



Statement of Accounts 2023/24



Draft Published Subject to Audit

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INTRODUCTION

Conwy County Borough Council is a unitary authority providing all major local government services such as Education, Social Services, Environmental Services, Leisure, Planning and Highways.

The County Borough of Conwy has a population of around 114,850. Over 80% of the population lives along the coastal belt that includes the towns of Abergele, Colwyn Bay and Llandudno. The remainder of the population is dispersed across the area extending to Dolwyddelan in the south-west and Llangwm and Dinmael in the south-east. Around a third of Conwy's residents speak Welsh and around a half of the population of the County Borough were born in Wales.

Political Governance

Conwy County Borough Council has 55 Councillors elected to represent 30 electoral divisions. Local elections were held in May 2022, and the political make-up of the Council as at 28 June 2024 is:-

- 20 Conwy First Independent Group
- 10 Conservative
- 9 Labour
- 9 Plaid Cymru a'r Blaid Werdd
- 4 Liberal Democrats
- 2 Allied Independents
- 1 Independent

Council

The Council (all 55 Councillors) sets the overall budget and policies. It meets at least four times a year, and debates the different options for important issues facing the County Borough. The Council appoints the Leader of the Council who selects the Members of the Cabinet, and allocates Cabinet Member responsibilities (portfolios). The Council is also the focus for any debate about the performance of the Cabinet.

Cabinet

The Cabinet comprises ten Councillors including the Council Leader who chairs meetings of the Cabinet. Each of the Cabinet Members has a specific portfolio of responsibility for areas of the Council's services.

Further information on the Council can be found on the following link:

<http://www.conwy.gov.uk/en/Council/Council.aspx>

NARRATIVE REPORT

1. The Council's Statement of Accounts is intended to provide clear information about the financial impact of the Council's activities during the period covered in a format which is easily understood.
2. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2023/24 (The Code 2023/24), which specifies the principles and practices of accounting required to give a 'true and fair view' of the financial position and transactions of a local authority. The Code 2023/24 constitutes 'proper accounting practice' under the terms of section 21 (2) of the Local Government Act 2003. The Code 2023/24 is based on International Financial Reporting Standards (IFRS).
3. These accounts consist of the following financial statements in accordance with the Code:-
 - a) **Statement of Responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Council and its officers for the preparation and approval of the Statement of Accounts.

- b) **Statement of Accounting principles and policies**

The purpose of this statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

- c) **The 'Core' Financial Statements**

1. The Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The statement shows that there was a surplus in the year of £5.050m (2022/23 deficit of £23.936m).

2. The Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance (the general unallocated contingency sum) for Council Tax setting. The Net Increase / Decrease before Transfers to / (from) Earmarked Reserves line shows the statutory Council Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The usable reserves amounted to £57.739m at the year end 31 March 2024 (31 March 2023 £49.279m), including the Council Fund balance of £2.772m (31 March 2023 £4.168m).

3. Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The net worth of the Authority as at 31 March 2024 amounted to £385.474m, a decrease of £58.542m over the position at 31 March 2023, mainly because of changes in the value of the Pension Liability/Asset (see Balance Sheet on page 41).

4. Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.

d) The Expenditure & Funding Analysis

This is an analysis to show the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement.

The Expenditure and Funding Analysis shows how expenditure for the financial year is used and funded (government grants, Council Tax and Business Rates) by local authorities compared with those resources consumed or earned by local authorities in accordance with generally accepted accounting practices.

4. Funding Council Services

The Council incurs two types of expenditure – revenue expenditure and capital expenditure.

Revenue Expenditure covers spending on the day to day costs of services such as staff salaries, maintenance of buildings and general supplies and equipment. This expenditure is paid for by the income received from Council Tax payers, business ratepayers, the fees and charges made for certain services, and by grants received from government.

Capital Expenditure covers spending on assets such as roads, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is largely financed by borrowing and capital grants.

4.1 Review of the Year – Revenue Expenditure

The Council's net Service Expenditure budget of £280.564m for 2023/24 was approved on 2 March 2023 (£256.914m in 2022/23) and included provision for known and anticipated service pressures, inflation and other risks.

A balanced budget was set following a final settlement of grant support from the Welsh Government (WG). Conwy received a 7.3% increase in funding which was the sixteenth highest increase in Wales and below the average increase across all Local Authorities of 7.9%. The increased settlement was not sufficient to meet the funding shortfalls that the Council faced as a result of pay, inflation and service pressures, most of which the Council had no influence over and at the time of the budget setting process were yet to be determined as the outcome of nationally negotiated agreements was awaited.

Therefore, in order to set a balanced budget within the overall available financial resources, the Council still needed to make extremely difficult and challenging decisions which included a 9.9% increase in Council Tax and targeted budget reductions.

Throughout the year, the Council continued to experience unprecedented demand for many services arising from the impact of the coronavirus pandemic and cost of living crisis on the lives, welfare and livelihoods of people and the economy – particularly Children Looked After, Homelessness, children with Additional Learning Needs and Home to School Transport.

The budget for 2023/24 was monitored and controlled during the year through regular reports and presentations alerting Members to an overall high level assessment of the evolving financial position. The projected budgetary deficit increased early in the year due to rising costs and demand for services, and on the recommendation of the Section 151 Officer, Cabinet introduced informal spend control measures to control and manage the financial position which helped to maintain the overspend to £1.396m at year-end.

The outturn financial position is shown at summary level in Table 1:

Table 1

Col 1	Col 2	Col 3	Col 4	Col 5
SUMMARY	ORIGINAL ESTIMATE	RESTATE ESTIMATE	FINAL OUTTURN	VARIANCE (Col 4 - Col 3)
	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 £'000
Resource Base (income)				
Revenue Support Grant	159,886	160,071	160,071	0
Redistributed Non Domestic Rates	38,527	38,527	38,527	0
Council Tax	81,204	81,204	81,706	502
Reduced Losses on Collection (Council Tax)	227	227	227	0
Contribution from Reserves (Pay Award)	720	720	173	(547)
Total	280,564	280,749	280,704	(45)
Net Expenditure				
Education Services	88,737	92,436	92,075	(361)
Home to School Transport	6,138	6,145	6,846	701
Social Services	82,747	84,401	87,342	2,941
Environment, Roads & Facilities	18,541	20,790	21,979	1,189
Economy & Culture	6,661	8,610	7,447	(1,163)
Regulatory & Housing Services	8,344	8,696	10,296	1,600
Corporate Financial Services	1,514	1,644	1,613	(31)
Audit & Procurement	704	656	538	(118)
Revenues and Benefits Service	1,746	1,877	1,708	(169)
Law & Governance	1,891	1,783	1,783	0
Information Technology	2,500	2,648	2,542	(106)
Chief Executive's Services	526	748	635	(113)
People & Performance	1,687	1,766	1,562	(204)
Council Tax Reduction Scheme	12,887	12,887	11,591	(1,296)
Treasury Management and Minimum Revenue Provision	14,633	14,633	13,797	(836)
Corporate Costs and Income	23,314	12,850	11,405	(1,445)
Levies	7,980	8,165	8,323	158
Storm Babet	0	0	618	618
Sub Total Net Service Expenditure	280,550	280,735	282,100	1,365
Contribution to General Balances	14	14	0	(14)
Contribution from General Balances	0	0	(1,396)	(1,396)
Sub Total Other	14	14	(1,396)	(1,410)
Net Revenue Budget	280,564	280,749	280,704	(45)

Table 1 differs from the opening column of the Expenditure and Funding Analysis (page 36) due to some minor presentational differences between how the budget is reported during the year and how the outturn is reported after the conclusion of the closure of accounts.

The General Council Fund balance is a measure of the uncommitted reserves which the Council holds to meet cash flow requirements and unforeseen future events. The general Council Fund balance amounts to £2.772m which is very low relative to the rest of Wales and must be kept under review.

Other usable reserves are shown in Note 11 to the accounts.

The Balance Sheet of the Authority contains a number of movements in respect of earmarked reserves. During 2023/24 a number of reserves were established and increased, and a number of reserves were used. Revenue reserves result from

events that have allowed monies to be set aside for various reasons, e.g. additional savings, or circumstances causing expenditure to have been delayed or postponed. The movement in the reserves during 2023/24 reflects Council Resolutions, prudent accounting entries, risks, service developments, money set aside for commitments, and resources to assist services in the delivery of future efficiency savings.

4.2 Capital Expenditure

In addition to spending money providing services on a day to day basis, the Council also spends money providing new or refurbished facilities such as schools, coastal and highways infrastructure. The total capital spending during 2023/24 was £44.479m. The following is a summary of the service areas which incurred capital investment in 2023/24 and how it was financed. The capital budget was £63.252m so there was an underspend of £18.773m.

Capital Expenditure	2023/24 Actual £'000
Capital Expenditure by Service:	
Education	7,810
Environment, Roads & Facilities	25,901
Economy & Culture	1,567
Social Care	3,496
Leisure Services	2,160
Information Technology	935
Regulatory & Housing Services	2,229
Chief Executive & Corporate Services	156
Financial Services	225
Total Capital Expenditure	44,479

Capital Financing	2023/24 Actual £'000
Financed By:	
Supported Borrowing	19,235
Prudential Borrowing	6,536
Capital Receipts	1
Capital Grants	18,666
Capital Reserves	41
Total Capital Expenditure	44,479

For Capital expenditure financed through Supported Borrowing the costs are funded through the Revenue Support Grant, and for Prudential Borrowing the costs are funded by Services.

Major projects undertaken during 2023/24 were as follows:-

- Childcare & Welsh Medium Childcare Provision Improvements
- Roll-out of Free School Meal Provision to Primary Age Pupils
- Recycling & Waste Collection
- Investment in Leisure Centre Infrastructure
- Street lighting Poles Replacement

- Investment in Education Infrastructure
- Surface Dressing & Improvement of the County Road Network
- Safe Routes in the Community & Traffic Network Management
- Local Places for Nature Capital Funding & Access Improvement Funding
- Bridge Maintenance & Strengthening
- Delivery of Adaptations in Private Sector Housing
- Bron y Nant Disability Respite Centre Development
- Bwthyn y Ddol Children’s Assessment Centre & Placement Provision
- Coastal Defences Construction Projects
- Levelling Up Fund Road Projects
- Active Travel Fund Projects
- Improvement & Maintenance of Play Areas & Paddling Pools

The Council’s debt outstanding at 31 March 2024 was £210.507m (£211.428m at 31 March 2023) being a decrease of £0.921m in borrowing. This is due to an increase in short term borrowing of £4.661m and a decrease in long term borrowing of £5.582m.

The Limits to Borrowing Activity in 2023/24, set in accordance with the Prudential Framework for local authority capital investment introduced through the Local Government Act 2003 (the Prudential Code) were as follows:-

	£’000
Authorised Limit for External Debt:	
Borrowing	262,511
Other Long term Liabilities	41,811
	304,322
Operational Boundary for External Debt:	
Borrowing	252,511
Other Long Term Liabilities	41,811
	294,322

5. Pension Liability – International Accounting Standard 19 (IAS19)

The Accounts as presented comply with the requirements of the above standard in that they reflect in the revenue accounts the current year cost of pension provision to employees as advised by the Council’s actuary. The Statements also contain, within the Balance Sheet, the actuary’s assessment of the Authority’s share of the Pension Fund liability as at 31 March 2024 and the reserve needed to fund that liability.

The Pension Fund liability disclosed within the Balance Sheet of £11.736m (Pension Fund asset of £55.589m in 2022/23) is the total projected surplus/deficit that exists over the expected life of the fund. This surplus/deficit will change on an annual basis dependent on the performance of investments and the actuarial assumptions that are made in terms of current pensioners, deferred pensioners and current employees.

The fund is subject to a triennial (3 yearly) valuation which assesses the then state of the pension fund and makes recommendations to the various admitted bodies as to the appropriate rate of employer’s contributions that need to be made in order to restore the fund to a balanced position over a period of time.

The Local Government Pension Scheme is a statutory scheme and, as such, benefits accruing under the scheme can only be changed by legislation.

STATEMENT OF RESPONSIBILITIES **FOR THE STATEMENT OF ACCOUNTS**

THE AUTHORITY'S RESPONSIBILITIES

The Council is required to: -

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At Conwy County Borough Council, that officer is the Strategic Director – Finance & Resources and **Section 151 Officer**.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. This responsibility is delegated to the Audit Committee by Council.

AUTHORITY'S CERTIFICATE

I approve the Statement of Accounts of Conwy County Borough Council at 31 March 2024.

SIGNED:

Ian Whyte – Lay Member
Chair of Governance and Audit Committee

DATED:

THE SECTION 151 OFFICER'S RESPONSIBILITIES

As Chief Finance Officer, the Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("The Code 2023/24"), is 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 ended 31 March 2024.

In preparing this statement of accounts, the Strategic Director – Finance & Resources and Section 151 Officer has: -

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records which are up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

SECTION 151 OFFICER'S CERTIFICATE

I certify that the Statement of Accounts presents a true and fair view of the financial position of Conwy County Borough Council at 31 March 2024 and its income and expenditure for the year then ended.

SIGNED:



A Hughes
Strategic Director – Finance & Resources
Section 151 Officer

DATED: 29 June 2024

THE STATEMENT OF ACCOUNTS 2023/24

STATEMENT OF ACCOUNTING PRINCIPLES AND POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) (Amendment) Regulations 2018, 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 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

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

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- 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 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 income 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 of debtors is written down and a charge made to revenue for the income that might not be collected.
- On occasion, where payments are being disputed and/or the sums involved are not known the payment is made in the accounts in the year that the dispute is settled and not necessarily the year to which the payment relates.

- Also, on occasion, an invoice is treated on a cash basis in the accounts to ensure that the correct number of payments appear in the accounts in a financial year.
- A de-minimis of £1,000 is available for revenue transactions and £5,000 for capital transactions.

3. **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.

4. **MATERIAL 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.

5. **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.

6. **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services and trading accounts are charged with the following amounts to record the cost of holding fixed 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 fixed 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 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 – Minimum Revenue Provision (MRP) - by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

7. **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 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 holiday entitlements (or any form of leave, e.g. flexi time,) 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. They are charged on an accruals basis when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Employees of the Authority are members of three separate pension schemes:-

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, administered by Gwynedd Council.
- The Local Government Pensions Scheme, administered by Flintshire County Council.

The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees work 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 Education 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 Gwynedd and Flintshire pension funds 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 earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.85% (4.75% in 2022/23) (based on the indicative rate of return on high quality corporate bond (iBoxx)).
- The assets of Gwynedd 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
 - unlisted securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into seven components:-
 - 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 arising from current year decisions 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 Costs and Income.
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Interest on Pension assets – this is the interest on assets held at the start of the year and cash flows occurring during the year, calculated using the discount rate at the start of the year.
 - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited

to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs and Income.

- Re-measurements (assets) – this is the return on plan assets net of administrative expenses and interest income. It replaces actuarial gains and losses on assets. A charge as a result of reviewing all employers' allocation of assets at a valuation is also included.
- Re-measurements (liabilities) - this is a combination of changes in demographic and financial assumptions and experience gains and losses on liabilities.
- Contributions paid to the Gwynedd and Flintshire Pension Funds – 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 appropriations 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 retirement benefits on the basis of cash flows rather than as benefits are earned by employees, and in effect measures the adverse impact of pensions expected to be payable in the future.

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.

8. 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 (for 2023/24) are not reflected in the Statement of Accounts.

9. FINANCIAL INSTRUMENTS

Financial Liabilities

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

(plus accrued interest) and interest credited to the CI&ES is the amount receivable for the year in the loan agreement.

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

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

Expected Credit Loss Model

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

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

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

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

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

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

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

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

10. **FOREIGN CURRENCY TRANSLATION**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, a calculation is undertaken to convert the sums to sterling.

11. **GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the 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 realised using 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 (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.

12. **INTANGIBLE ASSETS**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the 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 £12,000) the Capital Receipts Reserve.

13. INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost and net realisable value based on a weighted average costing basis. 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.

14. INVESTMENT PROPERTY

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. 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 £12,000) the Capital Receipts Reserve.

15. **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.

16. **LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification, except for Investment Property.

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:-

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

17. 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. No de-minimis is applied for capital spend.

Recognition

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

Measurement

Assets are initially measured at cost, comprising:-

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

- Infrastructure and community assets – depreciated historical cost.
- Assets under construction – historical cost.
- All other operational assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Investment property – market value and not depreciated.
- Assets held for sale – lower of value before classified as held for sale and market value, and not depreciated.
- Heritage Assets – market value and not depreciated.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

Where impairment losses are identified, they are accounted for by:-

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated within the following ranges of remaining useful lives:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer: 1 - 97 years.
- Vehicles, plant, furniture and equipment: over the useful life between 1-21 years.
- Community Assets: 1-22 years
- Infrastructure – straight-line allocation between 1-57 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item and whose estimated useful life is significantly different from the useful life of the main asset, the components are depreciated separately.

A de minimis materiality level of £2.5m of the value of the asset has been set, below which individual items of property, plant and equipment will not be considered for componentisation; significant components will be deemed as those whose current value is 20% or more of the total current value of the asset, and categorised based on significance, useful life and depreciation method.

Land is identified as a separate component in its own right.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation

that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

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

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

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

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

Amounts received for a disposal in excess of £12,000 are categorised as Capital Receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Council Fund Balance in the Movement in Reserves Statement.

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

Equipment assets that are fully depreciated are written out two years later.

18. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

PFI contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the Property, Plant and

Equipment can pass to the Council at the end of the contract for no additional charge, the Council carries the Property, Plant and Equipment used under the contract on the Balance Sheet.

The original recognition of the Property, Plant and Equipment was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the Three Schools PFI project, the liability was written down by an initial advance payment of unitary charge of £9m.

Property, Plant and Equipment recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:-

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – recognised as Property, Plant and Equipment on the Balance Sheet.

19. 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, but where the timing or amount of the transfer is uncertain.

