and 23.68% of the teacher's pensionable pay from September to April). 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 2020/21 payments made in relation to added years amounted to £1.49m, representing 3.52% of pensionable pay (£1.49m, 3.61% in 2019/20). Estimated employer contributions for 2021/22 are £10.3m.

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 £30,280,380 was reached. It also required 7 annual payments of £100,000 as contribution to a Communities Facilities Fund. In March 2016 Celtic Energy suspended these payments, the result of which was that £19,500,000 was held in the Restoration Escrow Account and £500,000 in the Communities Facilities Fund. Advice was sought and offered the view that an acceptable restoration scheme would be achievable with the £19.5m already held in the Escrow account. 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 £30m 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 21 £'000	Actual provision for bad debts made £'000	Bad debt written off in year £'000
Deposits with banks and financial institutions	30,000		
Customers			
Council Tax	6,465	(936)	145
Housing rents	2,171	(958)	19
Sundry debtors	46,722	(3,737)	283
	55,358	(5,631)	447

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	782	1,025	5,098	6,905

	1 to 2 Years £'000	2 to 5 Years £'000	Over 5 Years £'000	Total £'000
Council Tax	4,384	912	232	5,528

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 2020/21 is £190k (£442k in 2019/20). 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 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 2020 £'000		31 March 2021 £'000
25,025	Within a year	70,522
17,549	Between 1 to 2 years	18,524
52,098	Between 2 to 5 years	43,351
48,978	Between 5 to 10 years	47,469
186,534	Over 10 years	179,270
330,184		359,136

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 £10m.

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.

STATEMENT OF ACCOUNTS

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 2020/21 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	(161)
Increase in Surplus of Income and Expenditure Account	89
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: Post Balance Sheet Events – Non-adjusting Items

Global Centre of Rail Excellence (GCRE)

In March 2021, the Council received £33m from Welsh Government in respect of the Global Centre of Rail Excellence (GCRE) project. Note 15: Financial Instruments depicts the position as at 31 March 2021 stating the Council had until 30 September 2021 to progress to the full business case position, with an option to return the funding without penalty prior to that date. The accounts reflect the funding as short-term borrowing (£32.67m) and capital grants in advance (£323k), which account for the 0% interest soft loan element. The opposite entry is shown as a £33m Short Term Investment.

Both parties have agreed in September 2021 that the option date will be extended a year to 30 September 2022. These accounts reflect the position that was known at 31st March 2021. Adjusting to account for this additional year would require reclassifying short investments (£33m) to long term investments, short term borrowing (32.67m) to long term borrowing (£32.50m) and capital grants in advance to £323k to £500k.

Heart of Wales Property Service (HOWPS)

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. HOWPS, a Joint Venture Company established by the Council and Kier Support Services in July 2017, delivers services including repairs and maintenance, minor/major works, consultancy, advice and statutory testing for Council Housing and for the Council's public and commercial buildings. The annual Powys contract is circa £10m.

The Statement of Accounts were authorised for issue by the Head of Finance on 29 September 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information

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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

2019/20 £'000		2020/21 £'000
	Expenditure	
4,596	Supervision and management	4,703
8,994	Repairs and maintenance	9,193
132	Rents and rates	118
179	Movement in allowance for bad and doubtful debts	89
6,248	Depreciation, impairment and revaluation of noncurrent assets	6,341
18	Debt management expenses	19
20,167	Total service expenditure	20,463
	Income	
(23,986)	Dwelling rents	(24,795)
(611)	Non dwelling rents	(672)
(360)	Other charges for services and facilities	(457)
(539)	Contributions towards expenditure	(714)
(25,496)	Total service income	(26,638)
(5,329)	Net cost of services as included in the Comprehensive income and expenditure account	(6,175)
130	HRA services share of corporate and democratic core	25
(5,199)	Net cost of HRA services	(6,150)
	HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement	
(58)	(Gain)/loss on sale of HRA noncurrent assets	(3)
3,193	Interest payable and similar charges	3,280
(158)	Amortisation of premiums and discounts	1
215	Net interest on the net defined benefit liability	228
(3,983)	Capital grants and contributions applied	(7,486)
(5,990)	(Surplus)/deficit for the year on HRA services	(10,130)

