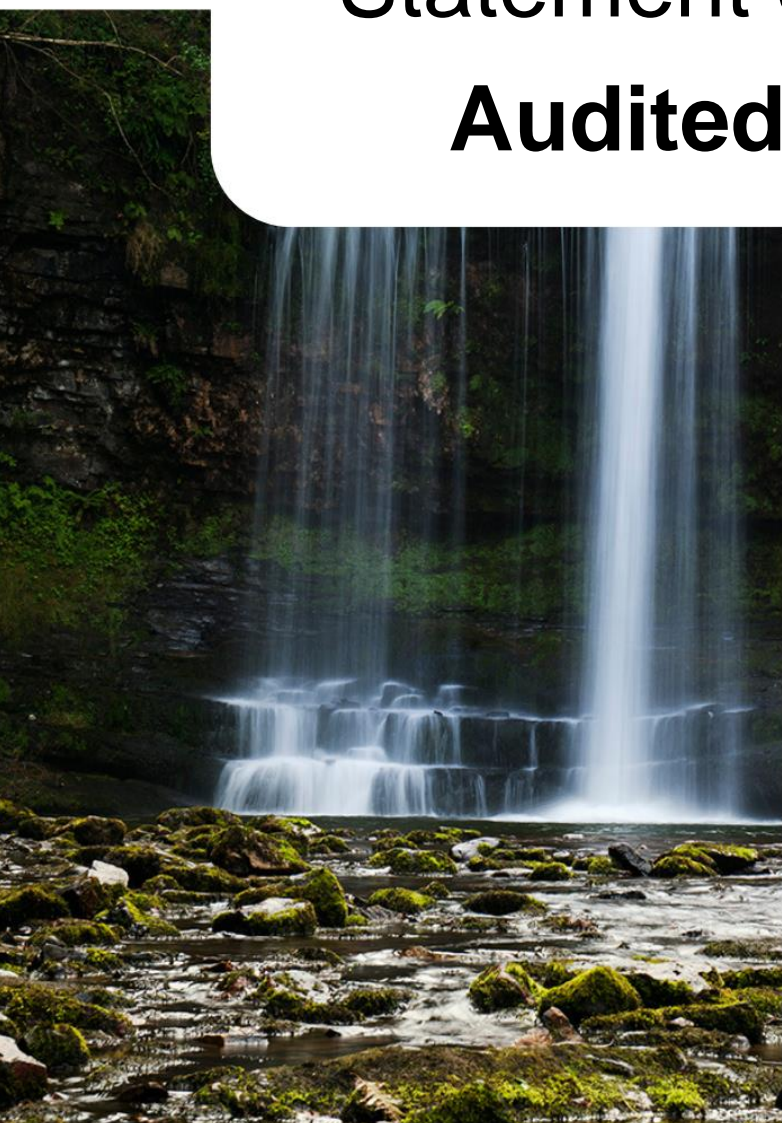


Powys County Council
Statement of Accounts
Audited 2022/23



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Narrative Report

Powys is the largest county in Wales geographically covering an area of 5,200 square kilometres. It has a population of approximately 133,200 people.

On 31 March 2023 the Council had 68 elected Councillors representing 60 wards. The range of political parties represented was Welsh Liberal Democrats (20), Welsh Conservatives (14), Welsh Labour (9), Independents (8), Independents for Powys (6), Plaid Cymru (3), and non-affiliated members (8).

The Council operates a Leader and Cabinet Model. All Councillors meet together regularly as the Council. Here Councillors decide the overall Policy Framework and set the budget each year. The Council appoints the Leader of the Council, who then decides the size and Membership of the Cabinet.

The makeup of the current cabinet and their portfolio responsibilities is as follows:

Cabinet Member	Portfolio Responsibilities
Leader and Cabinet Member for an Open and Transparent Powys	<ul style="list-style-type: none"> • Public Service Board • Cabinet Business • Corporate Joint Committee • Refugees • Engagement with Town Community Councils & Third Sector • Corporate Performance Management • Member Development and Support • Legal Services • County Farms • Ombudsman, Coroner & Registrar Services
Cabinet Member for a More Prosperous Powys	<ul style="list-style-type: none"> • Economic Development, Strategy and Regeneration, including Mid Wales Growth Deal and the Global Centre for Rail Excellence • Skills & Post-16 Learning, partnerships with HE, FE, WBL & Community-based providers • Regional Skills Partnership • Culture, including Theatres, Libraries, Museums and Archives • Leisure
Cabinet Member for Finance and Corporate Transformation	<ul style="list-style-type: none"> • Finance • Procurement, Income & Awards & Integrated Business Planning • Risk management
Deputy Leader and Cabinet Member for a Fairer Powys	<ul style="list-style-type: none"> • Housing Service, including Gypsies and Travellers • Tackling Poverty including Money Advice Service • Violence Against Women, Domestic Abuse & Sexual Violence, (incl. White Ribbon Pledge) • Equality & Diversity • Armed Forces Partnership and Champion
Cabinet Member for a Caring Powys	<ul style="list-style-type: none"> • Adult Social Care & Commissioning • North Powys Wellbeing Programme • Integration of Care System with Powys Teaching Health Board
Cabinet Member for a Safer Powys	<ul style="list-style-type: none"> • Environmental Health • Trading Standards • Public Protection, Emergency Planning and Community Safety
Cabinet Member for a Learning Powys	<ul style="list-style-type: none"> • Education • Schools' Transformation Programme

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Cabinet Member	Portfolio Responsibilities
Cabinet Member for a Greener Powys	<ul style="list-style-type: none">• Climate Change and decarbonisation• Highways and Recycling• Transport, including home to school transport• Countryside Services• Environmental matters
Cabinet Member for Future Generations	<ul style="list-style-type: none">• Children's Services• Youth Justice• Youth Services• Future Generations Act• Welsh Language
Cabinet Member for a Connected Powys	<ul style="list-style-type: none">• Digital Powys Programme• Planning, incl. Replacement LDP and Strategic Development Plan• Property• Customer Services & Information Governance• Corporate Health & Safety incl. joint Chair of JCNC• Workforce and Organisation Design & Development• Workforce Futures Programme

Alongside the Council and Cabinet sit Scrutiny, Standards, Regulatory and other Committees which provide review and monitoring functions to the Cabinet and Council.

The Councillors are supported by the Chief Executive and the Executive Management team. The reporting structure of the Council can be seen in the outturn table that follows.

Governance

The Annual Governance Statement (AGS) provides an account of the processes, systems and records the council has in place to demonstrate effectiveness of its governance arrangements.

A link to the document can be found here when it has been published.

Financial Performance

Council budget 2022/23

The council's revenue budget is funded from Welsh Government (WG) grants, redistributed business rates, other grants, locally generated income and council tax income. The Welsh Government fund 70% of the council's 2022/23 net revenue budget and is provided in a settlement known as aggregate external finance (AEF). AEF increased across Wales by an average of 9.4%, Powys received a 9.6% increase, Powys ranked 6th in terms of its increase against other local authorities, this position represents a significant improvement for Powys compared to previous years. Our council tax was set at £1,451.86 for properties in valuation Band D (£1,404.26 in 2021/22). We collected £102,420k with a collection rate of 97.18% (97.3% in 2021/22), the collection rate for non-domestic rates was 98.0% (98.5% for 2021/22). Like other councils across Wales, Powys County Council continues to face significant challenges arising from demographic changes, increased service demands, citizen expectations and rising costs. Providing services in a very rural county adds to this challenge.

Council Outturn

This year saw the Council managing its budget in an extremely challenging economic environment. Inflation reached a forty-year high and this together with the continued impact of leaving the European Union, the legacy of the COVID-19 pandemic and the war in Ukraine, all created supply chain issues and rising costs particularly for pay, energy, fuel, contractual and borrowing costs, which created additional financial pressure across the council's services. The council responded quickly and reviewed its plans to manage the budget which were closely monitored and controlled throughout the year with quarterly reports presented to Cabinet.

The council has a robust financial reporting regime, with the budget being closely monitored and controlled during the year with regular reports presented to cabinet. The final outturn produced a net underspend, after contributions to specific reserves, of £6.7 million against the £221.9 million budget a 3.0% variance (excluding schools and the housing revenue account).

Services have managed their expenditure by reducing costs and maximising the use of alternative funding sources to support the improvement in the forecast. Alongside additional grants from Welsh Government, a number of service areas including Education and Planning, Property and Public Protection have been able to utilise UK Government Shared Prosperity Fund – the purpose of the funding is to support the Mid Wales Regional Investment fund, this year, most of the allocation supports council activities and has released some base budgets creating underspends.

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Service Area	Original Budget £'000	Total Working Budget £'000	Net Expenditure Before Reserve Movement £'000	Total Movement to/(from) Reserves £'000	Approved use of Reserves £'000	Service Variance from Budget Under/(Over) spend £'000
Adult Services	78,518	74,716	74,391	325	(461)	786
Childrens Services	30,887	28,587	31,093	(2,506)	(499)	(2,007)
Commissioning	4,055	3,773	2,556	1,217	480	737
Workforce & Organisational Development	197	2,521	2,063	458	-	458
Education	26,154	17,647	15,650	1,997	706	1,291
Highways, Transport & Recycling	40,121	30,833	34,450	(3,617)	(3,404)	(213)
Property, Planning & Public Protection	4,866	5,983	5,885	98	(657)	755
Housing General Fund	8,691	5,878	4,632	1,246	1,317	(71)
Economy & Digital Services	1,960	6,373	5,512	861	558	303
Transformation & Communications	2,651	3,786	3,677	109	(66)	175
Legal & Democratic Services	475	1,434	1,366	68	(70)	138
Finance	4	6,419	6,030	389	272	117
Corporate Activities	21,695	34,036	27,592	6,444	2,194	4,250
Totals	220,274	221,986	214,897	7,089	370	6,719
Housing Revenue Account (HRA)	-	-	156	(156)	(262)	106
Schools Delegated	81,598	79,886	82,635	(2,749)	(5,398)	2,649
Total including Schools & HRA	301,872	301,872	297,688	4,184	(5,290)	9,474

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The improved position will release one-off funding to support the increasing pressure already facing the 2023/24 revenue budget particularly that relating to teachers and staff pay as pay award negotiations create unfunded pressure in next financial year. This goes some way to de-risk the Councils financial position in the short term but does not reduce the ongoing base budget pressure that continues to create a gap in our budget plans for next year and future years.

Cost reductions of £8.1 million were approved as part of the Councils budget for 2022/23. In addition, undelivered savings of £2.8 million from 2021-22 were rolled forward bringing the overall total to be delivered in 2022/23 to £10.9 million. Seventy-eight percent of these were achieved, of the remaining £2.4 million, £1.6 million were deemed undeliverable and written out of the budget. The remaining £0.8 million of the unachieved savings were rolled forward for delivery in 2023/24.

Capital Expenditure

The 2022/23 Capital Programme was approved by Council on 3 March 2022. It included capital schemes totalling £133.9 million, of which £25.6 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects and additional grants received from Welsh Government, resulting in a revised budget of £95.0 million including £20.9 million relating to the HRA.

This expenditure is financed from a combination of capital receipts, grant funding and the council's own financial resources. The use of borrowing to finance the capital spend in year has been minimised to reduce the cost of this borrowing in future revenue budgets.

The capital outturn position for 2022/23 is summarised below.

Service Area	2022/23 £'000
Adult Services	301
Childrens Services	1,184
Education	19,135
Highways, Transport & Recycling	20,138
Property, Planning and Public Protection	2,123
Community Development	1,644
Housing General Fund	1,010
Economy & Digital	4,689
Housing Revenue Account	15,320
Total	65,544

The Capital programme for 2022/23 was financed by:

Funding Source	£'000	%
Grants	34,985	54
Revenue/Reserves	8,797	13
Borrowing	21,653	33
Capital Receipts	109	-
Total	65,544	100

The largest schemes in year saw the delivery of:

POWYS COUNTY COUNCIL

- The completion of 68 new council houses, with a further 18 nearing completion. Works continue to the existing housing stock to ensure it meets the Welsh Housing Quality Standard.
- Schools' transformation continues with the new Ysgol Gymraeg y Trallwng nearing completion ready to open for pupils in May 2023 and construction of the new Cedewain Special School ongoing with the opening due in 2023/24. The rest of the county's schools continue to require significant investment to ensure they are safe, secure, and operational.
- Works continue to improve leisure and social care facilities together with investment in regenerative schemes within the county.
- Improvements to cycle paths, transport management systems, roads, bridges and footpaths continued in year with works carried out across county's extensive infrastructure.

Medium Term Financial Strategy (MTFS) 2023 – 2028

The Medium-Term Financial Strategy sets out the financial strategy for the council for the period 2023 to 2028. The strategy captures the financial, regulatory and policy drivers affecting the council and sets the direction and approach, providing a framework in which the council develops its financial plans. It also incorporates the plan for delivering a balanced budget for 2023/24, and indicative budgets for the following four years to March 2028.

The financial strategy is the link between the organisation's long term service objectives and its financial capacity. It seeks to ensure that the council's strategic objectives can be achieved within the confines of the financial resources available.