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.

20. RESERVES

The Authority sets aside specific amounts as reserves for future policy purposes or to cover risks and 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 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 cash effect on the financing of the revenue budget.

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 notes.

21. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax. Examples of REFCUS expenditure are Disabled Facilities grants, grants to businesses and private property enhancement schemes.

22. 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.

23. COMPARATIVE FIGURES

Comparative figures are shown where appropriate in financial statements, in accordance with the Code.

24. CASH FLOW STATEMENT

The Cash Flow Statement and accompanying notes have been prepared using the indirect method.

25. HERITAGE ASSETS

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

An intangible heritage asset is an intangible asset with cultural, environmental or historical significance. Examples of intangible heritage assets include recordings of significant historical events.

Heritage assets (other than operational heritage assets) are normally measured at valuation. Valuations may be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current.

Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, heritage assets shall be measured at historical cost (less any accumulated depreciation, amortisation and impairment losses).

26. MINIMUM REVENUE PROVISION (MRP)

The MRP policy for 2023/24 is as follows:

Right of Use Assets – the charge made for MRP is equal to the rent/charge that goes to write down the Balance Sheet liability, except for Long Life Right of Use Assets.

Asset Life Method be used as the basis of calculating MRP for all other assets (including PFI Assets and Long Life Right of Use Assets).

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants and council tax) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24	As Reported for Resource Management	Adjustments for Movements to/from Reserves	Net Expenditure Chargeable to the Council Fund Balance	Adjustments between the Funding and Accounting Basis (See Note 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Education	98,922	3,068	101,990	12,160	114,150
Social Services	87,342	(107)	87,235	520	87,755
Environment, Roads & Facilities	22,863	(386)	22,477	10,888	33,365
Economy & Culture	7,447	(329)	7,118	5,693	12,811
Regulatory & Housing Services	10,296	(457)	9,839	851	10,690
Corporate Financial Services	1,613	(40)	1,573	174	1,747
Audit & Procurement	538	(12)	526	7	533
Revenues and Benefits Service	1,708	199	1,907	52	1,959
Law & Governance	1,783	92	1,875	55	1,930
Information Technology	2,542	(119)	2,423	440	2,863
Chief Executive's Department	635	(20)	615	(10)	605
People & Performance	1,562	(21)	1,541	43	1,584
Corporate Costs and Income	22,094	(943)	21,151	(11,911)	9,240
Net Cost Of Service	259,345	925	260,270	18,962	279,232
Other Income and Expenditure	(257,949)	(3,053)	(261,002)	(23,280)	(284,282)
(Surplus) or Deficit	1,396	(2,128)	(732)	(4,318)	(5,050)

Opening Council Fund Balance at 31 March 2023	-	49,278
Less (Surplus)/Deficit on Council Fund Balance in Year	-	732
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)	-	7,729
Closing Council Fund Balance at 31 March 2024		(57,739)

2022/23	As Reported for Resource Management £'000	Adjustments for Movements to/from Reserves £'000	Net Expenditure Chargeable to the Council Fund Balance £'000	Adjustments between the Funding and Accounting Basis (See Note 5) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Education	94,944	(18)	94,926	11,840	106,766
Social Services	79,089	417	79,506	6,545	86,051
Environment, Roads & Facilities	20,402	(301)	20,101	13,289	33,390
Economy & Culture	6,850	192	7,042	8,102	15,144
Regulatory & Housing Services	9,623	(2,148)	7,475	1,440	8,915
Corporate Financial Services	1,802	(54)	1,748	443	2,191
Audit & Procurement	608	(56)	552	117	669
Revenues and Benefits Service	12,537	485	13,022	(10,484)	2,538
Law & Governance	2,186	71	2,257	545	2,802
Information Technology	2,447	(44)	2,403	1,022	3,425
Chief Executive's Department	543	0	543	107	650
People & Performance	1,509	0	1,509	387	1,896
Corporate Costs and Income	6,679	3,371	10,050	(903)	9,147
Net Cost Of Service	239,219	1,915	241,134	32,450	273,584
Other Income and Expenditure	(239,876)	(3,249)	(243,125)	(6,523)	(249,648)
(Surplus) or Deficit	(657)	(1,334)	(1,991)	25,927	23,936

Opening Council Fund Balance at 31 March 2022	(48,138)
Less (Surplus)/Deficit on Council Fund Balance in Year	(1,991)
Less Other Movements, not included above, relating to Capital Reserves, Capital Receipts Reserve and Capital Grants Unapplied (see note 10 for breakdown)	851
Closing Council Fund Balance at 31 March 2023	(49,278)

Comprehensive Income and Expenditure Statement

2022/23				2023/24			
Gross Expenditure	Income	Net Expenditure		Note	Gross Expenditure	Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
143,762	(36,996)	106,766	Education		150,546	(36,396)	114,150
116,430	(30,379)	86,051	Social Services		123,486	(35,731)	87,755
50,014	(16,624)	33,390	Environment, Roads & Facilities		50,920	(17,555)	33,365
28,656	(13,512)	15,144	Economy & Culture		29,556	(16,745)	12,811
21,719	(12,804)	8,915	Regulatory & Housing Services		21,807	(11,117)	10,690
2,381	(190)	2,191	Corporate Financial Services		2,000	(253)	1,747
688	(19)	669	Audit & Procurement		539	(6)	533
29,941	(27,403)	2,538	Revenues and Benefits Service		28,951	(26,992)	1,959
3,964	(1,162)	2,802	Law & Governance		3,090	(1,160)	1,930
3,477	(52)	3,425	Information Technology		2,962	(99)	2,863
653	(3)	650	Chief Executive's Department*		643	(38)	605
2,029	(133)	1,896	People & Performance*		1,615	(31)	1,584
10,829	(1,682)	9,147	Corporate Costs and Income		11,959	(2,719)	9,240
414,543	(140,959)	273,584	Cost of Services		428,074	(148,842)	279,232
24,419		24,419	Other Operating Expenditure	7	27,801		27,801
33,571	(22,210)	11,361	Financing & Investment Income & Expenditure	8	39,506	(37,131)	2,375
	(285,428)	(285,428)	Local Taxation & Non-Specific Grant Income	9		(314,458)	(314,458)
		23,936	(Surplus) or Deficit on Provision of Services				(5,050)
		(23,752)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18			(8,152)
		60	(Surplus) or Deficit on Revaluation of Available for sale Financial Assets				(26)
		(23,692)					(8,178)
		(245,269)	Remeasurement of the net defined benefit liability	18			71,888
		(268,961)	Other Comprehensive Income & Expenditure				63,710
		(245,025)	Total Comprehensive Income & Expenditure				58,660

Movement in Reserves Statement for the year ended 31 March 2024

	Note	Council Fund Balance	Earmarked Revenue Reserves	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	11,18	4,168	31,507	7,007	4,495	2,102	49,279	394,856	444,135
Movement in Reserves during 2023/24									
Surplus or (Deficit) on the Provision of Services		5,050	-	-	-	-	5,050	-	5,050
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	(63,710)	(63,710)
Total Comprehensive Income & Expenditure		5,050	-	-	-	-	5,050	(63,710)	(58,660)
Adjustments between Accounting basis & Funding basis under Regulations	10	(4,319)	-	(41)	95	7,682	3,417	(3,417)	-
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves		731	-	(41)	95	7,682	8,467	(67,127)	(58,660)
Transfers to/(from) Earmarked Reserves	11	(2,128)	(1,699)	3,827	-	-	-	-	-
Increase/(Decrease) in 2023/24	11	(1,397)	(1,699)	3,786	95	7,682	8,467	(67,127)	(58,660)
Balance as at 31 March 2024	11,18	2,771	29,808	10,793	4,590	9,784	57,746	327,729	385,475

Movement in Reserves Statement for the year ended 31 March 2023

	Note	Council Fund Balance	Earmarked Revenue Reserves	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	11,18	3,509	34,835	2,880	2,499	4,415	48,137	150,853	198,991
Movement in Reserves during 2022/23									
Surplus or (Deficit) on the Provision of Services		(23,936)	-	-	-	-	(23,936)	-	(23,936)
Other Comprehensive Income & Expenditure		-	-	-	-	-	-	269,079	269,079
Total Comprehensive Income & Expenditure		(23,936)	-	-	-	-	(23,936)	269,079	245,143
Adjustments between Accounting basis & Funding basis under Regulations	10	25,928	-	(534)	1,996	(2,313)	25,077	(25,077)	-
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves		1,992	-	(534)	1,996	(2,313)	1,141	244,002	245,143
Transfers to/(from) Earmarked Reserves	11	(1,333)	(3,328)	4,661	-	-	-	-	-
Increase/(Decrease) in 2022/23	11	659	(3,328)	4,127	1,996	(2,313)	1,141	244,002	245,143
Balance as at 31 March 2023	11,18	4,168	31,507	7,007	4,495	2,102	49,279	394,856	444,134

Balance Sheet

	Notes	31 March 2024	31 March 2023
		£'000	£'000
Property, Plant & Equipment	12	587,301	568,846
Heritage Assets		194	194
Investment Property	13	18,168	17,000
Intangible Assets		162	224
Available for Sale Financial Assets	14	2,192	2,167
Pension Asset	34	-	55,589
Long Term Debtors	14	5,865	5,668
Long Term Assets		613,882	649,688
Short Term Investments	14	248	222
Inventories		1,066	973
Short Term Debtors	15	57,711	63,998
Cash & Cash Equivalents	16	21,344	36,847
Assets Held for Sale		1,049	1,727
Current Assets		81,418	103,767
Short Term Borrowing	14	79,823	75,162
Short Term Creditors	17	40,542	49,515
Provisions		1,950	1,620
Current Liabilities		122,315	126,297
Pension Liability	34	11,736	-
Long term Borrowing	14	130,684	136,266
Other Long term Liabilities	14	42,136	43,991
Capital Grants Receipts in Advance		2,955	2,885
Long Term Liabilities		187,511	183,142
Net Assets		385,474	444,016
Usable Reserves		57,739	49,278
Unusable Reserves	18	327,735	394,738
Total Reserves		385,474	444,016

Cash Flow Statement

2022/23		Note	2023/24
£'000			£'000
23,936	Net (Surplus)/Deficit on the Provision of Services		(5,050)
(44,822)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(34,370)
19,407	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	20	22,907
(1,479)	Net Cash Flows From Operating Activities		(16,513)
13,440	Investing Activities	21	27,985
(25,443)	Financing Activities	22	4,031
(13,482)	Net (Increase) or Decrease in Cash and Cash Equivalents		15,503
23,366	Cash and Cash Equivalents at the beginning of the reporting period	16	36,848
36,848	Cash and Cash Equivalents at the end of the Reporting Period	16	21,345

Notes to the Accounts

1. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2023/24 code.

At the balance sheet date, there are no new relevant standards or amendments to existing standards that have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

However, the following are provided for information purposes: -

- IFRS 16 Leases – This Standard removes the previous lease classifications of operating and finance leases and will require local authorities (that are lessees) to recognise all leases on their balance sheets as right-of-use assets (there are exceptions for short-term and low value leases) with a corresponding lease liability representing the lessee's obligation to make lease payments for the assets. CIPFA/LASAAC have a compulsory implementation for IFRS 16 for local government as 1 April 2024.
- Infrastructure Assets – Temporary Relief – Following a consultation in the summer of 2022, CIPFA/LASAAC issued a code update on 29 November 2022. The update amends both the 2021/22 and 2022/23 Codes and includes specifications for future codes on the disclosure of gross cost and accumulated depreciation for infrastructure assets.

The Code has been updated to include a temporary relief from the Code's core requirement to disclose gross cost and accumulated depreciation of infrastructure assets until 31 March 2025

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, 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:

(i) Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

(ii) PFI Scheme

The Council has one PFI contract for the provision of 3 schools. It has determined that it substantially controls both the services provided from and the residual value of the assets used to deliver these contracts. Consequently, the assets relating to these contracts (£67.8m) have been recognised on the Balance Sheet as property, plant and equipment, in accordance with IFRIC 12. Details of the values of these assets are disclosed in Notes 12 (PPE) and 32 (PFI).

3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
PROPERTY, PLANT & EQUIPMENT	Assets are depreciated over useful lives that are dependent on assumptions about the future level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to the assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for property, plant & equipment would increase by £1.87m for every year that useful lives had to be reduced.
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, but where the timing or amount of the transfer is uncertain.	If the provision is found to be inadequate the additional amount will need to be provided from the Authority's revenue.
PENSIONS LIABILITY	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The returns on Pension Fund Assets continues to fluctuate which affects the liability. See Note 34 for details.
ARREARS	At March 2024, the Council had a balance for sundry debtors of £12.8m. An impairment allowance for doubtful debts of £0.266m is held which is included in the impairment allowance for doubtful debts of £3.431m in Note 15. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate a doubling of the amount of the impairment of doubtful debts would require an additional £0.266m to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

4. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director – Finance & Resources on . Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CI&ES). The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2023/24				2022/23			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education	12,844	272	- 956	12,160	5,593	5,959	288	11,840
Social Services	316	237	- 33	520	486	6,045	14	6,545
Environment, Roads & Facilities	10,806	126	- 44	10,888	10,093	3,238	(42)	13,289
Economy & Culture	4,978	82	633	5,693	5,367	2,081	654	8,102
Regulatory & Housing Services	737	48	66	851	219	1,276	(55)	1,440
Corporate Financial Services	9	14	151	174	22	421	0	443
Audit & Procurement	-	4	3	7	0	117	0	117
Revenues and Benefits Service	31	19	2	52	22	500	(11,006)	(10,484)
Law & Governance	7	19	29	55	8	561	(24)	545
Information Technology	542	24	- 126	440	494	631	(103)	1,022
Chief Executive's Department	-	4	- 14	(10)	0	107	0	107
People & Performance	16	13	14	43	21	366	0	387
Corporate Costs and Income	532	(908)	(11,535)	(11,911)	474	(709)	(668)	(903)
Net Cost Of Service	30,818	(46)	(11,810)	18,962	22,799	20,593	(10,942)	32,450
Other Income and Expenditure	(29,997)	(4,399)	11,116	(23,280)	(22,583)	4,705	11,355	(6,523)
(Surplus) or Deficit	821	(4,445)	(694)	(4,318)	216	25,298	413	25,927

a) Adjustments for Capital Purposes

(i) Services line - this column adds in depreciation, amortisation, impairment and revaluation gains and losses.

(ii) Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

(iii) Financing and Investment Income and Expenditure and certain Services line - the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted as these are not chargeable under general accepted accounting practices.

(iv) Taxation and Non Specific Grant Income and Expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) Net change for the removal of pension contributions and the addition of pension (IAS 19) related expenditure and income

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

(i) For services this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with current service costs and past service / curtailment costs.

(ii) For Other Operating Expenditure - this adjustment is for pension's administration costs

(iii) For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CI&ES.

c) Other Adjustments

Other Differences between amounts debited/credited to the CI&ES and amounts payable/receivable to be recognised under statute:

(i) For Services line - this includes an adjustment for accumulated absences earned but not taken in the year.

(ii) For Financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts.

6. Expenditure and Income Analysed by Nature

	2023/24 £'000	2022/23 £'000
Expenditure		
Employee benefits expenses	160,557	172,161
Employee benefits expenses of Voluntary Aided and Foundation Schools	22,429	21,893
Other services expenses	243,039	221,019
Depreciation, amortisation, impairment	31,149	24,598
Interest Payments	10,405	8,444
Precepts and levies	27,654	25,670
(Gain)/Loss on the disposal of assets	147	(1,252)
Total Expenditure	495,380	472,533
Income		
Fees, charges and other service income	(99,881)	(77,264)
Interest and investment income	(1,511)	(489)
Income from Council Tax and Non Domestic Rates	(128,962)	(125,253)
Government grants and contributions	(270,076)	(245,591)
Total Income	(500,430)	(448,597)
(Surplus) or Deficit	(5,050)	23,936

7. Other Operating Expenditure

2022/23 £000		2023/24 £000
16,163	Police and Crime Commissioner for North Wales Precept	17,114
2,459	Community Council Precepts	2,579
6,631	North Wales Fire and Rescue Authority	7,478
417	Other Levies	483
(1,145)	(Gains)/Losses on the disposal of non-current assets	147
(106)	Finance Lease Adjustments	-
24,419	Total	27,801

8. Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
8,444	Interest payable & similar charges	10,405
24,271	Pensions interest cost	28,792
(19,624)	Expected return on pensions assets	(33,194)
(489)	Interest receivable & similar income	(1,511)
(1,208)	Income & expenditure in relation to investment properties & changes in their fair value	(1,971)
(33)	Trading Operations	(146)
11,361	Total	2,375

9. Local Taxation and Non Specific Grant Income

2022/23 £000		2023/24 £000
(82,047)	Council Tax income	(90,435)
(43,306)	Non domestic rates	(38,527)
(142,619)	Non-ring fenced government grants	(161,082)
(17,456)	Capital grants & contributions	(24,414)
(285,428)	Total	(314,458)

10. Adjustments between Accounting Basis and Funding Basis under Regulation

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

	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		
2023/24	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	23,678	-	-	-	23,678	(23,678)
Impairment losses on Property, Plant and Equipment	7,322	-	-	-	7,322	(7,322)
Revaluation losses on Assets Held for Sale	87	-	-	-	87	(87)
Movement in the market value of Investment Properties	(1,169)	-	-	-	(1,169)	1,169
Amortisation of Intangible assets	62	-	-	-	62	(62)
Capital grants and contributions applied	(16,732)	-	-	-	(16,732)	16,732
Revenue expenditure funded from capital under statute	1,642	-	-	-	1,642	(1,642)
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	191	-	-	-	191	(191)
Administration costs of asset disposal in advance of receipt	10	-	-	-	10	(10)
Difference between asset value & Lease liability	-	-	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(6,535)	-	-	-	(6,535)	6,535
Capital expenditure charged against the Council Fund balance	-	-	-	-	-	-
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(7,682)	-	-	7,682	-	-