Movement on Housing Revenue Account Statement

2019/20 £'000		2020/21 £'000
1,111	Balance as at 1 April	3,919
5,990	Surplus/(deficit) for the year on the HRA	10,130
(3,182)	Adjustments between accounting basis and funding basis under statute (Note 5)	(9,568)
2,808	Increase/(decrease) in the HRA balance Before transfers to or from reserves	562
2,808	Increase/(decrease) in the HRA balance	562
3,919	Balance as at 31 March	4,481

Notes to the Housing Revenue Accounts

Note 1: Housing Stock

2019/20 Total	Property Type	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms	6 Bedrooms	2020/21 Total
52	Detached house / bungalow	4	32	12	4	-	-	52
2,114	Semidetached house / bungalow	262	826	982	39	4	-	2,113
2,117	Terraced house	202	750	1,089	77	3	3	2,124
1,084	Flats	349	689	49	-	-	-	1,087
13	Bedsits	13	-	-	-	-	-	13
5,380	Total	830	2,297	2,132	120	7	3	5,389

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

31 March 2020 £'000		31 March 2021 £'000
308	Current tenant arrears	348
792	Former tenant arrears	864
1,100	Total arrears	1,212
326	Bad debts	7
876	Provision for bad debt	958

Note 3: Housing Revenue Account Capital Expenditure

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

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
Total Expenditure	20,933	8,895	-	-	53	1,941	10,044
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
	20,933

2019/20 Capital Expenditure	Total £'000	Dwellings £'000	Intangible £'000	Equipment £'000	Infrastructure £'000	Non-operational £'000
Enhancing Costs	20,399	14,755	-	72	80	5,492
Total Expenditure	20,399	14,755	-	72	80	5,492
Impairment/ Revaluation	456	456	-	-	-	-
Depreciation	5,792	5,739	53	-	-	-

The capital expenditure was financed as follows:

Financed by	2019/20 £'000
Capital Grants and Contributions	3,982
Direct Revenue Contributions and Reserves	3,856
Prudential Borrowing	12,561
	20,399

Note 4: Housing Revenue Account Capital Receipts

The following amounts were received during the year:

2019/20 £'000		2020/21 £'000
90	Housing	-
-	Other Land & Buildings	3
90		3

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

2019/20 £'000		2020/21 £'000
	Items included in the HRA Income and Expenditure Account but excluded from the HRA Balance for the year	
158	Difference between interest payable and similar charges including amortisation of premiums and discounts in accordance with statute	(1)
(510)	Net charges made for retirement benefits in accordance with IAS 19	(525)
58	(Gain)/loss on sale of HRA non-current assets	3
	Adjustments	
	Primarily involving the Capital Adjustment Account	
(6,248)	Depreciation, impairment and revaluation of non-current assets	(6,341)
1,909	HRA Minimum Revenue Provision	2,146
3,982	Capital Grants and Contributions Applied	7,486
3,856	Capital Expenditure Funded by HRA	6,831
	Primarily involving the Accumulated Balances Account	
(23)	Holiday accrual	(31)
3,182	Net additional amount required by statute to be debited to the HRA Balance for the year	9,568

Note 6: Housing Revenue Account Contributions to the Pension Scheme

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

2019/20 £'000		2020/21 £'000
626	Employer contributions actually paid	603
(20)	Past Service Costs	(7)
(901)	Current cost of employees	(893)
(215)	Net Interest on the net defined benefit/(liability)	(228)
(510)	Contribution to/(from) reserve	(525)

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.

POWYS COUNTY COUNCIL

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.

REFFCUS

Revenue Expenditure Funded From Capital Under Statute.