The Finance Resource Model (FRM) provides a financial plan for the forthcoming five financial years. The MTFS sets out a budget proposal for the next five years for the council's future years' budgets based on the indicative uplift provided by Welsh Government and making several assumptions about cost drivers such as pay and price inflation and demographic change. The financial modelling assumes an annual council tax increase of 5% from 2024/25 onwards. Welsh Government Settlement funding in Powys has increased by 8.7% after adjusting for transfers; this equates to an additional £18.3 million for 2023/24. WG have also provided the indicative Wales-level core revenue funding allocation for 2024/25, which is £5.7 billion, equating to an uplift of £169.0 million (3.1%).

As Powys is receiving uplifts along the line of the average settlement or above, this uplift has been used in the FRM, with an assumed 2% for the final two years.

STATEMENT OF ACCOUNTS

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Revenue Expenditure					
Base Budget (Prior Year)	301,872	326,554	348,854	363,947	378,648
Pay Award inflation 2022/23 impact	4,750	-	-	-	-
Pay Award inflation 2023/24 onwards	6,135	4,152	3,798	3,873	3,951
Non pay inflation	7,548	1,104	1,130	1,157	1,185
Grant Changes & Transfers into RSG (+)	-	214	-	-	-
Total Covid Pressures to be addressed	958	(207)	(207)	(107)	(107)
Total Demography	306	722	734	734	734
Total Corporate Pressures	1,720	897	922	948	975
Total Service Pressures	21,578	15,656	9,441	8,295	8,947
Schools Reserves and Movements	(3,346)	-	-	-	-
Total Cost Reductions	(16,517)	(690)	(1,358)	(576)	(580)
Undelivered Savings	1,550	(549)	-	-	-
Total Capital Financing	-	1,001	633	377	214
Total FRM Revenue Net Expenditure	326,554	348,854	363,947	378,648	393,967
Gap - each year	24,682	22,300	15,093	14,701	15,319
Additional Funding					
Council Tax	(6,384)	(4,897)	(5,143)	(5,400)	(5,670)
Aggregate External Finance (RSG & NNDR Allocation)	(18,298)	(7,080)	(4,709)	(4,804)	(4,900)
Funding Shortfall - In Year	-	10,323	5,241	4,497	4,749
Funding Shortfall - Cumulative	-	10,323	15,564	20,061	24,810

The Council's medium term financial strategy can be found here: [Agenda for County Council on Thursday, 23rd February, 2023, 10.30 am Cyngor Sir Powys County Council \(moderngov.co.uk\)](#)

The budget approved for 2023/24 recognised the ongoing impact of the current economic situation but significant risk remains and although the rate of inflation has now reduced it still presents a challenge to our assumptions. The budget includes pay award levels of 5.0% to 5.5% but the current negotiations suggest that higher pay awards may be awarded. The Council will need to find an additional £1.5 million for every extra 1% agreed.

Capital 2023-2028

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

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

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

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Council Capital Budget	69,806	76,779	39,610	20,068	32,707
Funded By					
Capital Grant & Other Contributions	43,288	47,149	9,964	4,711	11,211
Capital Receipts	4,248	4,248	4,248	4,248	4,248
Revenue Contributions	2,173	5,530	4,159	3,122	5,444
Net Financing Need (Borrowing)	20,097	19,852	21,239	7,987	11,804
HRA Budget	23,482	30,310	34,609	21,907	19,551
Funded By					
Capital Grant & Other Contributions	5,832	5,832	5,832	5,832	5,832
Capital Receipts	1,000	1,000	-	-	-
Revenue Contributions	4,570	5,800	5,800	5,800	5,800
Net Financing Need (Borrowing)	12,080	17,678	22,977	10,275	7,919

Risk

Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the Council has faced and is still facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Stronger, Fairer, Greener: Our Corporate plan, deliver services more efficiently and using innovative and cost-effective means.

At the end of quarter four 2022/23, there are 16 risks on the strategic risk register. Seven of these are considered likely with an impact of major and above. The seven risks are:

- A climate emergency has been declared by Powys County Council. If we experience the extreme consequences of not taking action then we will experience flooding, poor air quality, impact on nature and our communities.
- The Council may be unable to deliver a financially sustainable budget over the short and medium term. The continued impact of COVID coupled with the more recent events around rising inflation, energy costs and the situation in Ukraine impacting on supply chains and prices all increase the risk on the Council financial resilience.
- Impact of nature emergency on our ability to deliver services.
- If the Council has an insufficient level of revenue maintenance and major improvement capital funding, then it is likely to result in unsafe and unfit assets within School properties.
- If the school building stock deteriorates due to the insufficient level of revenue and major improvement capital funding required to maintain them, then they could become unsafe and not fit for purpose.
- If the Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer term due to an expected long-term decrease in the local working age population.

- If there is insufficient capacity to respond to the longer-term demand in childrens' and adults' services in timely manner

Quarterly progress giving assurance that mitigating actions are being actioned and monitored is reviewed by the relevant Committees.

Performance

Throughout 2022/23, the Council continued to respond to, and recover from, the impacts of the COVID-19 pandemic and provided additional support to the people of Powys to assist in tackling the cost of living and fuel crises.

It is important to note that the performance metrics highlighted below are a small snapshot of the council's activities for the 2022/23 year, which was the final year of Vision 2025: Our Corporate Improvement Plan. Performance information was provided for Cabinet and Scrutiny review on a quarterly basis and was made available to the public through Power BI dashboards.

Further detail will be provided within the self-assessment that is published annually on the council's [website](#).

As at 31 March 2023, the overall performance assessment of the objectives was as follows:

Vision 2025 Wellbeing Objective	Red	Amber	Green	Blue	Grey
We will develop a vibrant economy	2	1	13	-	-
We will lead the way in providing effective, integrated health and care in a rural environment	2	9	6	2	-
We will strengthen learning and skills	-	1	7	-	1
We will support our residents and communities	-	1	4	1	-
Making it Happen	1	2	1	-	-
Total	5	14	31	3	1
Total (%)	(9%)	(26%)	(57%)	(6%)	(2%)

Key

Colour	Meaning
Red	Action is on track, with some major issues
Amber	Action is on track, with some minor issues
Green	Action is on track
Blue	Action is complete
Grey	No data provided, for comment only

The narrative report has focused on the financial aspects of the council in 2022/23, however it is important to reflect on what this funding has achieved and how we have performed as set out below:

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We will develop a vibrant economy

- 68 Council-owned homes were built against a target of 50.
- We were unable to meet our target of providing 23 affordable homes per 10,000 households. Due to delays in the acquisitions process and construction delays, we achieved 16.9 homes per 10,000 households.
- 513 businesses were assisted by the Council's Economic Development Team or referred to partner organisations, which was significantly more than expected. (The target was 60 businesses.)
- The overall mean Gender Pay Gap published reduced from 8.2% to 8.0% (and from 10.7% when reporting started in 2017).
- 1,418 local suppliers engaged in the Council's procurement process, exceeding the 2021/22 achievement of 1,173 suppliers.

We will lead the way in providing effective, integrated health and care in a rural environment

- We were unable to meet our target to deliver aids, adaptations and disabled facility grant funded works within 130 calendar days. Work was completed within 163 days on average.
- 1,834 people received Housing Related Support, such as the Housing Support Grant and Homelessness Prevention Grant.
- We were unable to reduce the number of qualified social worker vacancies compared to 2021-22. There were 45 vacancies against a target of 38.
- 96% of children who the Intervention and Prevention Service worked with around family breakdowns remained with their families safely (against a target of 90%).
- We were unable to reduce admissions into residential care. There were 195 admissions compared to 173 in 2021/22.
- 694 service users no longer required support and/or moved on from their current support services. This significantly exceeded the target of 409 (which was the 2021/22 achievement).

We will strengthen learning and skills

- £407k in Pupil Development Grant Access grants were provided to 1,949 pupils.
- 301 families received financial (debt/budgeting/benefits) advice from the Council.
- 38.1% of learners continued from year 11 into a Powys sixth form, which was below the target of 43.5%.
- 1.9% of Year 11 leavers were NOT in education, employment, or training, which remained below the target of 'less than 2%'.
- We were unable to increase the number of pupils using the School Holiday Enrichment Programme (SHEP) over the summer holidays. 7 schools / 280 children participated in the programme compared to the target of 10 schools / 400 pupils.
- Ysgol Bro Caereinion, the Council's latest all-age school, opened in September 2022.

We will support our residents and communities

- 68.7% of waste was reused, recycled or composted, exceeding the target of 66%.
- There were 232,686 attendances at Powys County Council grant funded arts and cultural events (compared to the target of 150,000 attendances), and attendance and participation (physical and virtual) for libraries, museums and archives was 777,337 (compared to a target of 525,000 attendances/participations).
- There were 44,036 participations in Powys County Council grant funded arts and cultural events, which was more than four times the target of 10,000.
- The greenspace improvement strategy for Housing Services owned sites was further developed, in anticipation of its implementation by 2025.
- We were unable to meet our aim of developing 1 Woodland Management Plan for a Council owned site.
- Four projects were developed to enhance biodiversity on the Council estate, making use of grant funding. This significantly exceeded the target of 1 project.

Making it Happen

- 63,441 people had a My Powys Account, providing them with online access to services like council tax, business rates (and sign up for paperless billing), housing rent statements and commercial recycling accounts.
- 43 processes were automated for our customers against a target of 32. This meant more customers were able to interact with us digitally and intuitively across more processes, including through their My Powys Account, simplifying their journey and reducing phone contacts to services.
- Broadband take-up for fibre to the cabinet (Open Reach telephone exchanges situated on streets and in villages) improved to 78.8% against the target of 70.0%.
- The percentage of staff able to provide a service in Welsh, to help facilitate providing the Active Offer, increased to 12.0% (compared to the target of 7.0%).
- 58 staff undertook Welsh language training courses to develop their Welsh language skills for the workplace. (The target was for 60 staff to participate.)

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Stronger, Fairer, Greener - Our Corporate Plan

Our Corporate and Strategic Equality Plan sets out the council's vision for the future of Powys and includes the well-being objectives we will focus on to help make our vision a reality.

The plan is effective from April 2023 onwards following the local government elections in May 2022. A variety of services and activities are planned to meet our objectives.

Our ambition is that by 2027, we will be:

Stronger

We will become a county that succeeds together, with communities and people that are well connected socially, and are personally and economically resilient.

Fairer

We will be an open, well-run, Council where people's voices are heard and help to shape our work and priorities, with fairer, more equal, access to services and opportunities. We will work to tackle poverty and inequality to support the well-being of the people of Powys.

Greener

We want to ensure a greener future for Powys, where our well-being is linked to that of the natural world, and our response to the climate and nature emergencies is at the heart of everything we do.

To achieve our ambition, we have set the three objectives below that are the core aims of this Corporate and Strategic Equality Plan:

1. We will improve people's awareness of services, and how to access them, so that they can make informed choices.
2. We will support good quality, sustainable, employment, providing training opportunities, and pursuing real living wage employer accreditation.
3. We will work to tackle poverty and inequality to support the well-being of the people of Powys.

Explanation about the accounts

The Statement of Accounts 2022/23 provide details of the council's financial position for the year ended 31 March 2023. The information presented on pages 1 to 119 is in accordance with the requirements of the 2022/23 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 as at 31 March 2023.
- The **Cash Flow Statement** which shows the changes in cash and cash equivalents of the council during the financial year.
- The **Notes to the Core Financial Statements** which provide further information to the Core Financial Statements.
- The **Housing Revenue Account (HRA)** and notes which show in more detail the income and expenditure on HRA services included in the Comprehensive Income and Expenditure Account.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The authority is required to:

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

Signature:

Date:

Governance and Audit Committee Chair

Head of Finance Responsibilities

The Head of Finance is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"). These accounts are required to present a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year.

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

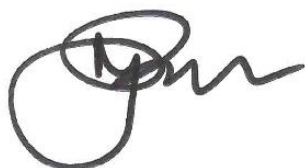
- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Head of Finance has also:

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

Certificate of the Head of Finance on the Accounts of Powys County Council for 2022/23.

I certify that the accounts set out on pages 1 to 119 present a true and fair view of the financial position of Powys County Council as at 31 March 2023 and its income and expenditure for the year then ended.



Signature:

Date: 30 June 2023

J Thomas Head of Finance

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

Opinion on financial statements

I have audited the financial statements of Powys County Council for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

Powys County Council's financial statements comprise the Movement in Reserves Statement, the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Movement on the Housing Revenue Account Statement, the Housing Revenue Account Income and Expenditure Statement and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Powys County Council as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23

Basis of opinion

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

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

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

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

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

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing Powys County Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Powys County Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

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

POWYS COUNTY COUNCIL

- on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of [name of local government body and group].
- Obtaining an understanding of related party relationships.