	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		
2023/24	£'000	£'000	£'000	£'000	£'000	£'000
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	(44)	-	44	-	-	-
Finance Lease Rental Principal	-	-	62	-	62	(62)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(1)	-	(1)	1
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	10	-	(10)	-	-	-
Amelioration of Finance Lease Rentals	62	-	-	-	62	(62)
Additional Finance Lease Asset	-	-	-	-	-	-
Adjustments primarily involving the Capital Reserves:						
Use of Capital Reserve to finance new capital expenditure	-	(41)	-	-	(41)	41
Adjustment 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	(112)	-	-	-	(112)	112
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	13,712	-	-	-	13,712	(13,712)
Employer's pensions contributions and direct payments to pensioners payable in the year	(18,157)	-	-	-	(18,157)	18,157
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	(664)	-	-	-	(664)	664
Total Adjustments	(4,319)	(41)	95	7,682	3,417	(3,417)

	Usable Reserves					Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
2022/23 Comparative Figures						
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	22,762	-	-	-	22,762	(22,762)
Impairment losses on Property, Plant and Equipment	1,704	-	-	-	1,704	(1,704)
Revaluation losses on Property, Plant and Equipment	-	-	-	-	-	-
Movement in the market value of Investment Properties	(545)	-	-	-	(545)	545
Amortisation of Intangible assets	132	-	-	-	132	(132)
Capital grants and contributions applied	(19,769)	-	-	-	(19,769)	19,769
Revenue expenditure funded from capital under statute	171	-	-	-	171	(171)
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	976	-	-	-	976	(976)
Administration costs of asset disposal in advance of receipt	35	-	-	-	35	(35)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(5,298)	-	-	-	(5,298)	5,298
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,313	-	-	(2,313)	-	-

2022/23 Comparative Figures	Usable Reserves				Movement in Usable Reserves	Unusable Reserves
	Council Fund Balance	Earmarked Capital Reserves	Capital Receipts Reserve	Capital Grants Unapplied		Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
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	(2,122)	-	2,122	-	-	-
Finance Lease Rental Principal	-	-	53	-	53	(53)
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(126)	-	(126)	126
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(8)	-	(53)	-	(61)	61
Amelioration of Finance Lease Rentals	60	-	-	-	60	(60)
Adjustments primarily involving the Capital Reserves:						
Use of Capital Reserve to finance new capital expenditure	-	(534)	-	-	(534)	534
Adjustment 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	40	-	-	-	40	(40)
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39)	42,154	-	-	-	42,154	(42,154)
Employer's pensions contributions and direct payments to pensioners payable in the year	(16,857)	-	-	-	(16,857)	16,857
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	286	-	-	-	286	(286)
Total Adjustments	25,928	(534)	1,996	(2,313)	25,077	(25,077)

11. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the Council Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Council Fund expenditure.

	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Between Reserves	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund:								
Balances held by schools under a scheme of delegation	10,703	(1,445)	1,036	10,294	-	(3,382)	149	7,061
Service Reserves:								
Economy & Culture	2,094	(58)	176	2,212	(760)	-	63	1,515
Regulatory & Housing Services	455	(216)	-	239	-	(53)	-	186
Environment, Roads & Facilities	450	-	-	450	-	-	-	450
Tramway - Maintenance Programme	353	-	-	353	-	-	-	353
IT	1,452	(157)	-	1,295	-	-	119	1,414
People & Performance	241	-	13	254	120	-	21	395
Revenues & Benefits	364	(26)	-	338	(90)	(20)	-	228
Internal Audit	69	-	-	69	(50)	-	12	31
Law & Governance	485	-	-	485	(30)	(73)	-	382
Other Services	510	(172)	-	338	(237)	-	90	191
Social Services	2,085	(379)	-	1,706	(988)	(19)	-	699
Education Services	536	(156)	-	380	-	(281)	20	119

	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Between Reserves	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Corporate Reserves:</i>								
Apprenticeships Reserve	102	-	-	102	-	-	-	102
Budget Recovery Reserve	3,126	(664)	-	2,462	3,526	(173)	-	5,815
Pay Pressures Reserve	2,544	(3,365)	1,262	441	1,062	-	121	1,624
Digital Transformation Reserve	881	(173)	15	723	-	-	-	723
Renewal Programme Reserve	477	(65)	-	412	-	-	-	412
Business Grants Reserve	200	-	200	400	-	-	-	400
Carbon Reduction Reserve	170	-	-	170	-	-	-	170
Home to School Transport	237	-	-	237	-	-	-	237
Winter Maintenance	333	-	-	333	-	-	-	333
Insurance Reserves	2,048	(500)	687	2,235	-	(178)	589	2,646
PFI Unitary Charge	277	-	371	648	-	(32)	31	647
Managed Print Service	56	-	-	56	-	-	-	56
Hardship Fund	2,553	-	-	2,553	(2,553)	-	-	-
Redemption Cost Mostyn Street Offices	(653)	-	-	(653)	-	-	75	(578)
Other	565	(128)	155	592	-	(8)	402	986
Earmarked Grants Reserves	2,122	(1,196)	1,456	2,382	-	(347)	1,176	3,211
Total Earmarked Reserves	34,835	(8,700)	5,371	31,506	-	(4,566)	2,868	29,808
Total Capital Reserves	2,879	(1,014)	5,141	7,006	-	(663)	4,442	10,785

The following table gives a brief description of the purpose of the reserves:

Reserve	Description
Service Reserves:	
Economy & Culture	Represents several amounts set aside for earmarked projects or risks, e.g. Business Support, Bus Shelter Remedial Works, commercial rental income, and other business critical risks and
Regulatory & Housing Services	Represents several amounts set aside for earmarked projects or risks, e.g. Development Control, LDP Review, replacement IT system, and statutory public health support.
Environment, Roads & Facilities	Represents several amounts set aside for earmarked projects or risks, e.g. Asset Management Planning, the Harbour reserve, and other business critical risks and commitments.
Tramway - Maintenance Programme	An earmarked reserve to support the ongoing maintenance programme for the Great Orme
IT	Represents several amounts set aside for authority wide projects or risks, e.g. Purchase of Software Licences, storage for personal shared devices, Microsoft migration and upgrades, security
People & Performance	Represents several amounts set aside for earmarked projects or risks, e.g. support for managing sickness absence, and additional HR capacity pressures.
Revenues & Benefits	Represents several amounts set aside for earmarked projects or risks, e.g. Support for Housing Benefit loss of subsidy, Financial Assessment System Hardware & Software.
Internal Audit	Represents several amounts set aside for service risks e.g. Restructure Costs and Audit related
Law & Governance	Represents several amounts set aside for service risks and commitments, e.g. translation support, Legal capacity, and other business critical initiatives.
Other Services	Represents several amounts set aside for other services risks, and business critical risks in other
Social Services	Represents several amounts set aside for service risks and commitments, e.g. Galw Gofal trading balance, reserve for care worker driving lessons, adaptation and other service pressures
Education Services	Represents several amounts set aside for earmarked projects or risks, e.g. specialist educational support, school sickness scheme, and other risks and business critical support for learners.

Corporate Reserves:	
Apprenticeships Reserve	An earmarked reserve to support the employment of Modern Apprentices.
Budget Recovery Reserve	Created to assist in funding related budgetary pressures for 2022/23, 2023/24 and 2024/25 carried
Pay Pressures Reserve	To assist with pay pressure due to the possibility of the pay award being above the assumed level
Digital Transformation Reserve	Carry forward of WG grant received in 2020/2021 to support IT and digital investment .
Renewal Programme Reserve	Carry forward of consultancy / administration income received from WG in 2020/2021 for the management of the business grants. The reserve has been established to fund Renewal
Business Grants Reserve	To safeguard the Authority in the event of grant clawback from WG in relation to business grants
Carbon Reduction Reserve	To support the Council's key objective of carbon reduction including electric charging points for
Home to School Transport	To support the risk of additional costs for the service through further tendering, hazardous route requirements, additional provision for vulnerable clients, and pandemic related requirements.
Winter Maintenance	To support potential gritting and bad weather expenditure.
Insurance Reserves	To fund any future insurance liabilities and known claims that exceed budgetary provision and
PFI Unitary Charge	Set aside to fund future PFI Unitary charges under the agreed charging model
Managed Print Service	Reserve in place for the print unit to cover any additional expenditure for the Ricoh contract or loss
Hardship Fund	To assist with budgetary pressures arising as a result of the loss of hardship grant funding
Redemption Cost Mostyn Street Offices	Negative reserve to fund the lease redemption cost of the Mostyn St offices, to be replenished by the savings achieved over the next few years.
Other	To meet a variety of other commitments and risks, and service reserves used for budget reductions
Earmarked Grants Reserves	Represents income from Government grants set aside for use in the provision of specific services in

12. Property, Plant and Equipment

Movements in 2023/24:	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	426,942	43,573	8,319	1,030	35,285	515,149	79,687
Additions	9,864	3,981			4,570	18,415	1,129
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	7,111			1,041		8,152	623
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,314)			(8)		(7,322)	
Derecognition - Disposals	(187)	(4,540)				(4,727)	
Transfers from Assets under Construction	6,488	709			(32,166)	(24,969)	89
Assets Reclassified to/(from) Land and Buildings				1,106		1,106	
Assets Reclassified to/(from) Assets Held for Sale				625		625	
Assets Reclassified to/(from) Surplus Assets	(1,106)					(1,106)	
At 31 March 2024	441,798	43,723	8,319	3,794	7,689	505,323	81,528
Accumulated Depreciation & Impairment							
At 1 April 2023	(25,311)	(26,598)	(5,708)	-	-	(57,617)	(11,875)
Depreciation Charge	(10,439)	(5,229)	(269)			(15,937)	(1,845)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services						-	
Impairment Losses recognised in the Revaluation Reserve						-	
Derecognition - disposals		4,536				4,536	-
At 31 March 2024	(35,750)	(27,291)	(5,977)	-	-	(69,018)	(13,720)
Net Book Value							
at 31 March 2024	406,048	16,432	2,342	3,794	7,689	436,305	67,808
at 31 March 2023	401,631	16,975	2,611	1,030	35,285	457,532	67,812

Movements in 2022/23:	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	394,216	43,163	7,958	1,220	8,601	455,158	74,537
Additions	5,137	2,838	361		29,850	38,186	714
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	24,216					24,216	4,436
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	1,981			(136)		1,845	
Derecognition - Disposals	(216)	(2,428)				(2,644)	
Transfers from Assets under Construction	3,155				(3,166)	(11)	
Assets Reclassified to/(from) Land and Buildings	(1,547)					(1,547)	
Assets Reclassified (to)/from Surplus Assets						-	
Assets Reclassified (to)/from Held for Sale				(54)		(54)	
At 31 March 2023	426,942	43,573	8,319	1,030	35,285	515,149	79,687
Accumulated Depreciation & Impairment							
At 1 April 2022	(11,665)	(23,967)	(5,444)	-	-	(41,076)	(10,180)
Depreciation Charge	(9,664)	(5,059)	(264)			(14,987)	(1,695)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(3,549)					(3,549)	
Impairment Losses recognised in the Revaluation Reserve	(464)					(464)	
Derecognition - disposals	31	2,428				2,459	-
At 31 March 2023	(25,311)	(26,598)	(5,708)	-	-	(57,617)	(11,875)
Net Book Value							
at 31 March 2023	401,631	16,975	2,611	1,030	35,285	457,532	67,812
at 31 March 2022	382,551	19,196	2,514	1,220	8,601	414,082	64,357

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.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	2022/23 £000	2023/24 £000
Net Book Value at 1 April	109,357	111,315
Additions	9,721	47,423
Derecognition	-	0
Depreciation	(7,775)	(7,741)
Impairment	-	0
Other movements	12	0
Net Book Value at 31 March	111,315	150,997

	2022/23 £000	2023/24 £000
Infrastructure assets	111,315	150,997
Other PPE assets	457,532	436,305
Total PPE assets	568,847	587,302

Capital Commitments

At 31 March 2024, the Authority has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years, with major schemes budgeted to cost £3.114m. Similar commitments at 31 March 2023 were £9.796m. The major commitments are:

Council Fund Capital Programme Scheme	Contracted Future Cost £'000
Glan yr Afon	1,295
Bwthyn y Ddol Children's Assessment Unit (NWAL 57)	1,819
Total	3,114

Revaluations

The Authority carries out a revaluation exercise every 5 years of all Property, Plant and Equipment required to be measured at fair value. Valuations of land and buildings were carried out internally by the County Valuer and Asset Manager, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The assets were revalued as at 31 March 2020. Assets Held for Sale, Investment Properties and Surplus Assets are re-valued annually, and other assets are valued at historic cost.

The Council's asset valuations are based on guidance from the RICS Red Book Global. Less certainty and a higher degree of caution should be attached to our valuation than would normally be the case. During the year there have been significant movements in build costs, consequently impacting the carrying value of assets. An indexation has been applied to existing asset valuations to ensure the Accounts are not materially misstated as at 31st March 2024. This exercise has been carried out for the Council's assets valued at Depreciated Replacement Cost using data sources from the Building Cost Information Service (BCIS).

Disclosure Note regarding Schools

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

13. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023/24 £000	2022/23 £000
Rental income from Investment Property	802	695
Expenditure on Investment Property	(1)	(33)
Net gain/(loss)	801	662

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

Fair Value of Investment Properties	2023/24	2022/23
	£'000	£'000
Balance at start of year	17,000	16,359
Additions	-	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	1,169	546
Transfers (to)/from Property, Plant and Equipment		95
Balance at year end	18,169	17,000

14. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables			248	222
Cash equivalents - investments			27,570	32,200
Cash equivalents Foundation Schools - investments			237	357
Available-for-sale financial assets	2,192	2,167		
Total Investments	2,192	2,167	28,055	32,779
Debtors				
Loans and receivables	5,865	5,668	-	-
Financial assets carried at contract amounts			57,710	63,998
Total Debtors	5,865	5,668	57,710	63,998
Borrowings				
Financial liabilities at amortised cost	130,684	136,266	79,823	75,162
Total Borrowings	130,684	136,266	79,823	75,162
Other Liabilities				
PFI and finance lease liabilities	39,521	41,529	2,520	2,647
Total Other Liabilities	39,521	41,529	2,520	2,647
Creditors				
Financial liabilities carried at contract amount	2,615	2,463	38,022	46,868
Total Creditors	2,615	2,463	38,022	46,868

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

The nature and extent of risks arising from Financial Instruments are disclosed in Note 37.

Analysis of short term Investments:

	31 March 2024	31 March 2023
	£'000	£'000
Financial Assets - Investments	248	222
Cash Equivalents - Investments	27,570	32,200
Cash Equivalents - Foundation Schools Investments	237	357
Accruals	(204)	(36)
Investments	27,851	32,743

Analysis of long and short term actual debt outstanding:

	31 March 2024 £'000	31 March 2023 £'000
Financial Liabilities: Long Term Borrowing	130,684	136,266
Financial Liabilities: Short Term Borrowing	79,823	75,162
	210,507	211,428
Less PWLB Interest Accruals	(2,330)	(803)
Market Loans Interest Accruals	(1,343)	(701)
Stepped Loan Effective Interest Rate adjustment	-	(145)
Premium adjustment to Modified Loan	676	681
IFRS9 loan modification	144	144
Soft loan accounting entries	190	256
Debt Outstanding	207,844	210,860

Income, Expense, Gains & Losses

	2023/24				2022/23			
	Financial Liabilities measured at Amortised Cost £'000	Financial Assets: Loans and Receivables £'000	Financial Assets: Available for Sale £'000	Total £'000	Financial Liabilities measured at Amortised Cost £'000	Financial Assets: Loans and Receivables £'000	Financial Assets: Available for Sale £'000	Total £'000
Interest expense	9,003	-	-	9,003	6,660	-	-	6,660
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in fair value	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Fee expense	37	-	-	37	65	-	-	65
Total expense in Surplus or Deficit on the Provision of Services	9,040	-	-	9,040	6,725	-	-	6,725
Interest income	-	(1,650)	-	(1,650)	-	(313)	-	(313)
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increase/Decrease in fair value	-	(61)	26	(35)	-	(69)	(60)	(129)
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
Total Income in Surplus or Deficit on the Provision of Services	-	(1,711)	26	(1,685)	-	(382)	(60)	(442)
Net (Gain) Loss for the year	9,040	(1,711)	26	7,355	6,725	(382)	(60)	6,283

Fair Values of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2024 of 4.61% to 5.38% for loans from the PWLB and 4.61% to 5.38% 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 to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- In 2023/24 the Transfer Rate as per IFRS13 was used.

The fair value hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value which include:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g., bond prices.

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments.

Level 3 – fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness.

The PWLB loans and the LOBO and other long term loans are calculated using Level 2 inputs.

The fair values calculated are as follows:

	31 March 2024		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Borrowing	79,823	79,823	75,162	75,162
Long-term Borrowing	130,684	134,895	136,266	143,766
Short-term Creditors	40,542	40,542	49,515	49,515
Other long-term Liabilities	41,766	35,644	43,992	37,014
Total	292,815	290,904	304,935	305,457

	31 March 2024		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term Investments	248	248	222	222
Short-term Debtors	57,711	57,711	63,998	63,998
Long-term Debtors	5,865	5,865	5,668	5,668
Total	63,824	63,824	69,888	69,888

The fair values of the long term borrowing and long term liabilities have been adjusted by the elements included in the short term borrowing and short term creditors figures respectively.