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

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

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

Adrian Crompton
Auditor General for Wales
Xx November 2023

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

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 as at 31 March 2021 Carried Forward	13,634	34,142	4,481	11,186	1,079	64,522	(28,909)	35,613
Movement in Reserves During 2021/22								
Surplus or (Deficit) on Provision of Services	(10,476)	-	3,484	-	-	(6,992)	-	(6,992)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	156,683	156,683
Total Comprehensive Income and Expenditure	(10,476)	-	3,484	-	-	(6,992)	156,683	149,691
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	22,240	-	(3,721)	1,256	(593)	19,182	(19,182)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	11,764	-	(237)	1,256	(593)	12,190	137,501	149,691
Transfers To/(From) Earmarked Reserves (Note 8)	(16,063)	16,063	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	(4,299)	16,063	(237)	1,256	(593)	12,190	137,501	149,691
Balance as at 31 March 2022 Carried Forward	9,335	50,205	4,244	12,442	486	76,712	108,592	185,304
Movement in Reserves During 2022/23								
Surplus or (Deficit) on Provision of Services	(19,412)	-	7,977	-	-	(11,435)	-	(11,435)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	320,080	320,080
Total Comprehensive Income and Expenditure	(19,412)	-	7,977	-	-	(11,435)	320,080	308,645
Adjustments Between Accounting Basis and Funding Basis Under Regulations (Note 7)	23,868	-	(8,263)	3,099	(128)	18,576	(18,576)	-
Net Increase/(Decrease) Before Transfers To Earmarked Reserves	4,456	-	(286)	3,099	(128)	7,141	301,504	308,645
Transfers To/(From) Earmarked Reserves (Note 8)	(4,456)	4,456	-	-	-	-	-	-
Increase/(Decrease) Movement in Year	-	4,456	(286)	3,099	(128)	7,141	301,504	308,645
Balance as at 31 March 2023 Carried Forward	9,335	54,661	3,958	15,541	358	83,853	410,096	493,949

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Expenditure and Funding Analysis

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

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

2021/22 Reclassified	2021/22 Reclassified	2021/22 Reclassified		2022/23	2022/23	2022/23
Net Expenditure Chargeable to the Council Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES) £'000		Net Expenditure Chargeable to the Council Fund and HRA Balances £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement (CIES) £'000
69,594	3,801	73,395	Adult Services	77,693	3,074	80,767
28,494	2,057	30,551	Childrens' Services	33,514	1,924	35,438
2,636	847	3,483	Commissioning	2,915	712	3,627
246	421	667	Workforce & Organisational Development	156	399	555
16,760	5,182	21,942	Education	16,525	8,034	24,559
32,956	5,974	38,930	Highways Transport & Recycling	36,067	8,622	44,689
2,414	3,682	6,096	Property, Planning & Public Protection	3,605	2,599	6,204
6,719	2,721	9,440	Housing & Community Development	5,884	2,865	8,749
969	1,517	2,486	Economy & Digital Services	1,049	1,976	3,025
2,131	558	2,689	Transformation & Communications	2,555	470	3,025
597	227	824	Legal & Democratic Services	595	173	768
(1,120)	1,284	164	Finance	(212)	1,006	794
18,109	(4,183)	13,926	Corporate Activities	14,416	172	14,588
(3,295)	5,395	2,100	Housing Revenue Account (HRA)	(3,323)	(2,909)	(6,232)

STATEMENT OF ACCOUNTS

73,162	4,315	77,477	Schools Delegated	84,581	3,693	88,274
250,372	33,798	284,170	Net Cost of Services	276,020	32,810	308,830
29,599	10,032	39,631	Other Operating Expenditure	31,279	6,669	37,948
14,209	6,274	20,483	Financing and Investment Income and Expenditure	14,232	6,988	21,220
(305,707)	(31,585)	(337,292)	Taxation and Non Specific Grant Income Operations not Included in Net Cost Of Services	(325,701)	(30,862)	(356,563)
(11,527)	18,519	6,992	Surplus or Deficit	(4,170)	15,605	11,435
(52,257)			Opening Council Fund and HRA Balance at 31 March	(63,784)		
(11,527)			Add (Surplus)/Deficit on Council Fund and HRA Balance in Year	(4,170)		
(63,784)			Closing Council Fund and HRA Balance at 31 March	(67,954)		

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A split of the Council Fund and HRA balances are shown in the Movement in Reserves Statement. The 'Adjustments between the Funding and Accounting Basis' are disclosed in more detail in Note 6.

The Expenditure and Funding Analysis and the Comprehensive Income & Expenditure Statement have been reclassified in 2021/22 to reflect changes made in the council reporting structure.

Service	From	To	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Adjustments between the accounting and funding basis £'000	Net expenditure chargeable to the Council Fund and HRA Balances £'000
Scrutiny & Democratic	Legal & Democratic Services	Transformation & Communications	2,283	(2)	2,281	228	2,053

Comprehensive Income & Expenditure Statement (CIES)

2021/22 Reclassified Gross Exp. £'000	2021/22 Reclassified Gross Inc. £'000	2021/22 Reclassified Net Exp. £'000		2022/23 Gross Exp. £'000	2022/23 Gross Inc. £'000	2022/23 Net Exp. £'000
106,354	(32,959)	73,395	Adult Services	110,451	(29,684)	80,767
34,790	(4,239)	30,551	Childrens' Services	38,351	(2,913)	35,438
17,777	(14,294)	3,483	Commissioning	12,798	(9,171)	3,627
2,110	(1,443)	667	Workforce & Organisational Development	2,250	(1,695)	555
33,300	(11,358)	21,942	Education	36,931	(12,372)	24,559
66,733	(27,803)	38,930	Highways Transport & Recycling	69,760	(25,071)	44,689
12,372	(6,276)	6,096	Property, Planning & Public Protection	13,297	(7,093)	6,204
22,367	(12,927)	9,440	Housing & Community Development	20,129	(11,380)	8,749
8,325	(5,839)	2,486	Economy & Digital Services	9,085	(6,060)	3,025
3,170	(481)	2,689	Transformation & Communications	3,245	(220)	3,025
1,798	(974)	824	Legal & Democratic Services	1,545	(777)	768
3,733	(3,569)	164	Finance	3,861	(3,067)	794
42,915	(28,989)	13,926	Corporate Activities	40,480	(25,892)	14,588
28,996	(26,896)	2,100	Housing Revenue Account (HRA)	21,433	(27,665)	(6,232)
101,409	(23,932)	77,477	Schools Delegated	108,119	(19,845)	88,274
486,149	(201,979)	284,170	Cost of Services	491,735	(182,905)	308,830
		39,631	Other Operating Expenditure (Note 9)			37,948
		20,483	Financing and Investment Income and Expenditure (Note 10)			21,220
		(337,292)	Taxation and Non Specific Grant Income and Expenditure (Note 11)			(356,563)
		6,992	(Surplus)/Deficit on Provision of Services			11,435
		(31,599)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets (Note 21)			(44,654)
		12,536	Impairment losses on Non-current Assets Charged to the Revaluation Reserve (Note 21)			12,054
		(137,620)	Re-measurements of the Net Defined Benefit (Asset)/Liability (Note 21)			(287,480)

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		(156,683)	Other Comprehensive Income and Expenditure			(320,080)
		(149,691)	Total Comprehensive Income and Expenditure			(308,645)

Balance Sheet

Balance as at 31 Mar 22 £'000		Note	Balance as at 31 Mar 23 £'000
876,593	Property, Plant And Equipment	12	937,604
1,211	Heritage Assets		1,211
3,988	Investment Property	13	3,374
1,537	Intangible Assets		1,524
982	Long Term Investments	15	961
2,929	Long Term Debtors	15	2,710
887,240	LONG TERM ASSETS		947,384
33,009	Short Term Investments	15	22,114
2,169	Assets Held for Sale		1,926
1,071	Inventories		905
74,987	Short Term Debtors	16	55,858
5,804	Cash and Cash Equivalents	17	-
117,040	CURRENT ASSETS		80,803
(64,286)	Short Term Borrowing	15	(67,264)
(77,205)	Short Term Creditors	18	(63,152)
(3,885)	Short Term Provision	19	(3,506)
(5,007)	Capital Grant Receipts in Advance	33	(8,158)
-	Cash and Cash Equivalents	17	(2,631)
(150,383)	CURRENT LIABILITIES		(144,711)
(46)	Provisions		(83)
(301,087)	Long Term Borrowing	15	(282,500)
(750)	Long Term Creditors	18	(794)
(366,710)	Liability Related to Defined Benefit Pension	38	(106,150)
(668,593)	LONG TERM LIABILITIES		(389,527)
185,304	NET ASSETS		493,949
76,712	Usable Reserves	20	83,853
108,592	Unusable Reserves	21	410,096
185,304	TOTAL RESERVES		493,949

POWYS COUNTY COUNCIL
Cash Flow Statement

2021/22 £'000		Note	2022/23 £'000
OPERATING ACTIVITIES			
Cash Outflows			
135,280	Cash Paid to and on Behalf of Employees		152,671
57,135	Other Operating Cash Payments		39,920
228,873	Cash Paid to Suppliers of Good and Services		231,036
12,429	Housing Benefit Paid Out		11,771
29,601	Precepts and Levies Paid		31,279
10,910	Interest Paid		10,844
-	Premiums paid on rescheduled debt		1,036
474,228	TOTAL OUTFLOWS		478,557
Cash Inflows			
(16,344)	Rents (After Rebates)		(17,348)
(101,006)	Council Tax Income		(104,624)
(44,985)	National Non-Domestic Rate Receipts from Pool		(48,747)
(146,912)	Revenue Support Grant		(161,515)
(13,327)	DWP Grants for Benefits		(12,558)
(82,879)	Other Government Grants	25	(68,346)
(84,787)	Cash Received for Goods and Services		(90,459)
(17)	Interest Received		(367)
(490,257)	TOTAL INFLOWS		(503,964)
(16,029)	NET CASH OUTFLOW/(INFLOW) FROM OPERATING ACTIVITIES		(25,407)
INVESTING ACTIVITIES			
52,185		23	38,997
FINANCING ACTIVITIES			
(20,579)		24	(5,155)
15,577	DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS		8,435
21,381	Cash and Cash Equivalent Balance as at 1 April		5,804
5,804	Cash and Cash Equivalent Balance as at 31 March	17	(2,631)

Notes to the Core Financial Statements

Note 1: Accounting Policies

i. General principles

The Statement of Accounts summarises the authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023 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 2022/23, 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.

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Powys County Council Pension Fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.7% (based on the indicative rate of return on high quality corporate bond (Aon Single Agency AA Curve)).
- The assets of Powys County Council Pension Fund attributable to the authority are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value.

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, which ended in July 2022, 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.

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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

The Council currently have no financial leases.

The Authority as lessee:

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:

Operating leases

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

xiv. Property, plant, and equipment

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

Capitalisation

All assets falling into the following categories are capitalised:

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

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

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

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

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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.

As a temporary relief from the reporting periods commencing 1 April 2021 through to 31 March 2025 local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. This temporary relief is applied from the 2022/23 Code up to and including the 2024/25 Code but may also apply to local authority financial statements before this period where the auditor's opinion on those statements has not been given. This temporary relief has been introduced to the Code because historical information deficits resulting from the reporting requirements mean that this information is unlikely to faithfully represent what it purports to represent.

Impairment

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

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

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

Componentisation

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

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

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

2. Significance of component:

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

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

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

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

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

- Plant and equipment and engineering services.
- Structure.

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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 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 (i.e. where the cash flows do not take the form of a basic debt instrument).

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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 its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

xx. Provision for repayment of external loans

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

xxi. Financial liabilities

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

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

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

xxii. Calculating fair value for financial instruments

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

Complexities of the NPV calculation

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

Evaluation of PWLB debt

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

Inclusion of accrued interest

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

Discount rates used in NPV calculation

The rates used were obtained by our advisors, Link Group, from the market on 31 March 2023 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.

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xxiv. Grants, contributions, and donated assets

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

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

xxv. Schools

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

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

xxv. Fair Value measurement

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

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

The authority measures the fair value of an asset or liability using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses the valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows.

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities that the authority can assess at the measurement date.
- Level 2:** Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Unobservable inputs for the asset or liability.

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

NDR

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

Council Tax

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

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

The Code of Practice requires that the authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2023 for 2022/2023).

None of the standards introduced in the 2023/24 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 38 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 as at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item Uncertainty	Property Valuations
	<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 2022 for its investment properties, surplus assets and approximately 20% of its operational portfolio. The valuations provided to the Council by its valuers this year recognises that there are factors continuing to affect economies and real estate markets globally. In relation to the 2022/23 accounts, an additional change in asset valuations was actioned using indices for specific operational assets and council dwellings to recognise the recent inflationary increases. These indices were applied to certain specified asset valuations and were in addition to the normal annual review. It is further recognised that there is potential for market conditions to move rapidly in response to environmental and economic changes and therefore highlight the increased importance of the valuation date.</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 £6,992k.</p>
Item Uncertainty	Property, Plant and Equipment
	<p>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.</p>
Effect if assumptions differ from actual	<p>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 £783k for every year that useful lives had to be reduced.</p>

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Item Uncertainty	Pension Liability
	<p>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.</p>
<p>Effect if assumptions differ from actual</p>	<p>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 £13,010k. However, the assumptions interact in complex ways. During 2022/23, the authority's actuaries advised that the net pension's liability had increased by £65,550k as a result of estimates being corrected as a result of experience. There was an increase attributable to updating the demographic assumptions £10,310k and a decrease of £411,430k attributable to financial assumptions. A sensitivity analysis of a change in various assumptions can be seen in Note 38 Defined Benefit Pension Schemes.</p>

Item Uncertainty	Arrears
	<p>As at 31 March 2023, the authority had a balance of sundry debtors of £56,048k. A review of significant balances suggested that an impairment of doubtful debts of £6,052k was appropriate. Housing Rent arrears had a balance of £1,862k and council tax arrears £6,436k as at 31 March 2023. A review of significant balances suggested that an impairment of doubtful debts of £1,467k for Housing Rent arrears and £999k 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 and the cost of living has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and their ability to settle their debts.</p>
<p>Effect if assumptions differ from actual</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £8,518k to be set aside as an allowance. However, very little debt is historically written off as disclosed in note 41.</p>

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.

2021/22 Reclassified	2021/22 Reclassified	2021/22 Reclassified	2021/22		2022/23	2022/23	2022/23	2022/23
Adjustments for Capital Purposes £'000	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000	Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
(1,064)	(2,798)	61	(3,801)	Adult Services	(740)	(2,297)	(37)	(3,074)
(39)	(2,060)	42	(2,057)	Childrens' Services	(61)	(1,789)	(74)	(1,924)
-	(884)	37	(847)	Commissioning	-	(714)	2	(712)
-	(436)	15	(421)	Workforce & Organisational Development	-	(388)	(11)	(399)
(5,103)	(63)	(16)	(5,182)	Education	(8,076)	53	(11)	(8,034)
(2,522)	(3,593)	141	(5,974)	Highways Transport & Recycling	(5,472)	(3,072)	(78)	(8,622)
(2,624)	(1,099)	41	(3,682)	Property, Planning & Public Protection	(1,459)	(1,100)	(40)	(2,599)
(1,212)	(1,589)	80	(2,721)	Housing & Community Development	(1,435)	(1,379)	(51)	(2,865)
(649)	(881)	13	(1,517)	Economy & Digital Services	(1,114)	(827)	(35)	(1,976)
-	(570)	12	(558)	Transformation & Communications	(4)	(438)	(28)	(470)
-	(237)	10	(227)	Legal & Democratic Services	-	(191)	18	(173)
(84)	(1,334)	134	(1,284)	Finance	(68)	(943)	5	(1,006)
5,096	(804)	(109)	4,183	Corporate Activities	-	(248)	76	(172)
(4,776)	(664)	45	(5,395)	Housing Revenue Account (HRA)	3,813	(840)	(64)	2,909
45	(3,945)	(415)	(4,315)	Schools Delegated	83	(3,197)	(579)	(3,693)
(12,932)	(20,957)	91	(33,798)	Net Cost of Services	(14,533)	(17,370)	(907)	(32,810)
(323)	(9,710)	1	(10,032)	Other Operating Expenditure	(6,669)	-	-	(6,669)
(6,345)	-	71	(6,274)	Financing and Investment Income and Expenditure	3,537	(9,550)	(975)	(6,988)
31,585	-	-	31,585	Taxation and Non-specific Grant Income and Expenditure	30,862	-	-	30,862

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11,985	(30,667)	163	(18,519)	Difference between Council Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	13,197	(26,920)	(1,882)	(15,605)
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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.

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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.

2022/23 TRANSACTIONS	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
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(21,421)	(6,403)	-	-	27,824
Amortisation of intangible assets	(298)	(19)	-	-	317
Capital grants and contributions applied	28,932	5,751	-	-	(34,683)
Revenue expenditure funded from capital under statute	(4,890)	-	-	-	4,890
Revaluation gain/loss on property plant and equipment	1,280	3,456	-	-	(4,736)
Change in market value investment property	(25)	-	-	-	25
Loss on derecognition of assets	(5,832)	-	-	-	5,832
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	(3,482)	(386)	-	-	3,868
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	3,562	970	-	-	(4,532)
Capital expenditure charged against the council fund and HRA balances	2,988	5,809	-	-	(8,797)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	175	-	-	128	(303)
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	2,602	389	(2,991)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	109	-	(109)

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Deferred capital receipts upon receipt of cash	-	-	(217)	-	217
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	39	-	-	-	(39)
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	(975)	-	-	-	975
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 38)	(49,989)	(2,311)	-	-	52,300
Employer's pensions contributions and direct payments to pensioners payable in the year	24,309	1,071	-	-	(25,380)
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	(843)	(64)	-	-	907
Total adjustments	(23,868)	8,263	(3,099)	128	18,576

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2021/22 TRANSACTIONS	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
Adjustments primarily involving the Capital Adjustment Account:					
Charges for depreciation	(20,503)	(6,651)	-	-	27,154
Amortisation of intangible assets	(222)	-	-	-	222
Capital grants and contributions applied	32,326	9,391	-	(22)	(41,695)
Revenue expenditure funded from capital under statute	(10,463)	-	-	-	10,463
Revaluation gain/loss on property plant and equipment	1,800	(5,869)	-	-	4,069
Change in market value investment property	28	-	-	-	(28)
Loss on derecognition of assets	(6,399)	-	-	-	6,399
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(4,934)	-	-	-	4,934
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Statutory provision for the financing of capital investment	3,337	910	-	-	(4,247)
Capital expenditure charged against the council fund and HRA balances	10,717	6,831	-	-	(17,548)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	387	-	-	615	(1,002)
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	1,274	3	(1,277)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	-	256	-	(256)
Deferred capital receipts upon receipt of cash	-	-	(235)	-	235
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	26	-	-	-	(26)
Adjustments primarily involving the Financial Instruments Adjustment Account:					

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Amount by which finance costs charged to the comprehensive income and expenditure statement are different from finance costs chargeable in the year in accordance with statutory requirements	67	-	-	-	(67)
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 38)	(52,205)	(1,585)	-	-	53,790
Employer's pensions contributions and direct payments to pensioners payable in the year	22,475	645	-	-	(23,120)
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	49	46	-	-	(95)
Total adjustments	(22,240)	3,721	(1,256)	593	19,182

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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	Bal as at 31 Mar 21 £'000	Movement £'000	Bal as at 31 Mar 22 £'000	Movement £'000	Bal as at 31 Mar 23 £'000
Schools Reserve	2,879	5,731	8,610	(2,316)	6,294
Insurance Reserve	88	72	160	905	1,065
Corporate Initiative Reserve	399	(154)	245	468	713
Revenue Grants Unapplied	3,858	2,375	6,233	1,156	7,389
Transport Reserve	11,281	(2,438)	8,843	616	9,459
Invest to Save	1,718	(54)	1,664	164	1,828
21st Century Schools	679	-	679	-	679
Budget Management Reserve	4,330	(746)	3,584	-	3,584
Pension ERs Reserve	986	898	1,884	-	1,884
Powys Recovery Fund	1,800	(415)	1,385	(422)	963
Remedial Repairs Reserve	1,850	(631)	1,219	(588)	631
Non Recurrent Demand	-	976	976	-	976
Match Fund Levelling Up	-	1,000	1,000	300	1,300
Capital Financing Reserve	-	2,241	2,241	2,345	4,586
COVID-19 Admin Grant Finance	-	1,243	1,243	-	1,243
Funding for Potential Pay Award	-	1,200	1,200	3,369	4,569
Other Specific Reserves	4,274	4,765	9,039	(1,541)	7,498
Total Earmarked	34,142	16,063	50,205	4,456	54,661

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

Reserve Name	Description
Schools Reserve	Total representing the funds available and ring-fenced to schools.
Insurance Reserve	To mitigate the effect of large claims against the authority
Corporate Initiative Reserve	Balance of unspent money for specific initiatives and one-off authority wide projects and costs.
Revenue Grants Unapplied	Grants received but that have not been utilised that do not have to be repaid to the Grantor. Expenditure not yet applied.
Transport Reserve	Used to fund vehicle, plant, and equipment (VPE) replacements. Services are charged a real depreciation amount which is transferred to the reserve annually and new VPE is purchased when the assets life has expired.
Invest to Save Reserve	Funds can be borrowed by departments to fund money saving schemes or transformation activity.
21 st Century Schools Reserve	Initially set aside to finance the Schools Modernisation Programme, the reserve was redirected to support the overall budget plan including the investment of social services in 2018/19.
Budget Management Reserve	Reserve set aside to manage in-year budget pressures as required.

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Reserve Name	Description
Pension ERs reserve	Accumulation of balances of employer contributions above the lump sum deficit payment required. To be considered as alongside actuarial valuations.
Powys Recovery Fund	This fund will support Communities and Council Services.
Remedial Repairs Fund	To fund both revenue and capital essential remedial work to minimise the level of risk that the Council would be placed under.
Non recurrent demand	Set aside to assist council services with COVID-19 recovery. Services will draw upon this support through the submission and approval of a business case clearly demonstrating need and the benefits to our residents.
Match Fund Levelling Up	The council is able to draw the support of the Levelling Up Fund using this reserve for match funding purposes.
Capital Financing Reserve	To support the Council Capital Programme, reducing the Councils borrowing requirements and easing the pressure on the revenue budget.
COVID Admin Grant Finance	Reserve set aside to support additional staffing to manage the administration of COVID-19 and Cost of Living grants and to support the finance transformation project.
Funding for potential Pay Award	Set up to Fund the difference in the budgeted pay based on assumptions at the time and the final pay award.
Other Specific Reserves	Includes service specific reserves set aside to manage projected pressures. It also includes a number of smaller reserves.

Note 9: Other Operating Expenditure

2021/22 £'000		2022/23 £'000
Precepts		
4,177	Community Council Precepts	4,513
17,246	Dyfed Powys Police Precept	18,301
Levies		
7,525	Mid and West Wales Fire Authority	7,812
609	Bannau Brycheiniog National Park	609
44	Powys Land Drainage Board	44
3,657	(Gain)/Loss on the Disposal of Non-current Assets	876
6,399	Non-enhancing Expenditure	5,832
(26)	Transfer to Deferred Credits - Landlord Loans	(39)
39,631		37,948

Note 10: Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
11,025	Interest Payable and Similar Charges	12,174
9,710	Net Interest on the Defined Liability (Asset)	9,550
(76)	Interest Receivable and Similar Income	(401)
(176)	Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (Note 13)	(103)
20,483		21,220

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

2021/22 £'000		2022/23 £'000
111,192	Council Tax income (Note 34)	115,439
44,985	Non-domestic Rates	48,747
149,530	Non-ringfenced Government Grants	161,515
31,585	Capital Grants and Contributions	30,862
337,292		356,563

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Note 12: Property, Plant and Equipment

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

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

Movement In 2022/23 Cost or Valuation	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
As at 1 April 22	235,231	430,159	39,519		1,340	822	36,561	743,632
Additions	8,966	7,239	6,713	15,554	199	-	21,673	60,344
Revaluation increases/(decreases) recognised in the revaluation reserve	3,965	10,977	-	-	-	687	-	15,629
Revaluation increases/(decreases) recognised in the surplus on the provision of services	3,456	1,468	-	-	-	(188)	-	4,736
Derecognition – disposals	-	(1,699)	(1,987)	-	-	(423)	(2)	(4,111)
Derecognition – Non-enhancing expenditure	-	(5,832)	-	-	-	-	-	(5,832)
Reclassification from/(to) held for sale	-	(1,519)	-	-	-	(140)	-	(1,659)
Reclassification from/(to) Investment Properties	-	-	-	-	-	589	-	589
Other movements	10,465	1,119	2	207	52	203	(12,048)	-
As at 31 March 23	262,083	441,912	44,247		1,591	1,550	46,184	797,567

Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 22	(2,406)	(6,246)	(16,314)		(1)	(41)	(2)	(25,010)
Depreciation charge	(6,338)	(12,094)	(4,798)	(4,584)	(2)	(7)	-	(27,823)
Depreciation written out to the revaluation reserve	5,366	11,739	-	-	-	64	-	17,169
Depreciation written out to the deficit on the provision of services	-	-	-	-	-	-	-	-
Derecognition - disposals depreciation	-	428	1,726	-	-	-	-	2,154
Reclassified (from)/to held for sale	-	-	-	-	-	(9)	-	(9)

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Other movements	15	20	-	37	(18)	(13)	(39)	2
As at 31 March 23	(3,363)	(6,153)	(19,386)		(21)	(6)	(41)	(28,970)

Accumulated Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 22	-	(59)	3		-	-	-	(56)
Impairment (reversals)/losses recognised in the revaluation reserve	-	(178)	-	-	-	-	-	(178)
As at 31 March 23	-	(237)	3		-	-	-	(234)

Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 23	258,720	435,522	24,864	169,241	1,570	1,544	46,143	937,604
As at 31 March 22	232,825	423,854	23,208	158,027	1,339	781	36,559	876,593

To enable the users of these financial statements to take economic or other decisions, a change of 1% of the net book value of the infrastructure assets is £1,692k.