15. Debtors

	31 March 2024 £'000	31 March 2023 £'000
Trade	56,367	63,257
Other	3,123	2,483
Prepayments	1,651	1,674
Total	61,141	67,414
Expected credit loss	(3,431)	(3,416)
Net Debtors	57,710	63,998

The past due date but not impaired amount for Council Tax can be analysed by age as follows:

	31 March 2024 £'000	31 March 2023 £'000
Less than one year	2,613	2,261
More than one year	5,282	4,787
Total	7,895	7,048

16. Cash and Cash Equivalents

	31 March 2024 £'000	31 March 2023 £'000
Cash Held by the Authority	2,734	2,595
Bank Current Accounts	(9,197)	1,694
Short-term Deposits	27,570	32,200
Short-term Deposits - Foundation Schools	237	357
Total Cash & Cash Equivalents	21,344	36,847

17. Creditors

	31 March 2024 £'000	31 March 2023 £'000
Trade	35,235	45,514
Other	5,307	4,001
Net Creditors	40,542	49,515

18. Unusable Reserves

	31 March 2024 £'000	31 March 2023 £'000
Revaluation Reserve	149,455	149,467
Available for Sale Financial Assets Reserve	2,192	2,167
Capital Adjustment Account	189,971	190,321
Financial Instruments Adjustment account	(253)	(365)
Pensions Reserve	(11,736)	55,589
Deferred Capital Receipts Reserve	1,218	1,335
Accumulated Absences Account	(3,112)	(3,776)
Total Unusable Reserves	327,735	394,738

Revaluation Reserve

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

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

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

2022/23 £'000	Revaluation Reserve	2023/24 £'000
129,402	Balance at 1 April	149,467
24,216	Upward revaluation of assets	6,003
(464)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,727)
23,752	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	4,276
(3,643)	Difference between fair value depreciation and historical cost depreciation	(4,288)
(44)	Accumulated gains on assets sold or scrapped	
(3,687)	Amount written off to the Capital Adjustment Account	(4,288)
149,467	Balance at 31 March	149,455

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23	Capital Adjustment Account	2023/24
£'000		£'000
185,938	Balance at 1 April	190,321
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(22,762)	▪ Charges for depreciation & impairment of non-current assets	(23,678)
(1,704)	▪ Revaluation gain / (losses) on Property, Plant & Equipment	(7,409)
(132)	▪ Amortisation of Intangible Assets	(62)
(171)	▪ Revenue expenditure funded from capital under statute	(1,642)
(835)	▪ Amounts of non-current assets written off on disposal or sale as part of the gain/loss on the disposal to the Comprehensive Income & Expenditure Statement	(191)
26	▪ Administration costs of asset disposal in advance of sale	(10)
	Correction of Historic RR Balances	3,876
-	▪ Previous Year's grant adjustment	-
(25,578)		(29,116)
3,687	▪ Adjusting amounts written out of the Revaluation Reserve	4,288
(21,891)	Net written out amount of the cost of non-current assets consumed in the year	(24,828)
	Capital financing applied in the year:	
126	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	1
19,769	▪ Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	16,732
5,299	▪ Statutory provision for the financing of capital investment charged against the Council Fund	6,535
534	▪ Capital expenditure charged against the Council Fund	41
3,837		(1,519)
546	▪ Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	1,169
190,321	Balance at 31 March	189,971

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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 pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

2022/23 £'000	Pensions Reserve	2023/24 £'000
(164,383)		55,589
	Balance at 1 April	
279,751	Actuarial gains or (losses) on pensions assets & liabilities	64,346
(42,154)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(13,712)
16,857	Employer's pension contributions payable in the year	18,157
(34,482)	Asset Ceiling Adjustment	(136,234)
55,589	Balance at 31 March	(11,736)

The above figure for 2022/23 includes a figure of £117,750 relating to the North Wales Economic Ambition Board whereas Note 34 only reflects the Gwynedd and Clwyd Pension Schemes.

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.

2022/23 £'000	Deferred Capital Receipts Reserve	2023/24 £'000
1,483	Balance at 1 April	1,335
(35)		
(60)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(61)
(53)	Transfer to the Capital Receipts Reserve upon receipt of cash	(56)
1,335	Balance at 31 March	1,218

19. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

2022/23 £'000		2023/24 £'000
(22,762)	Depreciation of Non Current Assets	(23,679)
(132)	Amortisation of Intangible Fixed Assets	(62)
(25,297)	Pension Fund adjustments	4,445
(63)	Increase/decrease in impairment for provision for bad debts	794
145	Contributions to Provisions	(330)
(976)	Carrying amount of Property Plant & Equipment, investment property and intangible assets sold	(191)
(1,159)	Impairment and revaluations	(6,241)
2,412	Other non-cash movement	(8,291)
(22)	Increase/(Decrease) in Inventories	93
8,031	Increase/(Decrease) in Debtors	(8,645)
(4,999)	(Increase)/Decrease in Creditors	7,737
(44,822)	Net non cash movements	(34,370)

The cash flows for Operating Activities include the following items:

2022/23 £'000		2023/24 £'000
(489)	Interest received	(1,511)
7,867	Interest paid	10,706

20. Cash Flow Statement – Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities

2022/23 £'000		2023/24 £'000
2,122	Proceeds from sale of non-current assets	135
17,456	Capital grants and contributions credited to income and expenditure	24,414
(171)	Revenue Expenditure Funded from Capital Under Statute	(1,642)
-	Finance lease liability	-
19,407	Net cash flow from investing activities	22,907

21. Cash Flow Statement – Investing Activities

2022/23 £'000		2023/24 £'000
50,912	Purchase of property, plant and equipment, investment property and intangible assets	44,242
		554,921
517,557	Purchase of short –term and long-term investments	
(2,122)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(135)
(525,528)	Proceeds from short-term and long-term investments	(554,895)
(27,379)	Other receipts from investing activities	(16,148)
13,440	Net cash flow from investing activities	27,985

22. Cash Flow Statement – Financing Activities

2022/23 £'000		2023/24 £'000
(39,500)	Cash receipts of short-term and long-term borrowing	(80,435)
-	Other receipts from financing activities	-
2,632	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,504
10,712	Repayments of short- term and long- term borrowing	83,500
713	Other payments for financing activities	(1,538)
(25,443)	Net cash flow from financing activities	4,031

23. Agency Services

The Council has entered into agreements under which it carries out tasks on behalf of other organisations for which it is fully reimbursed. One agreement relates to Trunk Road Maintenance and Improvement Works on behalf of the Welsh Government.

Expenditure was as follows:

	2023/24 £'000	2022/23 £'000
Trunk Roads	6,065	5,075
Total	6,346	5,125

24. Pooled Budgets

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people. The arrangement came into effect on 1st April 2019. Denbighshire County Council is acting as host authority during the initial term of the agreement. The transactions for Conwy CBC only are included in the Social Services line of the Comprehensive Income and Expenditure statement.

Income and expenditure for these pooled budget arrangements for the year ending 31st March 2024 are as follows; the contributions for Q3 and Q4 are included for information only and have not been accrued in each partners' accounts. As per the Partnership Agreement, these payments will be made in arrears during 2024/25:

	2023/24 £'000
	Care Homes for Older People
Expenditure	
Care Home costs	126,922
Total Expenditure	126,922
Funding	
Denbighshire County Council	(11,914)
Conwy County Borough Council	(18,182)
Flintshire County Council	(13,578)
Wrexham County Borough Council	(14,957)
Gwynedd Council	(12,044)
Isle of Anglesey County Council	(7,214)
Betsi Cadwaladr University Health Board	(49,033)
Total Funding	(126,922)
(Surplus) / Deficit transferred to Reserve	0

25. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year:

	2023/24 £000	2022/23 £000
Basic Salary	983	910
Senior Salary	281	254
Expenses	7	6
Total	1,271	1,170

26. Officers' Remuneration

The remuneration paid to the Authority's senior employees who have an influence on the overall running of the Authority is as follows:

	Post Title	Note	Salary	Total Remuneration excl Pension Contributions	Employers Pension Contributions	Total Remuneration
			£	£	£	£
2022/23	Former Chief Executive	1	109,264	109,264	21,634	130,898
2022/23	Chief Executive		45,528	45,528	9,014	54,542
2023/24	Chief Executive		136,638	136,638	26,781	163,419
2022/23	Strategic Director (Economy & Place)	2	87,244	87,244	15,271	102,515
2023/24	Strategic Director (Economy & Place)		-	-	-	-
2022/23	Strategic Director of Social Care and Education		107,111	107,111	21,208	128,319
2023/24	Strategic Director of Social Care and Education		110,860	110,860	21,728	132,588
2022/23	Strategic Director (Finance & Resources)		103,411	103,411	20,475	123,886
2023/24	Strategic Director (Finance & Resources)		110,182	110,182	21,595	131,777
2022/23	Head of Law and Governance	3	46,046	46,046	9,117	55,163
2023/24	Head of Law and Governance		68,737	68,737	13,473	82,210
2022/23	Statutory Head of Education Services		90,131	90,131	17,846	107,977
2023/24	Statutory Head of Education Services		93,286	93,286	18,284	111,570
2022/23	Head of Environment, Roads and Facilities		90,131	90,131	17,846	107,977
2023/24	Head of Environment, Roads and Facilities		93,286	93,286	18,284	111,570
2022/23	Head of Regulatory	4	79,618	79,618	15,764	95,382
2023/24	Head of Regulatory		-	-	-	-
2022/23	Head of People and Performance	5	23,319	23,319	6,397	29,716
2023/24	Head of People and Performance		73,895	73,895	11,483	85,378

The Council did not have any employees with a salary in excess of £150,000.

Remuneration includes all sums paid to or receivable by an employee (including normal emoluments), expense allowances and the money value of benefits, but excludes payments in relation to Returning Officer and Deputy Returning Officer roles at elections. Total remuneration includes employer pension contributions payable to the Local Government Pension Scheme, but not directly paid to the employee.

1 The former Chief Executive retired on 25/01/23 and the new Chief Executive commenced on 26/11/22 vacating the previous post of Head of Law and Governance.

2 The Strategic Director (Economy and Place) left on 24/01/23.

3 The new Head of Law and Governance commenced on 8/05/23.

4 The Head of Regulatory was included in the above table in 2022/23 as for part of the year he assumed the responsibilities of the Council's Monitoring Officer.

5 The Head of People and Performance commenced on 14/10/22.

The table above is based on taxable pay, but the table below is net of additional annual leave purchase, car loans, and salary sacrifice schemes.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Band	2023/24 Number		2022/23 Number	
	Non-Schools	Schools	Non-Schools	Schools
£60,000 - £64,999	11	32	7	35
£65,000 - £69,999	10	25	12	12
£70,000 - £74,999	7	13	3	4
£75,000 - £79,999	0	6	5	1
£80,000 - £84,999	5	4	1	2
£85,000 - £89,999	0	0	0	2
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	0	1	1	0
£100,000 - £104,999	0	1	1	1
£105,000 - £109,999	0	3	0	0
£110,000 - £114,999	0	1	0	1
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	0	1

The following table gives the ratio between the Chief Executive's scale point and the median scale point of Council staff:

	2023/24 Scale Point	2022/23 Scale Point
Chief Executive	£138,384	£131,120
Median	£25,979	£24,054
Ratio	5.33	5.45

Termination Benefits

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:-

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£	£
£0 - £19,999	9	11	29	13	38	24	265,343	224,627
£20,000 - £99,999	1	5	12	7	13	12	426,944	413,451
Total	10	16	41	20	51	36	692,287	638,078

Bands merged to maintain anonymity.

27. External Audit Costs

	2023/24	2022/23
	£'000	£'000
Fees payable to Audit Wales relating to the audit of the financial statements.	248	232
Fees payable to Audit Wales relating to Performance audit work	107	107
Fees payable for the certification of grant claims and returns for the year.	41	45
Total	396	384

28. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24	2022/23
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	160,071	140,005
Sub Total	160,071	140,005
Capital Grants:		
General Capital Grant	3,128	2,361
Transforming Towns	223	-
Housing with Care Fund	1,898	1,482
Brilliant Basics Fund	349	-
Housing Development	554	-
Shared Prosperity Fund	564	-
Coastal Risk Management Programme / Coastal Defence	758	1,393
Resilient Roads Fund	2,296	-
Local Plan for Nature/Access Improvement	480	-
Levelling Up Fund	1,346	13
Community Focused Schools / Sustainable Communities for Learning	1,912	2,640
Flood Alleviation Schemes	507	1,555
Colwyn Bay Waterfront Coastal Defence	-	5,516
Transport / Network Grants	2,550	304
Other Welsh Government Grants	1,005	1,041
North Wales Economic Ambition Board	6,615	-
Other Various Grants	229	1,151
Sub Total	24,414	17,456
Grand Total	184,485	157,461

Credited to Services:		
Various capital grants applied (REFCUS)	1,935	1,625
Grants DWP Housing Benefit Admin	357	-
Grants DWP Rent Allowances	23,659	25,199
Grants DWP Rent Rebates	950	-
Grants NDR Cost of Collection	313	311
Grants DWP Discretionary Housing Payments	176	452
Grants WG Covid	1,392	4,268
Grants SPF (Shared Prosperity Fund)	3,014	-
Grants WG Post 16	6,499	6,198
Grants WG Pupil Deprivation	-	3,789
Grants WG Education Improvement	3,448	3,561
TRAC European Grant	24	476
WG Local Authority Education Grant	10,405	6,337
Grants WG Professional Development	455	-
Youth Revenue Grant	402	385
WG Grant	937	-
Grants WG Social Care Workforce Development Partnership	326	1,744
Grants WG Youth Homelessness Innovation LAC	254	240
Grants Youth Justice Board	452	368
Grants WG Integrated Care Fund (ICF)	3,859	3,563
Grants WG Flying Start	2,968	2,513
Grants WG Well Being Activity	133	285
Grants WG SP Risk of Offending	278	-
Grants WG Social Care Workforce Development Programme	1,734	343
Grants WG Eliminating Profit from Care	386	244
Grants WG Radical Reform of Service	219	-
Grants WG Bus Services Support Grant	1,547	1,152
Grants WG Concessionary Fares	2,263	2,284
Grants WG Sustainable Waste Management	568	613
Grants WG North Wales Regional Waste Treatment Partnership	-	1,118
Grants Wales Council Voluntary Action - Local Nature Partner	168	-
Grants WG EFAS	679	-
Grants WG Supporting People	8,726	8,740
Grants WG Homes for Ukraine	1,311	1,868
Grants Public Health Wales Exercise Referral Scheme	160	161
Grants Sports Wales	300	-
Grant WG Families First	1,453	1,589
Grants CRMP Funding	1,011	2,614
Coast Protection	-	154
Miscellaneous Grants	-	949
Communities For Work	-	719
Promoting Positive Engagement	-	280
Miscellaneous Education Grants	-	317
Cost of Living - Admin Grants	-	259
Welsh Government Rural Grants	-	327
Substance Misuse Action Fund	-	117
Other Grants	2,828	2,966
Grand Total	85,592	88,128

29. Related Parties

In accordance with IAS 24, the Council has a duty to disclose any material transactions with a 'related party'. This is to ensure that financial statements contain disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them.

Central Government

Detailed information on Revenue Grants, Capital Grants, Revenue Support Grant and NNDR pool transactions during the year is disclosed in Notes 28 and 40 in the statement.

Precepts and Levies

Details of precepts collected on behalf of other organisations are provided in the Income and Expenditure Account. The Council appoints Members to certain bodies which levy on the Council's budget. Details of these levies are given in Note 7, and in the following table:

	2023/24 £'000	2022/23 £'000
North Wales Fire and Rescue Authority	7,478	6,631
North Wales Police and Crime Commissioner	17,114	16,163
Snowdonia National Park Authority	314	314

Charitable and Voluntary Organisations

The Council appoints Members, Strategic Directors, Heads of Service, and other Officers to certain charitable and voluntary bodies. Other Officers are not included in the disclosure of transactions with related parties as it is not considered that these Officers are in a position to exert the same level of influence within the Council as Members, Strategic Directors and Heads of Service. During 2023/24 a total of £503,485 (2022/23: £489,675 including year-end creditors of £186) was paid to these bodies by way of grants and the purchasing of services. In 2023/24 the Council received income of £1,629,787 (including year-end debtors of £67,008) (£640,367 in 2022/23 including year-end debtors of £2,174) from these bodies.

Welsh Local Government Association (WLGA) and Local Government Association (LGA)

The Council is a member of the WLGA and LGA, to which subscriptions of £105,847 were paid in 2023/24 (no year-end creditor) (£105,847 in 2022/23, including a year-end creditor of £500), and from which the Council received income of £435,363 (including year-end debtors of £66,895) (£496,918 in 2022/23, including year-end debtors of £1,000).

Chief Executive, Strategic Directors and Heads of Service

The Chief Executive, Heads of Service and Strategic Directors were sent a declaration of interest with related parties return for the year 2023/24.

Nothing was paid by the Council in 2023/24 under such arrangements (nothing in 2022/23), and no income was received by the Council (£nil in 2022/23).

Members

Members were sent a declaration of interest with related parties return for the year 2023/24 and mainly declared interests in companies or businesses which may have dealings with the Council.

A total of £1,702,909 was paid by the Council in 2023/24 under such dealings (2022/23: £3,325,774 including a year-end creditor of £89,690), and a total of £853,764 (including a year-end debtor of £11,201) was received by the Council (£8,108,625 in 2022/23 (including a year-end debtor of £627,893)).

The companies include a hall where a Member is a trustee and director, a community centre where the Member's wife is honorary treasurer, a bookshop run by a Member, a transport company where a Member has relatives with a controlling interest, and a removal company owned by a Member's relatives.

Two Conwy Members represented the Council on the North Wales Residual Waste Treatment Project and one Conwy Member represented the Council on the GwE Joint Committee. Due to the nature of the parties, transactions are incurred in the normal course of activity. The Council has nominated a Member to sit on the board of governors for Derwen College.

Other

Conwy acts as an agent on behalf of the North Wales Fire & Rescue Authority in treasury management dealings, as part of the financial management service provided under a service level agreement.

Apart from normal transactions such as the payments of Council Tax, non-domestic rates and housing rents, there are no other material transactions with related parties.

30. 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 and PFI contracts), 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 movement in the CFR is analysed in the second part of this note.