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Comparative Movements in 2021/22:

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

Accumulated Depreciation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 21	(17,286)	(30,943)	(54,530)		-	(93)	(338)	(103,190)
Depreciation charge	(6,594)	(11,377)	(4,137)	(5,023)	(1)	(22)	-	(27,154)
Depreciation written out to the revaluation reserve	21,472	35,301	-	-	-	2	334	57,109
Derecognition - disposals depreciation	-	750	42,355	1	-	44	-	43,150
Reclassified (from)/to held for sale	-	-	-	-	-	37	-	37
Reclassified (from)/to investment properties	-	15	-	-	-	-	-	15
Other movements	2	8	(2)	-	-	(9)	2	1
As at 31 March 22	(2,406)	(6,246)	(16,314)		(1)	(41)	(2)	(25,010)

Accumulated Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 21	-	(59)	(14)		-	-	-	(73)
Derecognition - disposals impairment	-	-	17	-	-	-	-	17
As at 31 March 22	-	(59)	3		-	-	-	(56)

STATEMENT OF ACCOUNTS

Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 22	232,825	423,854	23,208	158,027	1,339	781	36,559	876,593
As at 31 March 21	224,612	414,136	20,199	146,110	1,273	1,486	31,317	839,133

The fair values of Property, Plant and Equipment:

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Intangible £'000	Total £'000
Historical cost	26,897	11,791	45,506	223,993	1,591	-	46,564	8,020	364,362
Valued at fair value:									
31 Mar 2023	-	107,679	-	-	-	1,548	-	-	109,227
31 Mar 2022	168,090	168,503	-	-	-	-	463	-	337,056
31 Mar 2021	-	20,670	-	-	-	-	26	-	20,696
31 Mar 2020	-	32,990	-	-	-	-	-	-	32,990
31 Mar 2019	58,800	89,754	-	-	-	-	-	-	148,554
	253,787	431,387	45,506	223,993	1,591	1,548	47,053	8,020	1,012,885

POWYS COUNTY COUNCIL

Capital Commitments

As at 31 March 2023, the authority has entered into a number of contracts for the construction or enhancement of property, plant, and equipment in 2022/23 and future years budgeted to cost £34,421k. Similar commitments as at 31 March 2022 were £23,863k.

Included within the £38,256k was an outstanding Revenue Expenditure Funded from Capital Under Statute (REFFCUS) commitment of £14,095 (£1,844k as at 31 March 2022).

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 2022/23 were revalued at 1 April 2022.

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

Assets valued using the Depreciated Replacement Cost (DRC) method have been uplifted by 8.6% and Council Dwellings by 4.61% to reflect the increase in construction costs and house values since the last valuation date.

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.

POWYS COUNTY COUNCIL

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:

2021/22		2022/23
£'000		£'000
(178)	Rental income	(178)
29	Direct operating expense	50
(149)		(128)

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:

2021/22		2022/23
£'000		£'000
3,701	Balance as at 1 April	3,988
37	Change in fair value	(25)
	Transfers:	
235	(To)/From Property, Plant & Equipment	(589)
15	Other Changes	-
3,988	Balance as at 31 March	3,374

POWYS COUNTY COUNCIL

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.

2021/22 Level 1: Quoted Market Price £'000	2021/22 Level 2: Observable Inputs £'000	2021/22 Level 3: Unobservable Inputs £'000	Total as at 31 March 2021 £'000		2022/23 Level 1: Quoted Market Price £'000	2022/23 Level 2: Observable Inputs £'000	2022/23 Level 3: Unobservable Inputs £'000	Total as at 31 March 2022 £'000
Recurring fair value measurements:								
-	2,805	1,182	3,987	Investment property	-	2,782	590	3,372
Non-recurring fair value measurements:								
-	1,560	115	1,675	Assets held for sale	-	1,838	108	1,946
-	650	62	712	Surplus assets	-	1,504	37	1,541

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

2021/22 Fair Value £'000	2021/22 Balance Sheet £'000	2021/22 Variance £'000		2022/23 Fair Value £'000	2022/23 Balance Sheet £'000	2022/23 Variance £'000
3,987	3,988	1	Investment Property	3,372	3,374	2
1,675	2,169	494	Assets held for sale	1,946	1,926	(20)
712	781	69	Surplus Assets	1,541	1,544	3

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.

POWYS COUNTY COUNCIL

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 and 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.

POWYS COUNTY COUNCIL

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.

2021/22 £'000		2022/23 £'000
398,413	Opening Capital Financing Requirement	406,261
Capital Investment:		
61,380	Property, Plant and Equipment	60,344
38	Assets held for sale	4
714	Intangible Assets	305
10,463	REFFCUS	4,890
Less Sources of Finance:		
256	Capital Receipts	109
42,696	Government Grants and Other Contributions	34,985
Sums Set Aside from Revenue:		
17,548	Direct Revenue Contributions	8,797
4,247	Minimum Revenue Provision (MRP)	4,532
406,261	Closing Capital Financing Requirement	423,381
Explanation of Movement in Year:		
4,281	Increase/(Decrease) in Underlying Need to Borrow (Supported by Government Financial Assistance)	2,679
3,567	Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	14,441
7,848	Increase/(Decrease) in Capital Financing Requirement	17,120

Note 15: Financial Instruments

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

Financial Assets

31 Mar 22 Long Term £'000	31 Mar 22 Short Term £'000		31 Mar 23 Long Term £'000	31 Mar 23 Short Term £'000
982	33,009	Investments – Amortised Cost	961	22,114
2,929	74,987	Debtors – Amortised Cost	2,710	55,858

Financial Liabilities

31 Mar 22 Long Term £'000	31 Mar 22 Short Term £'000		31 Mar 23 Long Term £'000	31 Mar 23 Short Term £'000
301,087	64,286	Borrowings – Amortised Cost	282,500	67,264
750	77,205	Creditors – Amortised Cost	794	63,152

Included in short term borrowing is £17,400k 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. In October 2022 the council returned £15,600k of the £33,000k it held on the balance sheet as at 31 March 2022. The Council had until 31 March 2023 to progress to the full business case position. However, correspondence with Welsh Government highlighted that the Council would like to return the remaining £17,400k as it feels the circumstances of the original agreement have changed significantly. In August 2023, post year-end, this was returned to Welsh Government on their request.

With the rising gilt rates throughout 2022/23, the opportunity to restructure some of the council's debt was explored. This led to the early repayment of four Lenders Option, Borrowers Option (LOBO) loans which totalled £17,000k.

POWYS COUNTY COUNCIL
Income, Expense, Gains and Losses

2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000		Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000
Net Gains/Losses on:						
825	-	825	Impairment loss	1,999	-	1,999
825	-	825	Total Net Gains/Losses	1,999	-	1,999
Interest Revenue:						
(76)	-	(76)	Financial Assets Measured at Amortised Cost	(401)	-	(401)
(76)	-	(76)	Total Interest Revenue	(401)	-	(401)
11,025	-	11,025	Interest Expense	12,174	-	12,174

POWYS COUNTY COUNCIL

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 as at 31 March 2023 of 4.24% to 4.78% for loans from the PWLB and 4.48% to 4.75% for LOBO's and 4.34% to 4.83% 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 Mar 22 Carrying Amount £'000	31 Mar 22 Fair Value £'000		31 Mar 23 Carrying Amount £'000	31 Mar 23 Fair Value £'000
365,373	415,880	Financial Liabilities	349,764	317,591
750	750	Long Term Creditors	794	794

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

31 Mar 22 Carrying Amount £'000	31 Mar 22 Fair Value £'000		31 Mar 23 Carrying Amount £'000	31 Mar 23 Fair Value £'000
33,991	33,991	Loans and Receivables	23,075	23,075
2,929	2,929	Long Term Debtors	2,710	2,710

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

POWYS COUNTY COUNCIL

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 Mar 22		31 Mar 23
£'000		£'000
19,168	Trade Debtors	18,901
52,988	Other Debtors	34,635
2,831	Payments in Advance	2,322
74,987		55,858

Note 17: Cash and Bank Accounts

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

31 Mar 22		31 Mar 23
£'000		£'000
10,683	Cash Held by the Authority	465
(4,879)	Bank Current Accounts	(3,096)
5,804		(2,631)

In addition to the above, as at 31 March 2023 the Council held £1,627k (£1,483k as at 31 March 2022) 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 Mar 22		31 Mar 23
£'000		£'000
(48,321)	Trade Payables	(38,281)
(15,524)	Other Payables	(9,537)
(13,360)	Accruals and Deferred Income	(15,334)
(77,205)		(63,152)

Long Term Creditors

31 Mar 22		31 Mar 23
£'000		£'000
(750)	Receipts in Advance	(794)
(750)		(794)

Note 19: Provisions

Short Term Provisions

	As at 1 Apr 22 £'000	Increase in Provision £'000	Amounts Paid £'000	As at 31 Mar 23 £'000
Insurance	(3,225)	(149)	595	(2,779)
Other	(660)	(67)	-	(727)
	(3,885)	(216)	595	(3,506)

Insurance 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.

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

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

2021/22 £'000		2022/23 £'000
11,186	Balance as at 1 April	12,442
1,512	Gross capital receipts	3,208
(181)	Financing fixed assets	(19)
(75)	Financing REFFCUS	(90)
12,442	Balance as at 31 March	15,541

POWYS COUNTY COUNCIL
Note 21: Unusable Reserves

31 Mar 22 £'000		31 Mar 23 £'000
290,909	Revaluation reserve	313,864
187,217	Capital adjustment account	207,265
(1,147)	Financial instruments adjustment account	(2,122)
(366,710)	Pensions reserve	(106,150)
3,172	Deferred capital receipts	2,994
(4,849)	Accumulated absences account	(5,755)
108,592		410,096

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.

2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000
	280,425	Balance as at 1 April		290,909
31,599		Upwards revaluation of assets	44,654	
(12,536)		Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(12,054)	
	19,063	Surplus or deficit on the revaluation of non-current assets not posted to the surplus/deficit on the provision of services		32,600
(6,728)		Difference between fair value depreciation and historical cost depreciation	(7,413)	
(1,851)		Accumulated gains on assets sold or scrapped	(2,232)	
	(8,579)	Amount written off to the capital adjustment account		(9,645)
	290,909	Balance as at 31 March		313,864

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.

2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000
	167,104	Balance as at 1 April		187,217
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
(27,154)		Charges for depreciation of non-current assets	(27,824)	
(222)		Amortisation of Intangible Assets	(317)	
(4,069)		Revaluation gain/(loss) on Property, Plant and Equipment	4,736	
(10,463)		Revenue expenditure funded from capital under statute	(4,890)	
(6,399)		Loss on derecognition of Assets	(5,832)	
(4,934)	(53,241)	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	(3,846)	(37,973)
	8,579	Adjusting amounts written out of the Revaluation Reserve		9,645
	(44,662)	Net written out of the cost of non-current assets consumed in the year		(28,328)
Capital Financing applied in the year				
256		Use of the Capital Receipts Reserve to finance new capital expenditure	109	
41,695		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	34,683	
1,001		Application of grants to capital financing from the Capital Grants Unapplied Account	302	
17,548		Capital expenditure charged against the Council Fund and HRA balances	8,797	
4,247	64,747	Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	4,532	48,423
	28	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(25)
	-	Available for Sale Assets		(22)
	187,217	Balance as at 31 March		207,265

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).

POWYS COUNTY COUNCIL

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.

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 as at 31 March will be charged to the Council Fund over the remaining life of repaid loans.

2021/22 £'000		2022/23 £'000
(1,215)	Balance as at 1 April	(1,147)
(8)	Discounts paid from rescheduling of debt	(8)
31	Soft loans adjustment	15
45	Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	54
-	Early Repayment of LOBOs	(1,036)
(1,147)	Balance as at 31 March	(2,122)

Pension Reserve

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

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

2021/22 £'000		2022/23 £'000
(473,660)	Balance as at 1 April	(366,710)
137,620	Actuarial gains or (losses) on pensions assets and liabilities	287,480
(53,790)	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	(52,300)
23,120	Employer's pensions contributions	25,380
(366,710)	Balance as at 31 March	(106,150)

Deferred Capital Receipts Reserve

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

2020/21 £'000		2022/23 £'000
3,381	Balance as at 1 April	3,172
26	Landlord Loans	39
(235)	Transfer to the Capital Receipts Reserve upon receipt of cash	(217)
3,172	Balance as at 31 March	2,994

POWYS COUNTY COUNCIL

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 as at 31 March. Statutory arrangements require that the impact on the Council Fund Balance is neutralised by transfers to or from the account.

2021/22 £'000		2022/23 £'000
(4,944)	Balance as at 1 April	(4,849)
4,944	Settlement or cancellation of accrual made at the end of the preceding year	4,849
(4,849)	Amounts accrued at the end of the current year	(5,755)
(4,849)	Balance as at 31 March	(5,755)

Note 22: Expenditure and Income Analysed by Nature

2021/22 Reclassified £'000	Per the (surplus)/deficit from the provision of services	2022/23 £'000
210,802	Employee Costs	226,014
25,580	Premises related expenditure	18,771
16,204	Transport related expenditure	17,240
31,233	Supplies and Services	35,686
31,418	Depreciation and Impairment losses	23,430
10,463	REFFCUS	4,890
112,265	Third Party Payments	118,353
29,601	Precepts and Levies (see note 9)	31,279
47,986	Transfer Payments	47,554
11,104	Capital financing costs (Interest and Similar Charges)	12,307
9,710	Pension Interest Costs	9,550
120	IAS 19 Past Service Costs	80
6,399	Non-Enhancing Expenditure	5,832
3,657	Loss on Disposal of Asset	877
546,542	Total Expenditure	551,863
(153,553)	Grants, reimbursements and contributions (see note 33)	(136,496)
(69,670)	Customer and client income	(73,794)
(26)	Transfer to deferred credits - landlord loans (see note 9)	(39)
(76)	Interest received and similar income	(401)
(10,518)	REFFCUS	(3,996)
(21,422)	Precepts	(22,814)
(89,770)	Council Tax	(92,626)
(44,985)	Non Domestic Rates	(48,747)
(149,530)	Revenue Support Grant	(161,515)
(539,550)	Total Income	(540,428)
6,992	Net Expenditure/(Income)	11,435

Reconciliation to the report to Cabinet (see Narrative Report)

2021/22 £'000		2022/23 £'000
6,992	(Surplus)/Deficit on the Provision of Services (see CIES)	11,435
89,770	Council Tax	92,626
(1,859)	Council Tax Surplus	(1,016)
44,985	Non-Domestic Rates	48,747
146,912	Revenue Support Grant	161,515
Items not reported to management		
(18,519)	Adjustments made between Accounting Basis and Funding Basis Under Regulations (see Expenditure and Funding Analysis)	(15,605)
-	Adjustment impacting Outturn after cabinet report	(14)
268,281	Net Expenditure/(Income) as per Narrative Report	297,688

2021/22 has been reclassified to reflect £15,674k of costs to supplies and services that were attributed to employee costs (£6,104k), premises related expenditure (£108k), transport related expenditure (£690k) and third-party payments (£8,752k). The adjustment has been made to correct an apportionment of internal charges to capital.

Note 23: Cash Flow Statement – Investing Activities

2021/22 £'000		2022/23 £'000
52,950	Purchase of property, plant and equipment, investment property and intangible assets	55,939
200,815	Purchase of short and long term investments	422,230
(765)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,050)
(200,815)	Proceeds from the sale of short and long term investments	(436,122)
52,185	Net cash flows from investing activities	38,997

Note 24: Cash Flow Statement – Financing Activities

2021/22 £'000		2022/23 £'000
(43,396)	Cash receipts of short and long term borrowing	(45,000)
(31,166)	Other receipts from financing activities	(29,046)
49,777	Repayments of short and long term borrowing	66,521
4,206	Other payments for financing activities	2,370
(20,579)	Net cash flows from financing activities	(5,155)

Note 25: Cash Flow Statement – Analysis of Government Grants

2021/22 £'000		2022/23 £'000
9,966	Housing Grants	9,531
5,627	Other Social Services (Primarily Mental Handicap Strategy)	6,925
6,521	Supporting People	6,936
1,529	Other Transport Grants	1,390
1,597	Waste Disposal And Recycling Grants	1,142
26,270	Education Grants	22,613
2,402	Concessionary Travel	2,621
8,523	Miscellaneous	4,337
826	Emergency Financial Assistance	557
16,992	COVID-19	8,270
493	Communities First	323
1,634	REFFCUS	3,214
484	Sports Council	449
15	Arts Council of Wales	38
82,879		68,346

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 2022/23 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 2022/23 accounts of the Welsh Church Acts Fund are set out below whereas the 2021/22 figures have been restated to reflect the audited accounts from that year. These accounts do not form part of the authority's consolidated accounts.

Restated 2021/22 £'000	Revenue Account Income	2022/23 £'000
(120)	Investment Income	(94)
(3)	Other income	(3)
(212)	Gains on Investment Assets	-
(335)	Total Income	(97)
	Expenditure	
42	Raising Funds	41
77	Charitable Activities	53
-	(Losses) on Investment Assets	132
119	Total Expenditure	226
(216)	Deficit/(Surplus) for the year	129
(3,035)	Fund Balance Brought Forward	(3,251)
(3,251)	Fund Balance Carried Forward	(3,122)

Restated 31 March 22 £'000	Balance Sheet Non-current Assets	31 March 23 £'000
205	Land and Buildings	205
3,042	Investments	2,910
3,247	Total Non-current Assets	3,115
4	Net Current Assets	7
3,251	Net Assets	3,122
3,251	Fund Surplus	3,122

POWYS COUNTY COUNCIL

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.

2021/22 £'000	Revenue Account	2022/23 £'000
(405)	Income	(485)
405	Expenditure	485
-	Deficit/(Surplus) for the year	-
(4)	Fund Balance Brought Forward	(4)
(4)	Fund Balance Carried Forward	(4)

31 March 22 £'000	Balance Sheet	31 March 23 £'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 and UK Government. The amounts are excluded from the authority's income and expenditure. The significant agency services provided were as below.

Cost of Living Grant

Payments of £5,036k were paid to households eligible for a £150 cost of living support payment. The Council recorded a £5,619k Welsh Government debtor and an equivalent creditor to pay eligible households a £150 cost of living support payment as at 31 March 2022. Of the remaining balance, £395k was transferred to the discretionary Cost of Living Grant and £188k was allocated to administrative purposes as per the terms of the grant. Both items are included in the Authority's income and expenditure.

COVID-19 Business Grants

Grants of £460k were paid to eligible businesses in 2022/23 (£3,675k in 2021/22). The creditor of £3,529k held on the balance sheet as at 31 March 2022 was repaid to Welsh Government in year.

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 as at 31 March 2023 was £709k (£531k as at 31 March 2022).

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 as at 31 March 2023 was £0k (£0k as at 31 March 2022).

NDR Rate Relief Grants

£3,599k was paid to eligible Companies in 2022/23 (£10,413k in 2021/22). A debtor of £108k was held on the balance sheet as at 31 March 2023 (£183k debtor as at 31 March 2022).

Self-Isolation Payments (SIPS)

Payments totalling £220k were made to eligible individuals who had to self-isolate in 2022/23 (£1,103 in 2021/22).

Social care £735 bonus scheme

The debtor balance of £3,688k held on the balance sheet as at 31 March 2022 was received from Welsh Government in 2022/23.

SSP Enhancement

Top up payments to full salary of £132k were paid where employees only receive statutory sick pay when off sick with COVID-19 or having to self-isolate as an infection control measure in 2022/23 (£172k in 2021/22).

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 as at 31 March 2023 was £719k (£592k as at 31 March 2022).

Unpaid Carers Grant - WG

Payments totalling £571k were made to eligible individuals, unpaid carers who were receiving Carer's Allowance on March 31 2022.

Fuel Support Scheme – WG

Payments totalling £1,698k were made to support eligible households who can claim a one-off £200 payment to provide support towards paying their fuel costs.

Energy Bills Support Scheme Alternative Funding

Payments totalling £173k were made to eligible households who have not received the main EBSS payment to help with their energy bills between 1 October 2022 and 31 March 2023, but who are still facing increased energy costs. A creditor of £498k was recorded as at 31 March for this UK government scheme.

Alternative Fuel Payment

The Council has received £309k from the UK Government, to support eligible households that heat their homes using alternative energy sources, such as oil, coal, liquified petroleum gas. A creditor of the same amount is recorded on the balance sheet as at 31 March 2023.

Ukraine Host Payments – UK Government

Payments totalling £233k were made to support hosts of Ukrainian family units. A debtor of £114k has been recorded on the balance sheet as at 31 March 2023.

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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 2022/23 for Free Nursing care was £2,108k (£2,108k in 2021/22) which is now within the PTHB base allocation from WG.

2021/22 £'000		2022/23 £'000
Gross Funding		
-	Powys County Council	-
2,108	Powys Teaching Health Board	2,108
2,108	Total funding	2,108
Expenditure		
1,960	Monies spent in accordance with Pooled Budget arrangement	2,131
1,960	Total expenditure	2,131
148	Net under/(over) spend	(23)
Net under/(over) spend - held		
148	Powys County Council	(23)
-	Powys Teaching Health Board	-

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

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

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

2021/22 £'000		2022/23 £'000
Gross Funding		
521	Powys County Council	675
521	Powys Teaching Health Board	675
1,042	Total funding	1,350
Expenditure		
1,202	Monies spent in accordance with Pooled Budget arrangement	1,300
1,202	Total expenditure	1,300
(160)	Net under/(over) spend	50
Net under/(over) spend - held		
(80)	Powys County Council	25
(80)	Powys Teaching Health Board	25

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).

2021/22 £'000		2022/23 £'000
Gross Funding		
252	Powys County Council	273
252	Powys Teaching Health Board	273
504	Total funding	546
Expenditure		
504	Monies spent in accordance with Pooled Budget arrangement	546
504	Total expenditure	546
-	Net under/(over) spend	-

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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:

2021/22 £'000		2022/23 £'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	
775	Powys County Council	805
510	Powys Teaching Health Board	541
1,285	Total expenditure	1,346
(44)	Net under/(over) spend	(105)
Net under/(over) spend - held		
(44)	Powys County Council	(73)
-	Powys Teaching Health Board	(32)

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.

2021/22 £'000		2022/23 £'000
Gross Funding		
673	Powys County Council	748
122	Powys Teaching Health Board	122
795	Total funding	870
Expenditure		
795	Monies spent in accordance with Pooled Budget arrangement	870
795	Total expenditure	870
-	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.

2021/22 £'000		2022/23 £'000
Gross Funding		
1,234	Powys County Council	1,412
829	Powys Teaching Health Board	840
523	Other income	465
2,586	Total funding	2,717
Expenditure		
2,503	Monies spent in accordance with Pooled Budget arrangement	2,638
2,503	Total expenditure	2,638
83	Net under/(over) spend	79
Net under/(over) spend - held		
82	Powys County Council	65
1	Powys Teaching Health Board	14

Note 29: Joint Committees

Powys County Council and Ceredigion County Council are members of the Growing Mid Wales Board which was established in 2021/22. The Board provides leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. Expenditure included in these accounts total £190k (£188k in 2021/22) and income £34k.

The Council, Ceredigion County Council and Bannau Brycheiniog National Park are members of the Mid Wales Corporate Joint Committee which was established in 2021/22. The Committee is tasked with the development of regional transport, strategic development plans and improving economic wellbeing. Expenditure included in these accounts total £198k (£154k in 2021/22) and income £71k (£154k in 2021/22).

Note 30: Members Allowances

A total of £1,401k was paid to Councillors in basic and special responsibility allowances (£1,291k in 2021/22). Excluded from this amount is a payment equivalent to a special responsibility allowance paid to the Chair of the Pension and Investment Committee (£8.8k, £5k in 2021/22), which is funded from the Pension Fund. Councillors were also reimbursed travel, working expenses and subsistence expenses in accordance with regulations amounting to £9k (£3k in 2021/22).

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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 (£24,948 in 2022/23, £23,023 in 2021/22) of the Authorities employees was 5.97 (6.38 in 2021/22). Please note that these calculations are based on contracted salaries and so excludes non-contracted payments. The ratio is based on the annualised salary of the Chief Executive in post as at 31 March.

The following number of higher paid officers, excluding senior officers, of the County Council were on full time equivalents salaries in excess of £60,000 in the year. Remuneration bands exclude employer's pension contributions.

Reclassified 2021/22 School Staff	Reclassified 2021/22 Other Staff	Reclassified 2021/22 Total Staff	Remuneration Band	2022/23 School Staff	2022/23 Other Staff	2022/23 Total Staff
29	17	46	£60,000 - £64,999	40	12	52
12	16	28	£65,000 - £69,999	28	18	46
8	2	10	£70,000 - £74,999	9	4	13
6	-	6	£75,000 - £79,999	4	1	5
3	1	4	£80,000 - £84,999	3	3	6
3	7	10	£85,000 - £89,999	2	4	6
3	-	3	£90,000 - £94,999	1	-	1
1	-	1	£95,000 - £99,999	2	-	2
-	-	-	£100,000 - £104,999	1	-	1
1	-	1	£105,000 - £109,999	-	-	-
-	-	-	£110,000 - £114,999	-	-	-
-	-	-	£115,000 - £119,999	1	-	1

Those officers in statutory roles or reporting directly to the Chief Executive who attracted remuneration of at least £60k are shown in the 2022/23 disclosure on the next page.

Note 37 details termination benefits.