	2023/24	2022/23
	£'000	£'000
Opening Capital Financing Requirement	248,203	226,005
Capital Investment		
Property, Plant & Equipment	41,869	47,909
Assets Held for Sale	-	-
Intangible Assets	-	14
Revenue Expenditure funded from Capital under Statute	2,610	1,797
Reverse PFI lifecycle timing	-	-
Sources of Finance		
Capital Receipts	10	(153)
Government Grants & Other Contributions	(18,666)	(21,395)
Sums set aside from revenue:		
Direct Revenue Contributions	(41)	(534)
MRP	(6,535)	(5,299)
Finance leased asset	-	(141)
Closing Capital Financing Requirement	267,450	248,203
Explanation of movements in year		
Increase in underlying need to borrow	20,143	23,265
Finance Leases (including Coed Pella and PFI)	(13)	(13)
PFI/Coed Pella contracts	(893)	(887)
Costs of disposal movement in CAA	10	(26)
Finance leased asset	-	(141)
Increase/(Decrease) in Capital Financing Requirement	19,247	22,198

31. Leases

Authority as Lessee

Finance Leases

The Council has acquired a number of buildings, commercial vehicles, franking machines, and schools IT and other equipment under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2024 £'000	31 March 2023 £'000
Other Land & Buildings	37,636	37,235
Vehicles, Plant, Furniture & Equipment	-	-
Total	37,636	37,235

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2024 £'000	31 March 2023 £'000
Finance lease liabilities (NPV of minimum lease payments)		
▪ Current	570	554
▪ Non-Current	31,131	31,701
Finance costs payable in future years	18,474	19,394
Minimum Lease Payments	50,175	51,649

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
No later than one year	1,471	1,471	570	554
Later than one year and not later than 5 years	5,882	5,882	2,450	2,381
Later than 5 years	42,822	44,296	28,681	29,320
Total	50,175	51,649	31,701	32,255

Operating Leases

The Authority leases land and buildings for various purposes including office accommodation, community use and for providing accommodation for homeless families.

The future minimum lease payments due under non-cancellable operating leases in future years are:

	31 March 2024 £'000	31 March 2023 £'000
No later than 1 year	1,051	1,079
Later than 1 year and not later than 5 years	1,384	1,392
Later than 5 years	8,825	9,149
Total	11,260	11,620

The future minimum payments expected to be received by the Authority in respect of properties occupied by homeless families are determined by eligibility for housing benefit.

The expenditure during the year in relation to all operating leases, including those occupied by homeless families was:

	2023/2024 £'000	2022/2023 £'000
Minimum lease payments	1,079	1,062
Payments receivable in respect of properties occupied by homeless families	(634)	(681)
Total	445	381

Authority as Lessor

Finance Leases

The Authority has leased out several properties on finance leases with remaining terms of up to 115 years. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2024 £'000	31 March 2023 £'000
Finance lease debtor (NPV of minimum lease payments)		
▪ Current	120	117
▪ Non-Current	1,098	1,219
Unearned finance income	315	378
Unguaranteed residual value of property	(263)	(263)
Gross Investment in the lease	1,270	1,451

The gross investment in the lease includes a finance lease debtor for Canolfan Crwst, a multi-agency arrangement involving a housing association, Betsi Cadwaladr University Health Board and the Authority.

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
No later than one year	178	181	178	181
Later than one year and not later than 5 years	673	685	673	685
Later than 5 years	419	585	419	585
Total	1,270	1,451	1,270	1,451

Operating Leases

The Authority leases out property for various purposes including:

- 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 future minimum lease payments receivable under non-cancellable operating leases in future years are:

	31 March 2024 £'000	31 March 2023 £'000
No later than 1 year	1,263	1,088
Later than 1 year and not later than 5 years	2,193	1,896
Later than 5 years	12,578	11,807
Total	16,034	14,791

The minimum lease payments receivable do not include rent that is contingent on turnover. In 2023/24 contingent rents received amounted to £524,051. In 2022/23 this figure was £521,096.

32. Private Finance Initiatives and Similar Contracts

Three Schools PFI Project

The project comprised a new school building on a new site for Ysgol John Bright, Llandudno; the refurbishment and extension of Ysgol Aberconwy, Conwy; and new build accommodation and refurbishment at Ysgol Dyffryn Conwy, Llanrwst together with its rationalisation on to one site.

The project provides the Council with 3 fully serviced schools including facilities management services, cleaning, caretaking, grounds maintenance, NNDR and utilities.

Contracts were signed on 12 March 2003, and construction started at the end of March 2003. The Unitary Charges (the monthly payment made by the Council to the private sector for the 3 fully serviced schools) were payable from 1 August 2004 for a contract period of 25 years. The Unitary Charge in the financial year 2023/24 was £8.1m (availability and performance deductions of £1,831) for the period April 2023 to March 2024 inclusive. (Unitary Charge in the financial year 2022/23 was £7.5m with availability and performance deductions of £284). The full year charge in 2024/25 is estimated to be approximately £8.3m at a price base of 1 April 2024.

The outstanding undischarged obligation arising from the PFI transaction is approximately £45.5m (£52.1m in 2022/23), which represents the total of the estimated Unitary Charges payable for the remainder of the 25 year contract period.

In August 2004, the Council paid an advance payment of Unitary Charge of £9m. At the start of the PFI Contract, Ysgol Aberconwy and Ysgol Dyffryn Conwy's existing

assets included in the balance sheet at £7.6m, were transferred to the private sector's ownership at nil consideration.

At the end of the contract the Council may retender the provision of the services, or the Contractor will transfer all of its rights, title and interest (if any) in and to the assets to the Council. The Council has rights under the PFI agreement to terminate the agreement if the Contractor defaults as stipulated within the agreement.

Value of Assets Held under PFI and Similar Contracts

	2023/24 £'000	2022/23 £'000
Value at 1 April	67,812	64,357
Additions	1,218	714
Revaluations	622	4,436
Reclassifications	-	-
Depreciation	(1,844)	(1,695)
Value at 31 March	67,808	67,812

Value of Liabilities resulting from PFI and Similar Contracts

	2023/24 £'000	2022/23 £'000
Balance outstanding at 1 April	(11,921)	(14,015)
Payments/adjustments during the year	1,950	2,094
Balance outstanding at 31 March	(9,971)	(11,921)

Details of Payments due to be made under PFI and Similar Contracts

	Service Charges £'000	Repayments of Liability £'000	Interest £'000	Total £'000
Within one year	5,842	1,581	853	8,276
Within two to five years	25,179	7,107	1,978	34,264
Within six to ten years	1,615	1,283	57	2,955

Coed Pella

Office Accommodation was constructed in Colwyn Bay in 2018 to provide much needed modern office provision for our staff. The cost of construction is being borne by the developer and the Council has entered into a lease type arrangement with the developer. The Council will rent the offices for a period of 40 years from the developer. The annual rental has been set at £1.451m (payable quarterly in advance) and will be uplifted each year by reference to the Retail Price Index published by the Office for National Statistics. The initial rent became payable on 30th October 2018 when the offices became operational and were handed over for use by the Council. The lease has been determined to be a finance lease and the

offices were valued and included in the Council's Balance Sheet at £34.467m at 30th October 2018, together with a finance lease liability of £34.467m.

During the lease period the developer will not be responsible for the maintenance and upkeep of the building. The Council does not have an option to terminate the lease and at the end of the lease term the title will pass to the Council and no further lease payments will be made to the developer. The Council estimates that the offices will have an operational life of 60 years.

33. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority 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 Authority is not able to identify its share of the underlying financial position and performance of the 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 2023/24, the Council paid an employer contribution of £11.227m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2022/23 were £10.521m and 23.68% of pensionable pay. There were no contributions remaining payable at the year end (31 March 2023 – Nil).

The Authority 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.

34. 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 that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme. The Authority participates in a scheme administered locally by Gwynedd Council – 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 pensions liabilities with investment assets. Also, the Authority participates in a scheme administered locally by Flintshire County Council, which is an unfunded scheme.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The employer's contribution rate for the Gwynedd scheme in 2023/24 was 19.6% (2022/23 19.8%). The rate will be 19.6% in 2024/25. The total amount paid to the

Gwynedd scheme in 2023/24 was £17.123m in respect of standard pension contributions (£15.876m in 2022/23).

Transactions Relating to Post-Employment Benefits

The costs of retirement benefits are recognised 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 the Authority is 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 via the Movement in Reserves Statement. The transactions in the following table have been made in the Comprehensive Income and Expenditure Statement and the Council Fund Balance via the Movement in Reserves Statement during the year.

IAS 19 Disclosure Requirements for 2023/24

There have been a number of changes relating to international accounting standard IAS 19 Employee Benefits, resulting in a change in the accounting treatment and accounting policy. The change has introduced new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset)), and, where there is a material impact, new definitions or recognition criteria for service costs (e.g. past service costs) and new recognition criteria for termination benefits.

The required restatements are reflected in the notes which follow.

Transactions relating to Retirement benefits recognised in Accounts:

	Funded		Unfunded	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Comprehensive Income & Expenditure Statement				
Net Cost of services:				
▪ Current service cost	17,787	37,240	-	-
▪ Past service cost	328	220	4	3
▪ Settlements			-	-
Financing & Investment Income & Expenditure				
▪ Net Interest	(4,947)	4,230	545	417
Total Defined Benefit Charged to Provision of Services	13,168	41,690	549	420
Other Pension Costs Charged to the Comprehensive Income & Expenditure Statement				
▪ Return on assets (excluding interest)	(42,172)	49,830		
▪ Remeasurements on liabilities	(22,079)	(326,573)	(100)	(2,964)
Total Pension Costs Charged to the Comprehensive Income & Expenditure Statement	(51,083)	(235,053)	449	(2,544)
Movement in Reserves Statement				
▪ Reversal of charges in accordance with the Code	13,168	41,690	549	420
Actual amounts charged to the General Fund in year:				
▪ Employer contributions	18,157	16,857		
▪ Less prepayment adjustment			-	-
▪ Discretionary payments	18,157	16,857	1,247	1,207

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

	Local Government Pension Scheme		Discretionary Benefits	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(602,118)	(594,253)	(10,809)	(11,607)
Fair value of assets	771,907	696,049	-	-
Asset Ceiling Adjustment	(170,716)	(34,482)		
Sub total	(927)	67,314	(10,809)	(11,607)
Net liability	(927)	67,314	(10,809)	(11,607)

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Liabilities	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Opening balance	594,253	872,075	11,607	15,358
Current service cost	17,787	37,240	-	-
Interest cost	28,247	23,854	545	417
Contributions by plan participants	5,298	4,954	-	-
Remeasurements	(22,079)	(326,573)	(100)	(2,964)
Benefits paid	(21,716)	(17,517)	(1,247)	(1,207)
Past service costs/(credit)	328	220	4	3
Closing Balance	602,118	594,253	10,809	11,607

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Assets	Local Government Pension Scheme	
	31 March 2024 £'000	31 March 2023 £'000
Opening balance at 1 April	696,049	723,168
Remeasurements	42,119	(49,830)
Asset Interest	33,194	19,624
Employer contributions	16,963	15,650
Contributions by scheme participants	5,298	4,954
Benefits paid	(21,716)	(17,517)
Unfunded Benefits Paid	(1,247)	(1,207)
Unfunded Benefits Contributions	1,247	1,207
Closing balance	771,907	696,049

Local Government Pension Scheme Assets

Asset Category	2023-24				2022-23			
	Quoted Prices in Active Markets	Prices Not Quoted in Active Markets	Total	%	Quoted Prices in Active Markets	Prices Not Quoted in Active Markets	Total	%
	£'000	£'000	£'000		£'000	£'000	£'000	
Equity Securities								
Consumer	-	-	-	0.0	-	-	-	0.0
Manufacturing	-	-	-	0.0	-	-	-	0.0
Energy and Utilities	-	-	-	0.0	-	-	-	0.0
Financial Institutions	-	-	-	0.0	-	-	-	0.0
Health and Care	-	-	-	0.0	-	-	-	0.0
Information Technology	-	-	-	0.0	-	-	-	0.0
Other	-	-	-	0.0	-	-	-	0.0
Debt Securities								
Other	-	-	-	0.0	-	-	-	0.0
Private Equity								
All		40,268	40,268	5.2		43,978	43,978	6.3
Real Estate								
UK Property		53,939	53,939	7.0		57,571	57,571	8.2
Overseas Property		-	-	0.0		-	-	0.0
Investment Funds & Unit Trusts								
Equities		430,984	430,984	55.6		434,867	434,867	62.3
Bonds		-	-	-		-	-	-
Infrastructure		-	-	0.0		19,832	19,832	2.8
Other		220,182	220,182	28.4		140,118	140,118	20.1
Derivatives								
Inflation		19,102	19,102	2.5		-	-	0.0
Cash & Cash Equivalents								
All		9,982	9,982	1.3	2,181	-	2,181	0.3
Totals	-	774,457	774,457	100	2,181	696,366	698,547	100

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2024.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Mortality Assumptions:				
Longevity at 65 for current pensioners				
▪ Men	20.8	21.0	20.8	21.0
▪ Women	23.9	24.0	23.9	24.0
Longevity at 65 for future pensioners				
▪ Men	21.7	21.9	21.7	21.9
▪ Women	25.5	25.7	25.5	25.7
Rate of Inflation	3.10%	3.20%	3.10%	3.20%
Rate of Increase in salaries	3.25%	3.45%	3.25%	3.45%
Rate of Increase in pensions	2.75%	2.95%	2.75%	2.95%
Rate for discounting scheme liabilities	4.85%	4.75%	4.85%	4.75%
Take-up of option to convert annual pension into retirement lump sum				
- pre April 2008 service	65%	65%	-	-
- post April 2008 service	65%	65%	-	-

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities for the Conwy element are set out below:

Change in assumptions at 31 March 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	11,276
1 year increase in member life expectancy	4%	23,773
0.1% increase in the Salary Increase Rate	0%	1,317
0.1% increase in the Pension Increase Rate (CPI)	2%	10,160

The principal demographic assumption is the longevity assumption (i.e. a member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

In order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities at the accounting date on varying bases have been calculated and compared. The approach taken is consistent with that adopted to derive the accounting figures provided in the actuarial report, based on the profile (average member ages, retirement ages, etc) of the Employer as at the date of the most recent valuation.

Risks

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

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The contributions paid by the employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2022), or at any other time as instructed to do so by the Administering Authority.

It is estimated that the Employer's contribution for the period to 31 March 2025 will be approximately £16.137m for the Conwy element.

35. Contingent Liabilities

There is ongoing litigation relating to a Council asset where there are potential financial implications, which cannot be reasonably estimated at this time.

36. Joint Arrangements & Joint Committees

Conwy County Borough Council is currently involved in three joint arrangements with neighbouring North Wales Authorities.

- There is one formal Joint Committee, for which Flintshire County Council prepares a separate set of accounts. The North Wales Residual Waste Treatment Partnership (NWRWTP) (with Flintshire (lead Authority), Anglesey, Denbighshire & Gwynedd). Conwy's contribution due to the NWRWTP in 2023/24 was £50 (£50 in 2022/23).
- A second formal Joint Committee, for which Gwynedd Council prepares a separate set of accounts, is GwE, an improvement service for schools on a North Wales basis. Conwy's contribution to the GwE Joint Committee in 2023/24 was £666,666 (£671,000 in 2022/23).
- A third formal Joint Committee, for which Gwynedd Council prepares a separate set of accounts, is the North Wales Economic Ambition Board (NWEAB) on a North Wales basis. Conwy's contribution to the NWEAB Joint Committee in 2023/24 was £127,120 (£123,770 in 2022/23).

The separate sets of accounts for the Joint Committees can be accessed by the following links:

<https://www.wtiparcadfer.co.uk/#>

<https://www.gwynedd.gov.uk>

37. 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
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Moody's and Standard & Poor's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the authority are as detailed below:

The Strategic Director - Finance and Resources maintains a counterparty list in compliance with the following criteria and revises the criteria and submits them to Council for approval as necessary. These criteria are separate to those which determine Specified and Non-Specified investments, as it selects which counterparties the Council will choose rather than defining what its investments are.

1. Debt Management Office of the Treasury – unlimited
2. Local Authorities (except rate capped) – limit £10m
3. All UK and Irish banks and their subsidiaries that have good ratings (Fitch or equivalent). This is currently defined as: Long Term A-.

Limit - £5m

Banks whose ratings fall below those in 3 above will be used if wholesale deposits are covered by a government guarantee, and the deposits fall within the terms of the guarantee.

4. Building Societies

- Building societies with a rating (as for the banking sector) all have a lending limit of £3m.
- All building societies without a rating but with assets of £1bn or more will have a lending limit of £3m and a time limit of 9 months.

- All building societies without a rating but with assets of £500m or more will have a lending limit of £2m and a time limit of 6 months.

The Authority's maximum exposure to credit risk of £5m in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets (sundry debtors), based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2024	Historical Experience of Default	Historical experience adjusted for market conditions at 31 March 2024	Estimated Maximum Exposure to Default & Uncollectability at 31 March 2024	Estimated Maximum Exposure at 31 March 2024
	£'000	%	%	£'000	£'000
Customers	12,792	2.02	2.02	266	266

The Authority does not allow credit for customers. The past due but not impaired amount can be analysed by age as follows:

	31 March 2024 £000	31 March 2023 £000
0-30 Days	5,937	4,885
31-60 Days	872	447
61-90 Days	1,270	367
90+ Days	4,713	5,304
Total	12,792	11,003

All trade and other payables are due to be paid in less than one year.

The credit ratings of the year end investments are as follows:

	31 March 2024 £000	31 March 2023 £000
Banks (A+)	3,590	8,700
Debt Management Office (AA-)	8,480	0
Local authorities (Unrated)	15,500	23,500
Total	27,570	32,200

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The Council manages its portfolio by rescheduling debts when it is economic to do so. The maturity analysis of PWLB, market and temporary loans is as follows:

	31 March 2024 £'000	31 March 2023 £'000
< 1 Year	75,802	94,303
1 – 2 Years	4,516	2,455
2 – 5 Years	12,196	7,648
5 – 10 Years	21,694	14,267
10 – 25 Years	11,371	7,586
> 25 Years	77,741	79,655
Total	203,320	205,914

The above analysis does not include Invest to Save loans.

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its 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 Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services 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. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has taken two PWLB loans during the financial year in order to take advantage of rate volatility and to provide rate certainty.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be as shown in the following table:-

	£'000
Increase in Interest receivable on variable rate Investments	(36)
Impact on Surplus or Deficit on the Provision of Services	(36)
Decrease in Fair Value of fixed rate Investment assets	4
Impact on Other Comprehensive Income & Expenditure	4
Decrease in fair value of fixed rate borrowings liabilities (£15k impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	(14,942)

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

Price Risk

The Council does not invest in equity shares or marketable bonds and so there is no risk that its investments will lose value through falls in the stock market price.

Foreign Exchange Risk

The Authority has minimal financial assets and no liabilities denominated in foreign currencies, and has little exposure to loss arising from movements in exchange rates.

38. Trust Funds

1. The Council currently administers 24 Education Trust Funds. The funds are not assets of the Council and are not, therefore, included within the Balance Sheet.

The Education Trust Funds operate for a variety of causes from school prize funds to maintaining children's play areas. Each one consists of a relatively small sum of money received largely from individuals and invested in order to provide an annual income.

The Fund balances at 31 March 2024 amounted to £123,114 and the income for the year was £6,118 (Fund Balances at 31 March 2023 amounted to £116,995 and income for the year 2022/23 was £2,403).

2. In addition, the Council is also responsible for the Welsh Church Act Fund. This scheme provides income which is to be applied to charitable, educational, recreational and social purposes at the discretion of the Council. The Fund is not an asset of the Council and is not, therefore, included within the Balance Sheet.
3. A Trust Fund was set up for the benefit of scholars in Llanrwst for ancillary education.
4. There are a small number of other Trust Funds which have been received. The Fund

balances at 31st March 2024 amounted to £235,927 (Fund balances at 31st March 2023 amounted to £224,971).

39. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands with estimated 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for Conwy County Borough Council and the Police and Crime Commissioner for North Wales for the forthcoming year and dividing this amount by the Council Tax Base. The Council Tax Base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts.

The Council Tax Base for 2023/24 was calculated as follows: -

Band	Equivalent Number of Dwellings after Discount	Band D Adjustment	Band D Equivalent
A*	10	5/9	5.28
A	4,272	6/9	2,847.67
B	6,958	7/9	5,411.58
C	13,479	8/9	11,981.56
D	10,535	1	10,534.50
E	8,321	11/9	10,170.11
F	4,613	13/9	6,663.58
G	1,768	15/9	2,947.08
H	390	18/9	780.50
I	129	21/9	301.00
Council Tax Base after allowing for losses on collection			51,642.86

The Band D Council Tax for 2023/24 was £1,963.82.

The total amount raised by the Council Tax (including the precepts) is as follows: -

	2023/24	2022/23
	£'000	£'000
Council Tax raised	101,025	93,032

40. National Non-Domestic Rates (NNDR)

The National Non-Domestic Rate is set by the Welsh Government but collected locally through an agency arrangement before being paid into a central pool administered by the Welsh Government. The amount distributed to local authorities is then determined on a population basis.

For 2023/24 the rate set by the Welsh Government was 0.535p per £1 of rateable value of the non-domestic properties (2022/23: 0.535p). At 31 March 2024 there were 6,035 properties on the local valuation list in Conwy, representing a rateable value of £86,977,257 (2022/23: £86,947,656). The net income accruing to the Council from the NNDR is as follows:-

	2023/24	2022/23
	£'000	£'000
National Non-Domestic Rate raised	30,736	33,966
Less Cost of Collection Allowance	(313)	(310)
Less sum paid to the National Pool	30,423	(33,656)
	-	-
Receipts from the National Pool	38,527	43,306
Net Income from the National Non-Domestic Rates	38,527	43,306

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The period of time covered by the accounts, typically a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules & practices applied by the Council in preparing & presenting its financial statements.

ACCRUALS

Amounts included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- the actuarial assumptions have varied

AGENCY ARRANGEMENTS

An arrangement between two organisations where one will act as an agent, collecting money on behalf of the other party, to whom the money is then paid over. An example of this is NNDR collections, where the Council is acting as the billing agent for central government, collecting money from tax payers on behalf of central government and then paying it over to them.

AMORTISATION

The gradual elimination of a liability, such as a loan, in regular payments over a specified period of time. Such payments must be sufficient to cover both principal & interest.

ASSET

An item having value to the authority in monetary terms. Assets are classed as either current or non current:

- A **current** asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A **non current** asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be **tangible** e.g. a school building, or **intangible**, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent inspection of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and reserves at the end of the accounting period.

BUDGET

The anticipated net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the procurement of a non current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, the value of an existing non current asset.

CAPITAL FINANCING

Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specified period of time.

CAPITAL RECEIPT

The income from the disposal of land or other non current assets.

CASH

Comprises cash on hand & demand deposits

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value.

CASH FLOWS

Inflows & outflows of cash & cash equivalents.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UK

The Code constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003.

COMMUNITY ASSETS

Assets that the Council plans to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible, and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONSTRUCTIVE OBLIGATION

An obligation that derives from the Authority's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the Authority has indicated to other parties that it will accept certain responsibilities; and
- as a result, the Authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

CONSUMER PRICE INDEX (CPI)

An Internationally comparable measure of inflation which employs methodologies and structures that follow International Legislation and Guidelines.

CONTINGENT ASSET

A contingent asset is a likely asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

CONTINGENT LIABILITY

A contingent liability is either:

- a potential obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core includes all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATED REPLACEMENT COST (DRC)

A method of valuation which gives a recognised approximation for the market value of specialised properties. It is an estimate of the market value for the existing use of the land, plus the current gross replacement costs for the building less an allowance for physical deterioration of the asset to its current equivalent physical state.

DEPRECIATION

The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the Authority's non current assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as The Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007.

EFFECTIVE INTEREST RATE

This is the rate of interest needed to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition.

EMPLOYEE BENEFITS

All forms of consideration given by the Council in exchange for service rendered by its employees.

EQUITY

The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are those events, favourable or unfavourable, that arise between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from affairs or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXISTING USE VALUE (EUV)

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, having a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

FINANCIAL REPORTING ADVISORY BOARD (FRAB)

The independent body that advises the Government on accounting issues.

FINANCING ACTIVITIES

Activities that result in changes in the size & composition of the principal received from or repaid to external providers of finance.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. Grants may be specific to a particular scheme or may support the revenue or capital spend (respectively) of the Authority in general.

HERITAGE ASSETS

A Heritage Asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the Council Fund that includes the expenditure and income arising from the provision of housing accommodation by the Authority. N.B. CCBC no longer has an HRA following the transfer of the housing stock to Cartrefi Conwy in 2008/09.

IMPAIRMENT

A reduction in the value of a non current asset to below its carrying amount on the balance sheet. Impairment may be caused by a consumption of economic benefit (economic benefit impairment) or a general fall in prices.

INCOME

Amounts that the Council receives or expects to receive from any source, including fees, charges, sales and grants.

INFRASTRUCTURE ASSETS

Non current assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. The intangible asset most frequently found in local authorities is computer software.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards are a suite of accounting standards used across the world. In the 2007 Budget, the then-chancellor announced that the UK Public Sector would adopt IFRS, as this was seen as best practice and allowed for international comparisons to be made. As a result, CIPFA/LASAAC produces the IFRS-based Code of Practice on Local Authority Accounting, overseen by the Financial Reporting Advisory Board (FRAB).

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

These are accounting standards developed specifically for the public sector by the International Public Sector Accounting Standards Board (IPSASB).

INVENTORIES

Items of raw materials and stores an authority has procured and holds in expectation of future use.

INVESTING ACTIVITIES

The acquisition & disposal of long-term assets & other investments not included in cash equivalents.

INVESTMENT PROPERTY

Property that is held solely to earn rentals or for capital appreciation or both.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

LASAAC

Local Authority (Scotland) Accounts Advisory Committee.

LEASE

An agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for a period of time.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A **current** liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A **deferred** liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- readily convertible to known amounts of cash at or close to the carrying amount; or
- traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should contain all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET BOOK VALUE

The amount at which non current assets are included in the balance sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation and impairment.

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

OPERATING ACTIVITIES

The activities of the Council that are not investing or financing activities.

OPERATING LEASE

A lease where the ownership of the non current asset remains with the lessor.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments relating to prior years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PRIVATE FINANCE INITIATIVE (PFI)

PFI arrangements typically involve a private sector entity constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time on behalf of the public sector body. In return the public sector body pays for the use of the assets and associated services over the period of the arrangement through a unitary payment.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the pension scheme liabilities make allowance for projected earnings. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur, but the amounts or dates of when they will arise are uncertain.

PUBLIC PRIVATE PARTNERSHIPS (PPP)

A joint venture in which a private sector partner agrees to provide services to or on behalf of a public sector organisation. A Private Finance Initiative is a form of PPP.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.

RATEABLE VALUE

The annual assumed rental value of a property, which is used for NDR purposes.

RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

RELATED PARTY TRANSACTIONS

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETAIL PRICE INDEX (RPI)

Originally a compensation index developed to protect workers from price increases associated with World War 1. After a number of significant developments it came to be used as the main domestic measure of inflation.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure which can be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non current asset. This is to enable it to be funded from capital resources. Examples of REFCUS are grants of a capital nature to voluntary organisations.

REVENUE SUPPORT GRANT

A grant paid by Welsh Government to authorities, contributing towards the general cost of their services.

SERVICE CONCESSION ARRANGEMENT

A service concession arrangement generally involves the grantor (usually a public sector body) conveying to the operator (usually a private sector entity), for the period of the concession, the right to provide services that give the public access to major economic & social facilities.

SOFT LOAN

A loan made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

SOLACE

Society of Local Authority Chief Executives

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TERMINATION BENEFITS AND EXIT PACKAGES

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. The costs of Termination Benefits are deemed Exit Packages.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects, and on behalf of minors.

UK GAAP

The UK Generally Accepted Accounting Practice, now superseded by IFRS.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a non-current asset.

WORK IN PROGRESS

The cost of work performed on an incomplete project at the balance sheet date, which should be accounted for.

Conwy County Borough Council

Annual Governance Statement 2023-2024

1 Introduction

Conwy County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It has a duty under the Local Government and Election (Wales) Act 2021, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Local Government and Elections (Wales) Act 2021 repeals the performance duties which were set out in the Local Government (Wales) Measure 2009. The Act came into force beginning on 1st April 2021. The new performance and governance regime, (other than the provisions relating to panel performance assessments), applies to councils from, the 2021-22 financial year onwards. It requires councils to undertake an annual self-assessment of performance, and answer the questions:

- 1) Is the Council exercising its functions effectively?
- 2) Is the Council using its resources economically, efficiently, and effectively?
- 3) Does the Council have effective governance in place for securing the above?

The second self-assessment for 2022-2023 has been approved and published on the council website and is available [here](#). The Council is now preparing its third self-assessment for 2023-2024, which will be reported to democracy in autumn 2024.

The third question, 'Does the Council have effective governance in place?' is answered by the self-assessment in this Annual Governance Statement.

The Council has a **Local Code of Corporate Governance** that is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and a **Governance Framework** which comprises the policies, procedures, behaviours and values by which the Council is controlled and governed. This statement is an evaluation of compliance with the Local Code and whether governance arrangements effectively support the delivery of Corporate Objectives. The Statement also meets the requirements of Accounts and Audit (Wales) Regulations 2014, which requires all relevant bodies to prepare an annual governance statement.

2 What is Governance?

Corporate governance is the system by which an organisation is directed and controlled.

A good governance structure will include as a minimum:

- Clear governance standards by which an organisation will be governed

- Governance roles and responsibilities
- A mechanism for measuring an organisation's performance against its governance standards.

To be successful an organisation must have a solid foundation of good governance and sound financial management.

3 Corporate Governance Arrangements

Conwy County Borough Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust.

3.1 The Local Code of Governance

The Local Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.

3.2 The Governance Framework

The Local Code is underpinned by a Governance Framework which comprises the policies, procedures, behaviours and values by which the Council is controlled and governed.

3.3 The Annual Governance Statement

The Annual Governance Statement provides assurances over the Council's Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which the Council complies with its local code of governance. It identifies those areas which have been identified as needing improvement following self-assessment.

3.4 Annual Governance Statement Action Plan

The Council continues to review the self-assessment areas of improvement and they are monitored through the Annual Governance Statement Action plan.

4 Sources of assurance for this evaluation:

Assurance required for: Delivery of Corporate Plan priorities.	Sources of assurance are: Corporate and service plans.	Assurance is received through: Annual Report.
Assurance required for: Services are delivered economically, efficiently & effectively.	Sources of assurance are: Service performance reviews. Strategic equality plan. Annual self-assessment.	Assurance is received through: Corporate performance report. Strategic equality plan annual report. Scrutiny annual review. Governance and Audit Committee review and challenge.

		Panel performance assessment (once every administration).
Assurance required for: Management of risks and issues.	Sources of assurance are: Risk and issue management framework. Corporate and service risk and issue registers. Service performance reviews.	Assurance is received through: External challenge from Audit Wales. Scrutiny review and challenge. Governance and Audit Committee review and challenge.
Assurance required for: Financial planning and performance.	Sources of assurance are: Financial performance monitoring reports. Medium term financial strategy. Financial procedures. Monitoring of economic indicators & associated financial receipts.	Assurance is received through: Regular performance and financial reporting. Annual statement of accounts.
Assurance required for: Effectiveness of internal controls.	Sources of assurance are: Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules). Council, Cabinet, committees and panels. Strategic Leadership Team/Senior Management Team. External regulation. Internal audits.	Assurance is received through: External audit reports. Internal audit reports. Conwy Conversation records. Head of Service assurance documented as part of annual assurance consultation meetings.
Assurance required for: Community engagement & public accountability.	Sources of assurance are: Community involvement Strategy. Engagement forward work programme. Complaints' policy.	Assurance is received through: Community engagement feedback. Lessons learned. Ombudsman reports.
Assurance required for: Project management & project delivery.	Sources of assurance are: Programme and project management framework.	Assurance is received through: Benefits realisation plan outputs. Lessons learned report.
Assurance required for: Procurement processes	Sources of assurance are: Contract procedure rules. Financial Regulations.	Assurance is received through: Value for money evidenced. Challenge contracts awarded.
Assurance required for: Roles & responsibilities of Members & Officers.	Sources of assurance are: Head of Paid Service, Monitoring Officer and S151	Assurance is received through: External Inspections.

	Officer.	Annual Review with Cabinet.
Assurance required for: Standards of conduct & behaviour.	Sources of assurance are: HR policies & procedures. Codes of conduct.	Assurance is received through: Compliments and complaints received.
Assurance required for: Training and development of Members & Officers.	Sources of assurance are: Corporate learning and development plan. Member development plan.	Assurance is received through: Staff survey. Conwy Conversation records. Training records. Mandatory training completion reports. Councillor annual reports.
Assurance required for: Compliance with laws & regulations, internal policies & procedures.	Sources of assurance are: Policy framework. Information management strategy. Digital strategy. Cyber resilience strategy. Welsh language standards. Welsh language promotion strategy. Health and safety policy. Internal audit reports. Whistleblowing & other countering fraud arrangements.	Assurance is received through: Independent external inspections. Welsh language annual report. Health and safety annual report.

Two key pieces of assurance are provided by Internal and External Audit.

The Head of Internal Audit stated in the 2023/2024 annual Audit Opinion that the Council's internal control environment and systems of internal control provided satisfactory assurance over key business process and financial systems to manage the achievement of the organisation's objectives. Risk based audit planning through the Council's assurance map has been used to ensure sufficient assurance is available to support the annual opinion. Working practices have continued to evolve to improve the efficiency and effectiveness of internal audits, with increased focus on areas of risk identified within the assurance map and a shift away from cyclical auditing processes. The internal audit plan continues to provide the required flexibility and alongside direct internal audit work the Head of Internal Audit has also drawn on additional sources of assurance, which are summarised as follows:

- Results of all audits undertaken during the year ended 31st March 2024;
- Results of follow-up action taken in respect of audits performed during the previous year;
- Whether any major or critical category of recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- The service has in place a comprehensive assurance map to ensure that those areas of greatest priority are focused upon, assurance gaps are filled and that there is no 'over assurance' in any activity;
- The work performed by Audit Wales and other external regulators;
- Matters arising from previous reports to the Governance & Audit Committee;

- The work of the Improvement and Audit Group to monitor corporate risks and issues to ensure all critical and major risks and high priority issues have been identified throughout the Authority;
- Gaining assurance that external funding flows have been well managed and that appropriate governance and accountability for the use of public money was in place;
- The service has met with Strategic Directors and Heads of Service to identify new or emerging areas of risk, developments within their areas of responsibility or the impact of new legislation.

The Annual Internal Audit Report 2023/24 was presented to the Audit & Governance Committee on 20 May 2024.

The report concludes that the Authority has satisfactory internal control, risk management and corporate governance processes in place to manage the achievement of the Authority’s objectives for the 12 months ended 31st March 2023. 86% of the planned audits completed during the year were assessed as providing positive levels of assurance. 4 of the planned audits completed were assessed as providing a limited level of assurance and related to: cyber resilience; Welsh Government Housing Support grant for 2022/23; home to school transport; and Welsh Rugby Union rugby matches at Stadium CSM, Eirias Park. Follow up audits are scheduled for 2024/25 to ensure effective implementation of the recommendations.