Post Title 2022/23	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	149	-	-	149	38
Executive Director (People and Organisational Development) ²	29	1	-	30	8	38
Director of Social Service and Housing (Interim) ³	74	-	-	74	19	93
Executive Director (Economy and Environment)	113	-	-	113	29	142
Head of Transformation and Communications ⁴	19	-	-	19	5	24
Director of Corporate Services (Interim) ⁴	77	-	-	77	20	97
Head of Finance (S.151 Officer)	90	-	-	90	23	113
Head of Legal and Monitoring Officer ⁵	86	3	-	89	23	112
Director of Education and Childrens ⁶	97	-	-	97	25	122
Strategic Lead for Education (Interim) ⁷	-	-	-	-	-	-

Notes to the 2022/23 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 post holder left of their own accord at the end of June 2022.
3. Filled on an interim basis between July 2022 to July 2023 inclusive. This was further extended by 12 months in May 2023 to July 2024. The post holder did not hold a senior position prior to this.
4. The Head of Transformation and Communications was seconded as Director of Corporate Services on an interim basis between June 2022 to July 2023 inclusive and further extended by 12 months in May 2023 to July 2024.
5. The title of Head of Legal and Democratic Services was updated to Head of Legal and Monitoring Officer.
6. The Director of Education became Director of Education and Children on an interim basis between July 2022 to July 2023 inclusive. This was further extended by 12 months in May 2023 to July 2024.
7. The post holder had been paid by claim on an off-contract basis and as such no termination benefits were due when the position was removed from the structure in July 2022.

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Post Title 2021/22	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	147	-	-	147	39	186
Executive Director ² (People and Organisational Development)	115	-	-	115	30	145
Executive Director ² (Economy and Environment)	109	3	-	112	29	141
Head of Finance (S.151 Officer)	88	-	-	88	23	111
Head of Legal and Democratic Services	87	3	-	90	23	113
Head of Transformation and Communication	88	-	-	88	23	111
Director of Education ³	87	-	-	87	23	110
Strategic Lead for Education (Interim)	62	-	-	62	-	62

Notes to the 2021/22 structure

1. Pension Contribution is 26.20% of pensionable pay, of which 21.80% relates to employer's future service costs while 4.40% is deficit funding relating to the shortfall concerning past service liabilities.
2. The positions of Corporate Directors were renamed as Executive Directors as of 15th July 2021. At this time, the grade of Executive Director for Economy and Environment was also increased from Director 1 to Strategic Director to match their contemporary in Children and Adults (2021/22) now titled People and Organisational Development. Included in the Salary of the Executive Director (People and Organisational Development) is a £735 Social Care Bonus payment.
3. The Interim Chief Education Officer was appointed as the permanent Director of Education effective 27 Sep 2021. This removes the need for an interim position.

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.

2021/22 £'000		2022/23 £'000
215	Accounts	246
114	Performance audit	120
44	Grant claims	51
373		417

Note 33: Grant Income

NNDR (National Non-Domestic Rates) is organised on a national basis. The Welsh Government (WG) specifies an amount for the rate 53.5p in 2022/23 (53.5p in 2021/22) 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 as at 31 March 2023 was £85,153k (£84,918k as at 31 March 2022). 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.

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

2021/22 £'000	Grants, Reimbursements and Contributions	2022/23 £'000
825	21st Century School Transformation	791
2,390	Accelerated Learning	1,701
4,107	AHW Social Services Support	1,847
326	ALN New System	53
115	Animal Health Welfare Grant	154
304	Benefit Administration Grant	303
2,368	Bus Revenue Support (Traws Cymru)	978
318	Child Development Fund	313
3,631	Children & Communities Grant	3,757
998	Concessionary Travel	1,035
250	Corporate Joint Committees	71
924	Cost of Living Grant	559
1,283	COVID-19 Bus Emergency Scheme	-
573	COVID-19 Council Tax Collection	-
87	COVID-19 Discharge to Assess (D2RA)	-
11,120	COVID-19 Hardship – Cost	1,205
627	COVID-19 Hardship – Income	-
287	COVID-19 Job Retention	-
10	COVID-19 Lost Income	12
104	COVID-19 Misc	-
4,549	COVID-19 Track and Trace	1,929
359	Care Support Worker (CSW) Development	381
6,271	Regional Consortia School Improvement Grant (RCSIG)	5,545

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-	Eliminating Profit from Care	150
826	Emergency Financial Assistance Scheme	557
738	European Agricultural Fund for Rural Development	560
677	Foundation Phase	214
87	Home Grown Homes Grant	36
9,966	Housing Benefit Subsidy	9,690
219	Housing Support Grant	553
114	Innovation Funding (Homelessness Prevention)	311
2,433	Integrated Care Fund	2,494
4,946	Joint Finance – Area Health	5,623
1,429	LA Education	3,066
1,141	Levelling Up	1,325
3,229	Local Health Boards	3,406
374	NNDR Collection Grant	372
-	No One Left Out	320
157	Newly Qualified Teachers (NQTs)	75
1,426	Professional Learning Grant	1,265
3,265	Pupil Development Grant	3,350
-	Refugees (Ukrainian)	2,607
180	Regional Skills Partnership	365
1,184	Regional Transport Service Grant	1,184
12,063	Rent Allowance Grant	11,359
121	Respite for Unpaid Carers	12
1,807	Revenue Maintenance Funding	-
76	School Milk	77
306	Self Improving System	18
-	Shared Prosperity Fund	3,160
1,735	Single Revenue Grant	1,272
4,692	Sixth Form Grant	5,697
2,440	Social Care Recovery Grant	-
443	Sports Council	490
1,196	Substance Abuse Action Plan	1,469
174	Summer of Fun	222
6,690	Supporting People	6,383
256	Teaching Workforce Issues	1,194
176	Transition Funding (Years 11 – 13)	-
107	Trochi Welsh Medium Immersion	118
435	Winter of Wellbeing	23
133	Winter Resilience	-
1,890	Youth Concessionary Fares	1,499
31,585	Capital Grants	30,862
5,627	Other Government Grants	6,165
1,633	Other Non-Government Grants	1,502
6,324	Other	6,817
154,126		136,496

Taxation and non-specific grant income can be seen in note 11. The COVID-19 Council Tax Collection Grant included in 2021/22 is reported in Council Tax in Note 22.

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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:

2021/22 £'000	Capital grants received in advance	2022/23 £'000
10,832	Balance as at 1 April	5,007
1,822	Grants Received	6,097
(7,647)	Transfer to Income and Expenditure Account	(2,946)
5,007	Balance as at 31 March	8,158

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 2022/23 was £63,072 (£62,584 in 2021/22).

The basic charge of £1,451.86 for a Band D property in 2022/23 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	6	3,280	6,170	10,229	9,592	13,864	12,778	6,425	1,107	390

2021/22 £'000		2022/23 £'000
111,465	Council Tax Income	115,687
(273)	Miscellaneous Write Offs	(248)
111,192	Net Proceeds from Council Tax	115,439

Council Tax income for 2021/22 includes the COVID 19 Council Tax Collection grant of £573k.

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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

Central 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 2022/23.

Joint Venture

Heart of Wales Property Services Limited (HOWPS) was a joint venture company between Powys County Council and Kier Facilities Services Limited (Kier). Incorporated on 3 July 2017, the company delivered 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 ceased trading on 4 July 2022 following the council's decision in June 2021 to trigger a break clause in the contract and bring the service back in house.

The Company had eight directors, four appointed by Powys Council (two Officers and two members) and four by Kier, the Chair appointed by Kier having the deciding vote save in respect of a list of Reserved Matters set out in the Shareholders' Agreement.

HOWPS accounting period was 30 June. Profits and losses were shared equally between the shareholders.

The Council expenditure with the Company in 2022/23 was £2,268k (£12,993k in 2021/22). A £300k capital injection was made to HOWPS matched by Kier to support the company's cashflow position and meet the final deficit position for the Company.

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 2022/23 the Council was paid £1,185k for these services (£1,118k in 2021/22).

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.

Body	Relationships	In Year Exp. £'000	O/S Exp. £'000	In Year Inc. £'000	O/S Inc. £'000
Bettws Lifehouse	1x Director	44	-	2	-
Brecknock Federation of Young Farmers	1x Trustee	19	-	-	-
Bannau Brycheiniog National Park	1x Deputy Chair / Member 1x Member - Sustainability Development Grant Advisory Panel 1x Member	902	195	78	86
Brecon Town Council	3x Members 1x Appointee	5	-	43	2
Broddyfi Advice Centre (now known as Advice Mid Wales)	1x Trustee	14	-	-	-
Celf Llandrindod	1x Trustee	17	-	-	-
Cultivate (Cwm Harry) Co-operative	1x Director	101	-	1	-
Cwm Harry Land Trust Ltd	1x Trustee	51	-	-	-
Dyfed Powys Police and Crime Panel	1x Member	18,301	-	84	1
East Radnor Day Centre	1x Chief Officer	168	-	-	-
Llanfair Caereinion Town Council	1x Member	7	5	8	27
Machynlleth Care Centre	1x Trustee	29	1	-	-
Menter Iaith Maldwyn	1x Chief Officer	18	-	1	1
Mid and West Wales Fire and Rescue Service	1x Council Representative 1x Councillor 1x Member	7,812	-	19	7
Newtown Town Council	2x Member 1x Councillor	-	-	11	1
NPTC Group of Colleges	1x Governor - Corporation Board	1,087	26	47	4
PAVO	2x Trustees 1x Family Member CEO	428	-	1	-
Powys Community Health Council	1x Board Member 1x Committee member 1x Member	-	-	28	1
Powys Teaching Health Board	1x Mental Health Act Manager 1x Member	2,050	663	13,898	2,485
Theatr Brycheiniog	2x Board Members	19	-	-	-
Welshpool Town Council	1x Councillor 1x Councillor, Deputy Mayor	23	-	5	-
Wyeside Arts Centre	2x Trustees	25	-	-	-

POWYS COUNTY COUNCIL

Note 36: Leases

Authority as a Lessee

Operating Leases

Numerous 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 £673k (£744k in 2021/22) and the total outstanding commitment on operating leases as at 31 March 2023 was £1,742k (£1,692k as at 31 March 2022).

31 March 22 £'000	Minimum lease payments	31 March 23 £'000
662	No later than one year	696
688	Later than one but no later than five years	720
342	Later than five years	326
1,692		1,742

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 22 £'000	Minimum lease payments	31 March 23 £'000
944	No later than one year	1,258
1,725	Later than one but no later than five years	1,652
2,139	Later than five years	1,967
4,808		4,877

Finance Leases

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

Note 37: Termination Benefits

The authority had the following termination costs.

2021/22 Staff	2021/22 £'000	Bands	2022/23 Staff	2022/23 £'000
62	233	£0 - £20,000	36	113
6	177	£20,001 - £40,000	6	171
-	-	£40,001 - £60,000	1	45
1	70	£60,001 - £80,000	2	142
69	480		45	471

2021/22 £'000	Element	2022/23 £'000
300	Redundancy	255
114	Pension strain	149
44	Loss of office	14
22	Payment in lieu of notice or holidays	53
480		471

Note 38: 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.

POWYS COUNTY COUNCIL

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.

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000		Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
		Service cost comprising:		
43,960	-	· Current service cost	42,670	-
110	10	· Past service costs	80	-
Financing and Investment Income and Expenditure:				
9,130	580	· Net interest expense	8,860	690
53,200	590	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	51,610	690
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
		Remeasurement of the net defined benefit liability comprising:		
(57,990)	-	· Return on plan assets (excluding the amount included in the net interest expense)	51,650	-
(71,020)	(840)	· Actuarial (gains)/losses arising on changes in financial assumptions	(411,430)	(5,630)
(11,090)	(350)	· Actuarial (gains)/losses arising on changes in demographic assumptions	10,310	(260)
3,560	110	· Actuarial (gains)/losses arising on liability experience	65,550	2,330
(83,340)	(490)	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(232,310)	(2,870)
Movement in Reserves Statement				
(53,200)	(590)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for postemployment benefits in accordance with the Code	(51,610)	(690)
Actual amount charged against the General Fund Balance for pensions in the year:				
(21,650)		· Employers' contributions payable to scheme	(23,910)	
	(1,470)	· Retirement benefits payable to pensioners		(1,470)

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.