The findings in respect of follow up audits conducted during 2023/24 were reported to Governance & Audit Committee on a quarterly basis. Of the 13 follow ups the service performed during the year, 79 of the recommendations have been fully implemented. 15 recommendations remain outstanding and 55 are in progress. The 3 major recommendations that remain in progress are in regard to Corporate Procurement (part 1); Parent Pay and primary school meals arrears; and equal pay and job evaluation. For 8 of the follow up audits, the audit opinion improved to high assurance; for 3 of the follow ups, the audit opinion improved from limited to satisfactory assurance.

The draft 2022/23 financial statements were prepared and provided to the auditor in July 2023. The audit of the financial statements was delayed as a result of resource issues in Audit Wales but was concluded in May 2024 with an unqualified audit opinion. The Annual Audit Summary for 2023 is available [here](#).

5 Review of Effectiveness - How do we know our arrangements are working?

This statement builds upon the CIPFA ‘Good Governance in Local Government 2020 Practitioner Update’. Conwy County Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates. The effectiveness of the governance framework has been evaluated through review by the Improvement and Audit Group, and the Senior Management Team.

DEFINITION OF ASSURANCE RATINGS

The following assurance rating matrix has been used to self-assess our governance controls.

HIGH ASSURANCE (GREEN)	Key controls are in place to ensure the achievement of service objectives and to protect the Authority against significant foreseeable risks and are applied consistently and effectively. No significant or material errors were
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	<p>found.</p> <p>Low priority actions required to manage and mitigate risks, which are easily managed.</p>
<p>SATISFACTORY ASSURANCE (YELLOW)</p>	<p>Key controls exist to enable the achievement of service objectives and to mitigate against significant foreseeable risks. However, there was some inconsistency in application and opportunities still exist to mitigate further against potential risks.</p> <p>Some opportunities still exist to mitigate further against potential risks.</p> <p>Some risk of loss, fraud, impropriety or damage to reputation.</p>
<p>LIMITED ASSURANCE (AMBER)</p>	<p>Key controls are in place and to varying degrees are complied with but there are gaps in the process which leave the service exposed to risks. Objectives are not being met or are being met without achieving value for money.</p> <p>There is a need to introduce additional controls and/or improve compliance with existing ones, to reduce the risk exposure to the Authority.</p> <p>A high risk of loss, fraud, impropriety or damage to reputation.</p>
<p>NO ASSURANCE (RED)</p>	<p>Key controls are considered to be insufficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls and errors and omissions have been detected.</p> <p>Key controls do not exist and objectives are not met or are being met without achieving value for money.</p> <p>The Authority is exposed to very significant risk, which could lead to major financial loss, reputational risk of embarrassment or failure to achieve key service objectives.</p>

The **Three Lines of Defence Assurance Model** is central to the evaluation of effectiveness.

The Authority has in place well established processes to ensure it exercises its functions effectively. The service performance review and self-assessment processes are effective in monitoring and evaluating the Council’s delivery of its strategic and regulatory commitments; how well issues and risks are being managed and whether financial and non-financial resources are being used economically, effectively and efficiently.

These evaluation mechanisms are underpinned by a sound performance management framework embedded at every level of the organisation, to drive improvement and ensure compliance. The process for strategic and service planning ensures priorities at a service level are directly aligned to Corporate objectives and resources are identified and allocated appropriately; the process for risk and issue management ensures that risks and issues both at a service and Corporate level are controlled; the process for performance measurement ensures progress is closely tracked and timely interventions applied where appropriate. The effectiveness of these processes is tested via robust external and internal audit, scrutiny and challenge.

1. First line of defence

Under the first line of defence, operational managers have ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. Heads of Service are required to assist the preparation of the AGS for the Council by providing an assurance statement for the internal control framework within their service. Each Head of Service is responsible for delivering the outcomes set out in their service plan. They are responsible for identifying and managing the risks and issues that may affect service delivery. This work includes monitoring the effectiveness of controls put in place to mitigate the risks and issues and carrying out remedial action where controls are weak or not in place.

Twice yearly service performance reviews (SPRs), remain in place. They provide assurance that services have sound governance arrangements. The mid-year service performance reviews for 2023/24 provided assurance that services were making progress in delivering the Corporate and service priorities, that risks and issues were being managed and regulatory compliance was being achieved. However, the significant financial and resource challenges faced by every service continued to be the main focus of the review discussions. Budget reductions, cost increases, recruitment and retention challenges and staff absence, compounded by increasing service demand, continue to place considerable pressure on the Council's ability to sustain the current level of progress and performance. There is agreement generally between officers and members that the current levels of service provision cannot be sustained with such resource difficulties and without negatively impacting staff wellbeing.

The Corporate Plan progress report 2023/24 for the Corporate Plan 2022-2027 was presented to democracy with an overall rating as follows:

'Overall satisfactory progress is being made to deliver the Council's outcomes despite staff and councillors working within a very challenging economic environment where resources and capacity are being stretched'.

Conwy has a sound track record of controlling and managing its revenue budget. However as a result of significant pay and price inflation and other cost pressures as well as increased demand for services which particularly support our most vulnerable residents, it is becoming significantly harder to contain spend within the available budget. As the scale of the pressures became apparent in 2023/24, action was taken in year to contain expenditure, which helped to reduce spend in excess of budget. The final outturn position resulted in the Council exceeding its budget by £1.4m which was funded by reserves. The vast majority of the planned savings were successfully delivered by services.

Given the continued financial pressure, the Council is taking active steps to plan and manage its financial position in future years, including the use of benchmarking to provide budget challenge, assessing service levels in the context of statutory duties and Member led budget working groups to consider the future shape of service delivery.

Assurance Rating Satisfactory Assurance

2. Second line of defence

The second line of defence consists of an oversight and monitoring of activities covered by several components of internal governance (audit compliance, risk and issue management, performance, financial control etc.). This line of defence monitors and facilitates the implementation of effective governance practices by operational management and assists in reporting information up and down the organisation. A series of reports are written throughout the year including the Corporate Plan annual report, financial reports, equality reports, information governance, scrutiny reports, Welsh language reports – all of which are listed in the Governance Framework.

The CIPFA Financial Management Code sets financial management standards which are designed to support good practice and assist local authorities in demonstrating their financial sustainability. Local government bodies face continued challenge to their financial resilience as a result of the significant pressure and demand on services. The economic instability has only served to exacerbate these pressures resulting in new and significant financial challenges over the coming years. In December 2023, the Council refreshed its medium term financial plan, which sets out the Council's anticipated budget requirement for the next 2 financial years and plans how to manage the resource requirement within the funds available. The plan covers a two-year

period, rather than three to five years, due to the very significant financial and economic uncertainty that the Council faces. Despite the comparatively short period of the plan, its aim is to help put the Council's finances on a sustainable footing for the longer term.

All reports requiring political approval have been presented to either Cabinet or Council for approval and where appropriate to one of the four Scrutiny & Overview Committees for review and challenge. The reports in the main identify that the Authority is making good progress to meet corporate objectives and other supporting strategies, but there are significant challenges relating to resources and capacity. The reports are balanced and identify areas for improvement where needed. A forward work programme is in place to ensure reports are presented in a timely manner and are regularly reviewed by the chairs of Scrutiny with governance officers.

Assurance Rating: Satisfactory Assurance

3. Third line of defence

Internal audit forms the organisation's third line of defence. An independent internal audit function with a risk-based approach to its work, provides assurance to senior management. This assurance covers how effectively the organisation assesses and manages governance and includes assurance on the effectiveness of the first and second lines of defence. In total, in 2023/24 Internal Audit gave 28 audit opinions, of which 16 were high assurance, 8 were satisfactory assurance and 4 were limited assurance. There were no audit conclusions of no assurance.

Audit Wales provides an opinion on the statement of the accounts and the governance of the authority. Estyn and Care Inspectorate Wales provide an opinion on the governance and management of Social Care and Education. The audit reports from the 3 regulators overall conclude that there are good governance arrangements in place within the Authority.

Corrective actions arising from internal and external audit recommendations are closely monitored to ensure they are implemented and effective in addressing the area(s) of risk identified, further enhancing the authority's governance arrangements.

[Audit Wales reports](#)

[Estyn audit reports](#)

[CIW Audit reports](#)

[CCBC Internal Audit External Quality Assessment](#)

Assurance Rating: High Assurance

Key Governance Self-Assessment Questions

1. Are Governance Arrangements effective in supporting delivery?

This year's AGS covers a period of time when the Authority was continuing to respond to a volatile and challenging economic environment, rising inflation and substantial cost increases, resulting in significant financial pressures and challenges.

Stakeholder Engagement:

Community and stakeholder engagement remains an integral part of the Council's governance processes. Seeking the views and input of those who use its services and those who help to deliver its services remains critical in continuing to deliver its functions effectively and use resources economically, efficiently and effectively.

Using the feedback from community and stakeholder engagement is a vital part of continuing to shape and improve services, deliver what people need and sustain the County for future generations.

There is a Corporate Plan wellbeing outcome focused on informing, including and listening to our communities, & adapting how we work to ensure we provide a variety of ways for people to communicate, collaborate and engage with our services.

During 2023-24, the Council ran a more detailed public consultation on its budget, explaining the very challenging financial situation and asking people for their views on how the Council should prioritise and allocate its very limited financial resources. The survey asked respondents for their views on which services are important to them and their local community. There was a good response rate and the feedback is being used to inform the Council's decision-making and build financial and service resilience.

Good officer and member relationships have been maintained and continued to support the gathering of community views via informal feedback from members through their community knowledge. This strengthens the relationships between the Council and communities, providing the Council with vital feedback in order to continue to shape and deliver services people need.

The Council has arrangements to regularly engage with the recognised trade unions. There are joint meetings between officers, members and the three unions, Unison, GMB and Unite, in the form of the Corporate Joint Consultative Committee and union consultation meetings, where there are opportunities to discuss the challenges facing the Council as an employer, discuss corporate decisions that may impact on the organisation's employees and share information about the Council's performance in accordance with the Social Partnerships and Procurement Act. In addition there are regular meetings with recognised Trade Unions who represent Education colleagues – National Association of Head Teachers (NAHT) Cymru, the National Education Union (NEU) Cymru, Voice, and Undeb Cenedlaethol Athrawon Cymru (UCAC).

During 2023-24, a series of workshops were held with the Cabinet and Senior Management Team to discuss ways the Council can build its resilience to manage the short term challenges whilst putting the Council on a sustainable footing for the medium to longer term. This work has continued into 2024-25 with the aim of developing short, medium and longer term action plans aligned to the Corporate Plan outcome 9 'Conwy Council is resilient'.

Time to Change Wales initiatives continued during the year to tackle stigmas around mental health and support staff wellbeing. A range of activities took place to raise awareness and promote opportunities to have conversations about mental health and wellbeing in the workplace. Involvement of staff has gradually been increasing and is still recognised as a need in the workplace given the level of staff absence owing to stress and anxiety. There are now over 30 Time to Change Champions across the organisation who meet quarterly.

Strategic Planning:

Having in place strategic plans aligned to the Council's wellbeing objectives is critical in ensuring national and local priorities are delivered effectively and statutory obligations are met. These plans underpin everything that the Council does and provide effective roadmaps to improve performance and operational efficiency and respond effectively to macro-environmental risks and opportunities. The Council's strategic plans are underpinned by sound research and data to inform decision-making.

Corporate strategies, finances and service plans are aligned to the Corporate Plan wellbeing

objectives.

The culture of outcome based planning is embedded in the corporate planning and service planning processes.

All key strategic plans and corporate risks and issues are aligned to the relevant wellbeing objective and all reports submitted for democratic approval must evidence how they support the Well-being of Future Generations Act and to which Corporate Plan wellbeing objective and/or risk and/or issue they contribute.

All strategic plans are produced after implementing community engagement processes and are supported with resource management. There are positive links between strategic and financial planning which continue to be built upon.

Key Decisions:

The Council is publicly accountable to the communities it serves and is required to demonstrate openness and transparency in all decisions made. Providing opportunities for communities to access, scrutinise and challenge the Council's decisions and having a clear, audit trail of how decisions are made builds community trust and provides assurance that public resources are being used economically, effectively and ethically.

Key decisions reflect the impact on a number of factors, including sustainability, and the Authority continues to embed the Well-being of Future Generations (Wales) Act 2015 by ensuring that the Act has been considered in all key plans and all key decisions presented to democracy.

To further improve governance and the integration of business processes, we internally managed the successful realignment of the Senior Management Team areas of responsibility for some Heads of Service. This included the Senior Employment Committee's successful recruitment and appointment of a new post, a Head of Strategic Housing, in order to provide greater focus and resilience for the significant challenges relating to affordable housing and homelessness.

Performance Management:

Effective performance management is a crucial part of ensuring the Council delivers its statutory, national and local priorities, uses its resources in the most efficient and effective way, manages risks and challenges and drives continuous improvement.

Value for Money: the Council's Procurement policies include community benefits. They are an important part of our awarding criteria, as is value for money in itself. Contract procurement rules require that managers demonstrate value for money which therefore may not always be the cheapest option.

The Conwy Opportunities Board, service performance reviews, programme and project boards all provide opportunities for review, challenge and discussions for improvement. The staff suggestion scheme also invites staff to put forward ideas for improvement. However, this scheme is not widely used but staff can raise ideas through their regular Conwy Conversation check-ins.

Annual Reports and highlight reports from programme and projects are evidence that in the main, our objectives are being delivered despite the current significant financial challenges. Over recent years we have had to adjust targets and in some areas made a decision for managed decline in alignment with reduced budgets.

Where there is evidence of performance in need of improvement, action plans are put in place

and monitored.

Relevant staff responsible for the implementation of the Local Government and Elections (Wales) Act 2021 have developed and implemented action plans.

During 2023-24, the annual performance report and self-assessment report were combined into one report to provide greater synergy and coordinated oversight of how well we are progressing our wellbeing objectives and overall performance as a Council. A risk and issue dashboard was introduced to provide greater strategic oversight and evaluation of how well risks and issues are being managed, tracking direction over time to evaluate the effectiveness of management controls and mitigating actions.

2. Are there barriers to achievements?

The most significant barriers to achievement in 2023/24 included: the lack of a strategic vision for asset management; the sustainability of the social care sector; the impact of the health board special measures' status; increasing homelessness and lack of affordable housing; and difficulties in recruiting to vacant posts in key service areas as well as deleting some vacant posts in order to meet budget reduction targets.

During 2023/24 our high priority issues were:

Issue Ref.	Issue Description
CI 1	That demographic changes, such as a declining birth rate, are impacting on school places in primary schools and this will impact on secondary schools in the future.
CI 10	The cost of specialist / independent education placements have increased significantly over the last 2 years and this is putting financial pressure on the service.
CI 11	No capacity to undertake environmental enforcement.
CI 13	Inability to recruit certain positions across the authority
CI 15	The social care sector is not sustainable and cannot meet the growing needs of the population as a result of the funding, recruitment, trust and confidence crises in the sector impacting on the availability of staff, placements and packages of care.
CI 17	Lack of suitable affordable housing provision.
CI 18	Homelessness levels have increased.
CI 19i	We have insufficient resources to deliver essential care packages within the domiciliary care sector as a result of staff leaving the sector and general recruitment problems.
CI 19ii	There are insufficient resources to deliver essential care packages within the residential care sector as a result of general issues relating to pay, terms and conditions.
CI 21	The deterioration of partnership arrangements with BCU is resulting in ineffective collaboration leading to delayed and ineffective decision making and inefficient working practices.
CI 22	We do not have a strategic vision for our assets.

However, that said, the Corporate Plan progress report 2023-24 is evidence that despite the additional unprecedented pressures, there has been good progress in delivering the Corporate Plan objectives.

Financial austerity and the reduced capacity of staff who are taking on more roles as staff are not replaced remains a significant barrier. We continue to deliver budget cuts to ensure we can balance the budget but this becomes more challenging every year, and as a result extremely difficult decisions have had to be taken to increase charges or reduce or stop some service provision.

We continue to explore and take advantage of other funding opportunities which have become available. We have secured £20m from the UK Shared Prosperity Fund to strengthen community regeneration, support local business growth and support adults to develop their skills for employment. However this fund will cease in 2025. In addition we continue look how we can transform services in order to streamline business process, and the use of technology to increase capacity.

Whilst we have an oversight of and attend all regional strategic partnerships, it is a complex landscape and careful management is needed to ensure that boards do not duplicate or conflict.

3. Is governance supporting the delivery of objectives?

- The Authority continues to review internal controls and make changes as required by legislation. Internal Audit regularly review their assurance map which is used to inform the Internal Audit plan.
- The Governance and Audit Committee completes an annual self-assessment of its performance to demonstrate it is discharging its responsibilities and its arrangements are effective. A corrective action plan is produced where areas for improvement are identified.
- The Head of Audit & Procurement Service and the Audit Manager meet regularly with service management teams to discuss their latest risks, concerns and requirements. This ensures that Internal Audit are up to date and aware of emerging issues and risks and will be able to focus resources in the greatest areas of priority and risk at the time.
- There are twice yearly performance reports to democracy and senior management and all managers can access performance data through CAMMS at any time.
- The corporate risk and issue registers are aligned to the wellbeing objectives and there are measures and method statements in place to support each corporate action.
- There are routes for both the public and staff to feedback their views through community engagement exercises, e-petitions, staff appraisals and the staff suggestions portal.
- There are feedback mechanisms in place through the social media, staff brief, staff engagement events, social media, and managers' forum.
- All projects and programmes have benefits realisation plans in place and keep lessons learned logs which are shared through the Programme and Project Management Forum.
- There has been an ongoing programme of modernisation across the whole Authority to ensure that we meet the highly ambitious budget reductions and ensure that we are as efficient as possible. The Workwise Project continued our modernisation work and renewal post-pandemic.
- A review of our main office estate has been completed and approval of the outline business case has been approved to consider in more detail a full business case for a 1 office solution at Coed Pella.