STATEMENT OF ACCOUNTS

31 Mar 22	31 Mar 22		31 Mar 23	31 Mar 23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000		Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
757,990	-	Fair value of assets	728,710	-
1,098,330	26,370	Present value of defined benefit obligation	812,830	22,030
(340,340)	(26,370)	Net liability arising from defined benefit obligation	(84,120)	(22,030)

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000	Pension Scheme Assets	Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
684,260	-	Brought forward 1 April	757,990	-
14,390	-	Interest Income on Assets	20,510	-
57,990	-	Remeasurement gains/(losses) on assets	(51,650)	-
21,650	1,470	Contributions by the employer	23,910	1,470
5,330	-	Contributions by participants	5,830	-
(25,630)	(1,470)	Net benefits paid out	(27,880)	(1,470)
757,990	-	Carried Forward 31 March	728,710	-

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000	Actual Return on Assets	Local Government Pension Scheme £'000	Discretionary Benefits Arrangements £'000
14,390	-	Interest Income on Assets	20,510	-
57,990	-	Remeasurement gains/(losses) on assets	(51,650)	-
72,380	-	Actual Return on Assets	(31,140)	-

POWYS COUNTY COUNCIL

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

2021/22	2021/22		2022/23	2022/23
Local Government Pension Scheme Funded	Discretionary Benefits Arrangements Funded	Pension Scheme Liabilities	Local Government Pension Scheme Funded	Discretionary Benefits Arrangements Funded
£'000	£'000		£'000	£'000
1,129,590	28,330	Brought forward 1 April	1,098,330	26,370
43,960	-	Current service cost	42,670	-
23,520	580	Interest expense on defined benefit obligation	29,370	690
5,330	-	Contributions by participants	5,830	-
(71,020)	(840)	Actuarial (gains)/losses on liabilities – financial assumptions	(411,430)	(5,630)
(11,090)	(350)	Actuarial (gains)/losses on liabilities – demographic assumptions	10,310	(260)
3,560	110	Actuarial (gains)/losses on liabilities – experience	65,550	2,330
(25,630)	(1,470)	Net benefits paid out	(27,880)	(1,470)
110	10	Past service cost	80	-
1,098,330	26,370	Carried Forward 31 March	812,830	22,030

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 22	% of Assets (Unquoted) 31 Mar 22	Total Assets 31 Mar 22		% of Assets (Quoted) 31 Mar 23	% of Assets (Unquoted) 31 Mar 23	Total Assets 31 Mar 23
42.1	7.2	49.3	Equity Investments	41.4	7.7	49.1
8.6	-	8.6	Property	6.9	-	6.9
10.9	-	10.9	Government Bonds	8.7	-	8.7
11.6	-	11.6	Multi Asset Credit	7.2	-	7.2
1.7	-	1.7	Cash	1.3	-	1.3
18.9	(1.0)	17.9	Other	26.5	0.3	26.8
93.8	6.2	100.0		92.0	8.0	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.

POWYS COUNTY COUNCIL

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 2022 and updated for following years by Aon, 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:

2022		2023
%		%
3.0	Inflation – CPI	2.7
4.5	Rate of general increase in salaries	4.2
3.0	Rate of increase to pensions in payment	2.7
3.0	Rate of increase to deferred pensions	2.7
2.7	Discount rate	4.7

The Principal Demographic Assumptions are:

31 Mar 22	Post Retirement Mortality	31 Mar 23
Males		
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S3N tables
108%	Scaling to the above table - current pensioners	105%
113%	Scaling to the above table - future pensioners	115%
CMI 2018 projections (Sk 7.5, A0.0)	Cohort improvement factors to base table	CMI 2021 projections (Sk 7.0, A0.5)
1.5%	Minimum underpin to improvement factors	1.5%
21.8	Future lifetime from age 65 (currently aged 65)	22.6
23.2	Future lifetime from age 65 (currently aged 45)	23.5
Females		
Standard SAPS S2N tables	Year of Birth base table	Standard SAPS S3N tables
93%	Scaling to the above table - current pensioners	105%
98%	Scaling to the above table - future pensioners	110%
CMI 2018 projections (Sk 7.5, A0.0)	Cohort improvement factors to base table	CMI 2021 projections (Sk 7.0, A0.5)
1.5%	Minimum underpin to improvement factors	1.5%
25.0	Future lifetime from age 65 (currently aged 65)	25.0
26.4	Future lifetime from age 65 (currently aged 45)	26.3

STATEMENT OF ACCOUNTS

	31 Mar 22	31 Mar 23
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 80% 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.

POWYS COUNTY COUNCIL
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)	799,820	826,650
% change in present value of total obligation	-1.6	1.7
Projected service cost (£'000s)	19,840	21,480
Approximate % change in projected service cost	-3.9	4.0
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)	813,614	812.02
% change in present value of total obligation	0.1	-0.1
Projected service cost (£'000s)	20,650	20,650
Approximate % change in projected service cost	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)	825,020	800,640
% change in present value of total obligation	1.5	-1.5
Projected service cost (£'000s)	21,480	19,840
Approximate % change in projected service cost	4.0	-3.9
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumptions	+1 year	-1 year
Present value of total obligation (£'000s)	833,960	791,700
% change in present value of total obligation	2.60%	-2.60%
Projected service cost (£'000s)	21.37	19.93
Approximate % change in projected service cost	3.5	-3.5

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. At the last valuation the County Council agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 13 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on March 2022.

The Council anticipates paying £23,270k regular contributions to the scheme in 2023/24.

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



The weighted average duration of the defined benefit obligation for scheme members is 16.6 years in 2022/23 (20.0 years 2021/22).

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.

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Note 39: 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 2022/23 the County Council paid £11,236k to the Department for Education in respect of teacher's pension costs which represented 23.68% of teacher's pensionable pay (£10,630k in 2021/22). 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 2022/23 payments made in relation to added years amounted to £1,478k, representing 3.11% of pensionable pay (£1,474k, 3.28% in 2021/22). Estimated employer contributions for 2023/24 are £11,835k.

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 38.

Note 40: Contingent Liabilities

Planning permission for extension to the Nant Helen Surface Mine was granted in March 2012 subject to a Section 106 agreement. This agreement required quarterly payments to be made to the Council into a Restoration Escrow Account from March 2012 until September 2017 until a total of £30,280k was reached. It also required 7 annual payments of £100k as contribution to a Communities Facilities Fund. In March 2016 Celtic Energy suspended these payments, the result of which was that £19,500k was held in the Restoration Escrow Account and £500k in the Communities Facilities Fund. Advice was sought and offered the view that an acceptable restoration scheme would be achievable with the £19,500k already held in the Escrow account. Coal extraction at Nant Helen ceased in 2021 and restoration works are ongoing in line with the amended and approved restoration scheme. Repayments from the Escrow account have commenced, reducing the balance to £4,242k (£9,499k as at 31 March 2022). Full planning permission has been granted on part of the former Open Cast Coal Site for a complementary earthworks project and outline planning permission has also been granted for a proposed Global Centre for Rail Excellence (GCRE), both of which cover a wider area extending into Neath Port Talbot. A final amended restoration scheme is expected during 2023 to align with the GCRE proposal and the contingent liability is noted to reflect any shortfall that may arise in restoring the site.

Note 41: Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

Credit Risk

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

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

	Amount at 31 Mar 23 £'000	Actual provision for bad debts made £'000	Bad debt written off in year £'000
Deposits with banks and financial institutions	23,075		
Customers			
Council Tax	6,436	(999)	204
Housing rents	1,862	(1,467)	22
Sundry debtors	56,078	(6,052)	283
	64,376	(8,518)	509

No collateral is held as security on Financial Assets.

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

	3 to 6 Months £'000	6 to 9 Months £'000	Over 9 Months £'000	Total £'000
Debtors Ledger	1,315	1,163	6,418	8,896

	1 to 2 Years £'000	2 to 5 Years £'000	Over 5 Years £'000	Total £'000
Council Tax	4,788	1,410	238	6,436

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 2022/23 is £1,999k (£825k in 2021/22). 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 (PWLb) 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 Mar 22 £'000		31 Mar 23 £'000
61,552	Within a year	64,661
16,546	Between 1 to 2 years	15,145
38,211	Between 2 to 5 years	31,289
46,804	Between 5 to 10 years	41,517
199,272	Over 10 years	194,645
362,385		347,257

Refinancing and Maturity Risk

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

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

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

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

Market Risk

Interest Rate Risk

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

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

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

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

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

To highlight the sensitivity of rises, if interest rates had been 1% higher during 2022/23 with all other variables constant, the financial effect would be:

	£'000
Increase in Interest Payable on Variable Rate Borrowings	80
Increase in Interest Receivable on Variable Rate Investments	(353)
Increase in Surplus of Income and Expenditure Account	(273)
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 42: Events after the Reporting Period

The statement of accounts was authorised for issue by the Head of Finance on 30 June 2023. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2023, the financial statements and notes have been adjusted in all material respects to reflect the impact of this.

The detailed extent and condition of the Powys County Council buildings identified as having Reinforced Autoclaved Aerated Concrete (RAAC), has yet to be fully completed. A number of small roof areas require further investigation to determine the construction detail. This work is being undertaken at present which will enable such an assessment for those buildings to be made for the 23-24 financial year.

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.

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Income and Expenditure Account

2021/22 £'000		2022/23 £'000
Expenditure		
4,568	Supervision and management	7,695
11,440	Repairs and maintenance	10,304
125	Rents and rates	137
286	Movement in allowance for bad and doubtful debts	274
12,520	Depreciation, impairment and revaluation of noncurrent assets	2,966
57	Debt management expenses	57
28,996	Total service expenditure	21,433
Income		
(25,405)	Dwelling rents	(25,957)
(759)	Non dwelling rents	(720)
(432)	Other charges for services and facilities	(703)
(10)	Contributions towards expenditure	(47)
(290)	Housing Grant	(238)
(26,896)	Total service income	(27,665)
2,100	Net cost of services as included in the Comprehensive income and expenditure account	(6,232)
20	HRA services share of corporate and democratic core	19
2,120	Net cost of HRA services	(6,213)
HRA share of the operating income and expenditure included in the comprehensive income and expenditure statement		
(3)	(Gain)/loss on sale of HRA noncurrent assets	(3)
3,518	Interest payable and similar charges	3,593
272	Net interest on the net defined benefit liability	397
(9,391)	Capital grants and contributions applied	(5,751)
(3,484)	(Surplus)/deficit for the year on HRA services	(7,977)

Movement on Housing Revenue Account Statement:

2021/22 £'000		2022/23 £'000
4,481	Balance as at 1 April	4,244
3,484	Surplus/(deficit) for the year on the HRA	7,977
(3,721)	Adjustments between accounting basis and funding basis under statute (Note 5)	(8,263)
(237)	Increase/(decrease) in the HRA balance before transfers to or from reserves	(286)
(237)	Increase/(decrease) in the HRA balance	(286)
4,244	Balance as at 31 March	3,958

Notes to the Housing Revenue Accounts

Note 1: Housing Stock

2021/22									2022/23
Total	Property Type	0 Bed	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	6 Bed	Total
72	Detached house / bungalow	-	6	52	15	9	1	-	83
2,118	Semidetached house / bungalow	-	263	840	989	44	4	-	2,140
2,132	Terraced house	-	201	750	1,092	80	3	3	2,129
1,097	Flats	-	392	690	51	-	-	-	1,133
17	Bedsits	-	16	1	-	-	-	-	17
5,436	Total	-	878	2,333	2,147	133	8	3	5,502

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

31 Mar 22		31 Mar 23
£'000		£'000
427	Current tenant arrears	549
1,097	Former tenant arrears	1,313
1,524	Total arrears	1,862
33	Bad debts	22
1,211	Provision for bad debt	1,467

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Note 3: Housing Revenue Account Capital Expenditure

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

2022/23 Capital Expenditure	Total £'000	Dwellings £'000	Intangible £'000	Other Land & Buildings £'000	Infrastructure £'000	Equipment £'000	Non- operational £'000
Enhancing Costs	15,319	8,966	196	-	1,659	1,359	3,139
Total Expenditure	15,319	8,966	196	-	1,659	1,359	3,139
Impairment/revaluation	-	-	-	-	-	-	-
Depreciation	6,422	6,338	19	10	41	14	-

The capital expenditure was financed as follows:

Financed by	2022/23 £'000
Capital Grants and Contributions	5,751
Direct Revenue Contributions and Reserves	5,809
Prudential Borrowing	3,759
	15,319

Previous year's comparator:

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

The capital expenditure was financed as follows:

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

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Note 4: Housing Revenue Account Capital Receipts

The following amounts were received during the year:

2021/22 £'000		2022/23 £'000
3	Other Land & Buildings	389
3		389

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

2021/22 £'000		2022/23 £'000
Items included in the HRA Income and Expenditure Account but excluded from the HRA Balance for the year		
(940)	Net charges made for retirement benefits in accordance with IAS19	(1,240)
3	Gain/(loss) on sale of HRA non-current assets	3
Adjustments primarily involving the Capital Adjustment Account		
(12,520)	Depreciation, impairment and revaluation of non-current assets	(2,966)
910	HRA Minimum Revenue Provision	970
9,391	Capital Grants and Contributions Applied	5,751
6,831	Capital Expenditure Funded by HRA	5,809
Adjustments primarily involving the Accumulated Balances Account		
46	Holiday accrual	(64)
3,721	Net additional amount required by statute to be debited to the HRA Balance for the year	8,263

Note 6: Housing Revenue Account Contributions to the Pension Scheme

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

2021/22 £'000		2022/23 £'000
645	Employer contributions actually paid	1,071
(3)	Past Service Costs	(4)
(1,309)	Current cost of employees	(1,911)
(272)	Net Interest on the net defined benefit/(liability)	(397)
(939)	Contribution to/(from) reserve	(1,241)

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.

Financial Year

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

Gilt Edged Stocks

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

IAS

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

IFRS

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

Liability

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

Past Service Costs (Pension)

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

Post Balance Sheet Events

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

PWLB

Public Works Loan Board.

REFFCUS

Revenue Expenditure Funded from Capital Under Statute.