4. What do we do well?

- There are clearly defined functions and roles to facilitate members and officers working together to achieve a common purpose, and to determine the interventions necessary to meet the Well-being of Future Generations (Wales) Act and the corporate outcomes. A comprehensive induction plan is in place to ensure that all newly elected members are supported to understand their roles and responsibilities and how the council works – particularly in relation to governance.

- A comprehensive induction plan is also in place for new senior managers to ensure they have the knowledge and support they need to perform their role effectively, contributing to the effective governance of the organisation.
- As well as Corporate Inductions, the 'onboarding' page helps to induct all new members of staff and provides a source of reference for them to refer to as they develop in their new role.
- All corporate priorities and corporate risks and issues are assigned to senior managers and cabinet members in order that they can be held to account for the effectiveness of implementation.
- There are robust arrangements for effective financial control through the Authority's accounting procedures and financial regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing forecasts of revenue and capital expenditure to annual budgets and a business planning framework process that supports the Authority's resource allocation process.
- Despite 16 years of austerity, the Authority has a good track record of managing its spending plans within the approved budget. Successive annual improvement reports produced by Audit Wales have concluded that there is good internal control.

Despite the barriers and challenges identified, the Authority has delivered a number of achievements against its wellbeing objectives.

Outcome 1 – People in Conwy value and look after the environment

1. Continued to deliver coastal and flood defence schemes county-wide to protect communities from flooding and adapt to the effects of climate change.
2. Continued to improve active travel routes with the development of 9 new active travel schemes county-wide, including: Craig y Don; Glan Conwy RSPB link; Conwy bridge; Betws y Coed to Llanrwst; construction of Dolgarrog Bridge; Towyn to Kinmel Bay; Marl Lane in Llandudno Junction; the Toll Bar roundabout in Penrhyn Bay; and Colwyn Bay.
3. Installed e-bike chargers and repair stations at various locations along National Cycle Route 5 (NCN5) in the county.
4. Installed 18 electric vehicle charging stations in 2 of our depots, including some hybrid-powered charging stations, to support an electric fleet. 4 electric recycling vehicles are already in front line service.
5. Collected 12 tonnes (750k) coffee pods from households as part of the kerbside 'Podback collection scheme', since its launch in September 2022.
6. Established a contract with Denbighshire County Council to enable residents of Conwy and Denbighshire to use all of the household waste recycling centres in both counties.
7. Achieved a recycling rate of 71% (19.5k tonnes) of waste reused, recycled and composted, which is an improvement from the previous mid-year period.
8. Achieved street cleanliness of 98%.
9. Obtained support from the North Wales Economic Ambition Board Energy Team to help progress the Local Area Energy Plan and other net zero projects.
10. Integrated supply chain decarbonisation into the aims of the CCBC procurement strategy.

Outcome 2 – People in Conwy live in a county which has a prosperous economy with culture at its heart

11. As a result of the cultural activities taking place and using libraries as community hubs, increased the number of visits to our libraries. The Summer Reading Challenge saw more than 1,100 children taking part and 'Snac a Stori' sessions offered a free snack and drink to 600 children.

12. Provided advice and support to 658 businesses, including financial support to 18 businesses through the Conwy business support grant.
13. Secured £20m from the Shared Prosperity Fund (SPF) to strengthen community regeneration, support local business growth and support adults to develop their skills for employment.
14. Begun work to regenerate key sites, including the old Marks and Spencer building in Llandudno, Colwyn Bay Library and Theatr Colwyn.
15. Upgraded 7 sites with superfast broadband as part of the WG Local Full Fibre Networks programme, including 2 community councils, Cerrigydrudion Library and Gofer bulking station in Abergele.
16. Begun work to make it easier for telecoms providers to utilise our infrastructure such as streetlights or CCTV columns to extend and improve mobile and/or broadband coverage through set up of 'Open Access Agreements'.
17. Secured funding to deliver a project to improve and futureproof the visitor economy, including a focus on promoting winter tourism and developing the night time economy.
18. Secured funding to refurbish the Colonnades in Llandudno, with a view to providing additional event space, helping to improve the evening economy.
19. Secured more than £1m to support a range of cultural and wellbeing projects as part of the Creu Conwy Culture Strategy. Delivery of our strategy has engaged with more than 5,000 people across a range of festivals, events and workshops.
20. Sold more than 100,000 tickets in our theatres and had 10 sell out performances, including securing Jack Whitehall at Venue Cymru as the only theatre on an exclusive arenas tour for 2 sell out performances.
21. Hosted a range of events delivering economic benefits, including: Prom Xtra, reaching 8,000 people and supporting the Pride Event; a medical conference for BASHH with 600 delegates and an estimated local economic benefit of £500,000.

Outcome 3 – People in Conwy are educated and skilled

22. Received a positive Estyn inspection, retaining our strong Estyn inspection profile.
23. Held webinars for school leaders on curriculum design, assessment and progression and planning principles, increasing their confidence to develop their high level curriculum design.
24. Held a GwE Marketplace event where primary and secondary schools shared successful practice in their curriculum design and planning.
25. Supported all schools to remain on track to realise the steps outlined in the Journey to 2022 (Curriculum for Wales) guide.
26. Delivered attendance guidance and support for schools in managing attendance, to help manage the issue of declining attendance, which remains a national issue.
27. Remained on track to transition all ALN (Additional Learning Needs) pupils for whom the LA has responsibility to the (ALN) system for this academic year.
28. Commenced phase one of the statutory ALN review and developed a 3 year rolling programme.
29. Ran events for 16 to 24 year olds to develop employment skills, including: interview techniques and writing CV's; a 10-week outdoor activity pathway in partnership with Ffit Conwy, providing a taster of careers in the activity sector; and a passport to construction course.
30. Held monthly recruitment events with Job Centre Plus, inviting unemployed people to meet with prospective employers. This has improved links with local employers making them more receptive to accepting more people on work trials.
31. Developed an agreement with Crest Cooperative to offer voluntary placements to people enrolled on Communities for Work Plus.
32. Used our outdoor education centres to provide wellbeing and social interaction activities for vulnerable learners and their families, including those learners who are home educated.

33. Delivered young people wellbeing drop-in sessions in our Family Centres, including mindfulness and smoking cessation sessions.
34. Delivered 30 community open access youth provisions per week, providing young people with spaces to socialise and gain life skills.

Outcome 4 – People in Conwy have access to affordable, appropriate good quality accommodation that enhances the quality of their lives

35. Since April 2023, delivered 122 units of affordable housing via the social housing grant programme.
36. Adapted 61 properties enabling 61 additional vulnerable residents to live independently in their own homes.
37. Brought 48 empty properties back into use, 8 of which were brought back into use as affordable housing and acquired 2 long term empty properties through the Leasing Scheme Wales.
38. Negotiated £1.2m from Section 106 funding to ensure school capacity is factored into new housing developments.
39. Secured £4.4m from the WG TACP (Transitional Accommodation Capital Programme) to fund the acquisition and refurbishment of 63 accommodation units.
40. Established the Council owned sites project group to increase the supply of affordable housing using Council-owned land.
41. Prevented 82% of homelessness cases, which is an improvement from year-end 2022-23 where 68% of homelessness cases were prevented.
42. Opened phase 1 of Bwthyn y Ddol children's assessment centre with phase 2 in construction.
43. Commenced construction of the Sylva Gardens project, which will provide specialist supported accommodation and a home for life, for young people with learning disabilities and complex needs.

Outcome 5 – People in Conwy are safe and feel safe

44. Delivered sessions in schools educating young people on the issues and risks of knife crime.
45. Reviewed the safeguarding audit toolkit for schools strengthening the process for ensuring safeguarding arrangements are fully compliant with Welsh Government and Estyn requirements.
46. Secured £535,000 funding to enhance the CCTV service as part of better open spaces management, including mobile CCTV.
47. Conducted 105 monitoring visits to care settings, and supported 5 providers through the Escalating Concerns route, in order to improve and maintain high care standards for vulnerable residents.

Outcome 6 – People in Conwy are healthy

48. Served 4,678 free school meals per day in our primary schools.
49. Appointed a Wellbeing Officer: Arts and Culture, who is working closely with the Family Centres, Disabilities and the Mental Wellness Team to explore opportunities for early prevention and intervention through Culture.
50. Delivered a series of £1 cinema screenings at Theatr Colwyn, providing affordable access to entertainment for families during the cost of living crisis.
51. Offered reminiscence sessions in the dementia ward at Colwyn Bay Hospital through the Fusion project.
52. Participated in the WG Dementia Listening Campaign, supporting the Llanfairfechan community to become more dementia friendly.

53. Employed an Employment Pathway Coordinator to enable more people with a learning disability to gain paid employment.
54. Continued the roll out of the new commissioning model for delivering domiciliary care for older people in Colwyn Bay and Abergele, involving service users in rightsizing their care packages, which is having a positive impact on the quality of care provided.
55. Secured £760,000 grant funding for the Bron y Nant Work Opportunities project to help people with learning disabilities develop skills to obtain paid employment.
56. Achieved 97% of care leavers with a pathway plan v's target of 95%.
57. Through our Family Centres, delivered MIND Mums Matter sessions, drop-ins for autism, sensory play sessions for children with additional needs and young carers' groups.
58. Increased fees for foster carers through the Eliminating Profit grant as one mechanism to increase the availability of foster carers in the county.
59. Delivered our Community Wellbeing Programme, including walking groups to encourage being active and a dancing programme for people living with Parkinson's disease.
60. Continued the Recovery College and delivered the Creating Journaling programme as part of this. This college is helping to provide preventative services that people cannot access elsewhere.
61. Reduced the waiting list for care packages by 66%, from 1800 at year-end 2022-23 to 600 at mid-year 2023-24, through the bundling of care hours.
62. Worked in partnership with Betsi Cadwaladr University Health Board to address the issues relating to doctor surgery capacity and recruitment in Colwyn Bay.
63. Secured funding to improve and increase the gym equipment in our leisure centres to continue to meet the increasing demand for these facilities.
64. Secured funding to improve and increase the provision of high quality swimming facilities to continue to meet the increasing demand for swimming lessons.

Outcome 7 – People in Conwy live in a county where the use of Welsh is thriving and people can participate in all aspects of community life through the medium of Welsh.

65. Delivered 601 Welsh promotion activities, including: weekly bilingual Storytime; one-off events to promote services to the community e.g. with Merched y Wawr; historical societies and school visits and activities in conjunction with the Creu Conwy programme.
66. Continued the Sgwrsio Scheme with 30 pairs of Welsh learners / fluent Welsh speakers meeting regularly to chat in Welsh.
67. Successfully trialled a new format for our Work Welsh courses, combining online learning with face to face lessons.
68. Supported 13 staff to pass their Welsh exams, achieving high pass results.
69. Translated approx. 1.4 million words and provided 50-70 hours of translation for meetings every month during the period.
70. Participated in the Academi Wales project 'Leading in a bilingual country' to further develop our culture of bilingualism.
71. Received praise from the Welsh Language Commissioner for the high level of compliance with the Welsh Language Standards.

Outcome 8 - People in Conwy are informed, included and listened to and can actively contribute to a community where their background and identity are valued and respected

72. Delivered LGBTQ+ heritage sessions within our Museums service.
73. Through the Amdani project, recruited volunteers with lived experience of disability, to explore the history of disability in Conwy.
74. Worked in partnership with Disability Arts Cymru and Mentor Iaith on the 'Nothing about us without us project' to ensure we reach the lesser heard communities in Conwy.

75. Developed our draft Strategic Equality Plan 2024-2028 (now called Inclusive Conwy Strategy), incorporating actions from the Anti-racist Wales action plan and LGBTQ+ action plan.
76. Delivered 2 workshops and ran a survey as part of the Empowering Diverse Communities into Employment project, to support access to employment for minority groups.
77. Delivered anti-racism awareness sessions for senior and middle managers.
78. Consulted with the public on our budget for 2024/25, asking people for their views on how we prioritise our resources.
79. Developed a 2-year Communications Strategy to help better inform and communicate with the residents of Conwy.
80. Delivered digital accessibility training. Sessions have been well attended and well received.
81. Drawn up Kickstarter place plans for Llanfairfechan, Penmaenmawr, Conwy and Llanrwst which include a community identified list of priorities.
82. Supported Bay of Colwyn Town Council to draw down WG funding to assist with finalising their place plan.
83. Developed a 5-year Member Development Strategy and supporting training and appraisal programme.
84. Developed a Public Participation Strategy.
85. Maintained high levels of Member attendance at committee meetings, which has increased from the previous period, helped by the offer of multi-location meetings.
86. Delivered report writing and democratic meeting learning events for staff to improve their knowledge and understanding of democratic processes. These events were well received and there is currently a waiting list for future sessions.
87. Reviewed the Constitution and aligned it to the All Wales Model Constitution.
88. Surveyed all polling stations to assess the level of compliance with accessibility requirements.
89. Undertook a review of polling districts and polling places to make sure all electors have reasonable facilities for voting.
90. Sent birthday cards to 14, 16 and 18 year olds to raise their awareness of the democracy and election processes and encouraging them to participate.

Outcome 9 – CCBC is resilient

91. Continued to administer a number of Welsh Government grants for our residents and businesses, including:
 - i. 740 discretionary housing grant payments totalling £138,000;
 - ii. £127,000 to the County's food banks;
 - iii. 604 energy bill support scheme payments totalling £192,000 to help people with rising energy costs.
92. Implemented a new core financial system, Technology One.
93. Continued the use of robotic process automation to digitise and automate working practices and reduce manual inputting of information.
94. Secured £60,000 funding to expand the LoRaWAN solution across the county. Improvements include: provision of river level monitors; soil moisture sensors to protect trees; and fridge and freezer monitors in schools to automate temperature checks.
95. Delivered training to strengthen workforce resilience, including: post trauma training for staff working on the highway and in housing resettlement; workforce planning; developing personal resilience; and media training for our Senior Management Team.
96. Made further improvements to our recruitment processes, including: digitising the vacancy control process to make it more efficient; reviewing the web pages and information, setting up a job alert process, piloted a reviewed job description template; and developed a suite of standard interview questions to enable more effective interviews.
97. Increased the number of online payments made by customers.

What could we do better? What do we need to keep a focus on?

1. Regularly reviewing our budget position, service delivery and business processes to meet the increase in costs and reduction in funding so that despite the challenges, we reach a balanced budget (corporate risk CR1.9.4).
2. Maintaining our fleet of vehicles to effectively underpin and sustain service delivery.
3. Improving the sustainability of the social care sector in the face of increasing demand, more complex cases, and recruitment and economic challenges (corporate issues - CI15 and CI19).
4. Improving the social care accommodation options for children and young people in Conwy, reducing the need for out of county residential placements.
5. Addressing the continued significant demand on housing and homelessness services (corporate issues - CI17 and CI18 and corporate risk - CR1.4.1).
6. Improving our partnership working with the health service with a greater focus on prevention (corporate issue – CI21).
7. Managing the impacts from increased storm events on our infrastructure and resources (corporate risk CR1.1.1).
8. Managing our physical infrastructure to ensure it is safe, sustainable and climate resilient (corporate risks – CR1.1.1 and CR1.1.3).
9. Mitigating and adapting to the effects of Climate Change and working towards our net carbon zero target (corporate risk CR1.1.4).
10. Updating our Asset Management Plan to maintain a strategic approach to the management of our assets (corporate risk - CR1.9.16).
11. Improving our approach to recruitment and retention to ensure a sustainable workforce (corporate Issue CI13).
12. Managing the impact of the cost of living crisis on our ability to efficiently recover outstanding debts to the Council.
13. Improving our completion of safeguarding training for new staff by identifying and removing barriers to training completion, especially for casual and transient employees (corporate risk CR1.5.2).
14. Improving our cyber resilience and service continuity in light of increased digital demand and external cyber threats, such as the war in Ukraine (corporate risk CR1.9.12).
15. Securing a solution to preserve digital documents in the longer term. (corporate risk CR1.9.2).
16. Improving school attendance post-pandemic which currently stands at 89% but is above the national average.
17. Monitoring the impact of our hybrid working model on service quality, team culture and staff wellbeing (corporate risk CR1.9.1).
18. Continuing to maximise opportunities for our staff to learn and use Welsh and for children and young people to access Welsh through their education.

6 Governance Issues

We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** by the Governance & Audit Committee, Principal Overview & Scrutiny Committee and Cabinet and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas to be specifically addressed with new actions planned are outlined below.

There are no significant governance issues, but we are via our governance procedures aware of and managing our risks and issues but after a process of self-evaluation to review our effectiveness, we have identified the following actions:

- A1 Review Outcome 9 of the Corporate Plan to build short, medium and longer term resilience.
- A2 Further develop medium term financial planning, in particular to identify actions to build financial resilience.
- A3 Review the approach to procurement to increase capacity and improve coordination of procurement activities.
- A4 Streamline decision-making processes to remove bureaucratic barriers and improve the timeliness of decisions, maximising their effectiveness.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We will merge this action plan with the actions identified in the performance self-assessment to form one action plan.

Our corporate governance arrangements have continued to be effective in supporting the Council to adapt and deliver services without any continuity issues. We will ensure that this sound approach to governance continues in 2024-2025 and in future years as we continue to meet our challenges. Our governance arrangements have worked well to adjust to the immense pressures, and in these turbulent times we cannot yet say what the long term impacts will be for public finance and public services, the change could be profound but also provide new opportunities, and we need to continue to ensure that our Governance Framework is fit for purpose.

Conclusion

The Authority has access to sound information on which to base decisions which are made in a transparent manner through public documented meetings. Governance arrangements have effectively supported the authority through a continued challenging period. Through member induction all elected members have been made aware of their constitutional responsibilities. Decisions are subject to effective external and internal scrutiny and where weaknesses are found, action plans are promptly put in place and monitored. Based on this self-assessment, the overall conclusion is that our governance arrangements for the period 2023/2024 were fit for purpose and effectively supported the delivery of our objectives.

Signed

Signed

Date

Date

**Rhun Ap Gareth
Chief Executive**

**Councillor Charlie McCoubrey
Leader of the Council**